



Chongqing Changan Automobile Company Limited
2020 Semi-annual Report

August 2020

Chapter 1 Important Notice, Contents, and Definitions

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

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

For the first half of 2020, the Company has no plans of cash dividend, no bonus shares and no share converted from capital reserve.

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.

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

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

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Definitions

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

Chapter 2 Company Profile & Main Financial Indexes

I. Basic Information

Stock abbreviation	Changan Automobile 、Changan B	Stock Code	000625、200625
Listed on	Shenzhen Stock Exchange		
Company 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		

II. Contact Information

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

III. Others

1. Way of contact

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

☐ Applicable ☒ Not applicable

The registration address, office address and post code as well as website and email of the Company did not change in the reporting period. See more details in Annual Report 2019.

2. Information disclosure and preparation place

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

☐ Applicable ☒ Not applicable

The newspaper appointed for information disclosure, the website for the publication of the semi-annual report appointed by CSRC and the preparation place for semi-annual report did not change in the reporting period. See more details in Annual Report 2019.

3. Other relevant information

Whether other relevant information changed in the reporting period or not

☐ Applicable ☒ Not applicable

IV. Summary of Accounting Data and Financial Indexes

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

☐ Yes ☒ No

	Report period	Same period of last year	Increase/decrease y-o-y (%)
Operating revenue (Yuan)	32,781,657,479.10	29,875,780,096.84	9.73%
Net profit belonging to shareholders of the listed company (Yuan)	2,602,166,402.68	-2,240,039,761.11	216.17%
Net profit belonging to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan)	-2,616,888,301.47	-2,911,767,596.44	10.13%
Net cash flow arising from operating activities (Yuan)	6,912,586,693.60	4,220,263,630.95	63.80%
Basic earnings per share (Yuan/Share)	0.54	-0.47	215.28%
Diluted earnings per share (Yuan/Share)	Not applicable	Not applicable	Not applicable
Return on equity (ROE) (%)	5.74%	-4.97%	Up 10.71 points
	Report period	Same period of last year	Increase/decrease y-o-y (%)
Total assets (RMB)	102,801,758,302.93	97,617,053,590.38	5.31%
Net assets attributable to shareholder of the listed company(RMB)	46,668,569,340.78	44,028,312,743.66	6.00%

V. The differences between domestic and international accounting standards

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

☐ Applicable ☒ Not applicable

No difference

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

☐ Applicable ☒ Not applicable

No difference

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

☐ Applicable ☒ Not applicable

VI. Non-recurring items and amounts

☒ Applicable ☐ Not applicable

In RMB Yuan

Item	Amount	Illustration
Non-recurring items and amounts(including accrued reversal assets impairment part)	3,547,727,244.56	
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)	215,977,955.28	
Current net profit from beginning to combined date of business combination under common control		
In addition to the effective hedging business related to the normal business of the company, the gains and losses from changes in fair value arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and disposal of transactional financial assets, derivative finance Investment income from assets, trading financial liabilities, derivative financial liabilities and other debt investments	1,753,674,697.00	
Gains and losses from entrusted loans	6,884,080.21	
Other non-business income and expenditures other than the above items	-20,172,785.69	
Interest on deferred payment of funds received by non-financial enterprises	21,549,119.75	
Subtract: Influenced amount of income tax	293,310,943.88	
Influenced amount of minority shareholders' equity (after tax)	13,274,663.08	
Total	5,219,054,704.15	--

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

☐ Applicable ☒ Not applicable

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

Chapter 3 Analysis of Main Business

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

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

☐ Yes ☒ No

During the reporting period, the company's main business is the R&D, manufacturing and sale of cars, the R&D and production of automobile engine products. Besides, the company integrates advantageous resources to actively develop travel services, new retail and 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's vehicle segment mainly includes Changan Passenger car, Changan Oushang, Changan Kaicheng, and joint ventures/joint companies Changan Ford and Changan Mazda. Up to now, the company has successfully launched a series of classic brands such as CS series, Eado series, UNI sequence, Oushang series and Shenqi Series; a series of famous JV products such as all new Focus, Escort, Escape, Edge, Explorer, Corsair, Axela, CX-5, CX-8, CX-30 and so on. At the same time, we have launched new energy vehicles such as CS55 E-Rock, Eado EV, new Benben EV and CS15EV, which are admired by the market and loved by the consumers.

II. Major changes in assets

1. Major changes in assets

No significant changes in major assets during the reporting period

2. Main Overseas Assets

☐ Applicable ☒ Not applicable

III. Core Competence Analysis

The Company sticks to the principle of innovation and technology-led development, and the Company has built up a world-class R&D capability, backed by the industry-leading Global R&D system. With the creation of classic products as its core, the Company accelerated the "Beidou Tianshu" and "Shangrila" projects to transform into smart travel technology company. As the core of the intelligent strategy, the global software center of Chang'an automobile is located in Xiantao Data Valley. The center is dedicated to building the largest, world-leading, autonomous, safe and controllable software technology and mobile intelligent platform in China. The company has 16 fields including vibration and noise, collision safety, braking performance, chassis test, drive system, 194 international advanced laboratories and the world's leading data center with cloud technology. As of June 2020, a total of 14,411 patent applications have been filed at home and abroad, including 4,449 for invention patents.

Continue to build classic products. The first new car UNI-T from Passenger car high-end product series "UNI" was officially launched; the sales number of Eado PLUS amounted to more than 10,000 three months in a row; the 2020 new CS75, Benben E-star, Keshang EV and other models were successfully launched. The Chang'an Oushang X5 was officially unveiled, and the first prototype of the 2.0 T vertical engine was successfully fired. CS55 pure electric version was launched in July, the NEDC range was up to 605

km with the fast charge up to 30% ~ 80% in 35 minutes. The sales number of CS75 Plus came to more than 150,000 units since its launch of last September, overtaking many joint-venture brands and leading the pack in the same category.

Innovative Technology accelerates. The L3 class autopilot uses UNI-T to achieve the first domestic mass production, including 40 km/h under the congestion of automatic driving function and 40 km/h above high-speed automatic driving auxiliary function, freeing hands, feet and eyes; blue whale power platform NE15 with UNI-T, fuel consumption as low as 6.3 l/100km, comparable to the first-class joint venture brand. "PM0.1" composite anti-bacterial and anti-toxic high-efficiency filter passed the Certification Center "CATARC CN95" certification issued by China Automotive Technology Research Center, carrying with the Eado PLUS. Ultraviolet lamp sterilization system was carried with UNI-T debut. Breakthroughs have been made in such advanced technologies as load distribution and structural optimization of carbon fiber body, integrated design of carbon fiber body and aluminum alloy frame, connection technology of various lightweight materials, etc. , to achieve carbon fiber, aluminum alloy and other lightweight materials integrated applications.

The brand is poised to rise. The group business brands develop separately, and the revision consummates the group brand management principle, and two business brands positioning of Oushang and the Kaicheng is conducted; the Company formulates the goal and the policy for the passenger brand upward, advances the key match weight to fall on the ground, achieves the continuous innovation in brand communication forms, conducts the planning live events, builds the direct links with customers, achieves double growth in traffic and value, and accelerates the brand image upgrade; the Company optimizes the public opinion monitoring and maintenance system, continues to build design, intelligence, service, power, health and other positive public opinion label image, and raises the brand attention steadily.

Chapter 4 Business Discussion and Analysis

I. Overview

At the beginning of the New Year in 2020, the sudden spread of the new coronavirus epidemic in China and many countries around the world has not only brought about a "grey Rhinoceros" in China's economy, but also a shock to the global economy, that shut down global economic activity and disrupted normal social life. China's auto industry has been on a downward trend in recent years, the epidemic situation further exacerbated the decline of the auto market, and the normal operation of the entire industrial chain. The sales number of auto industry came to 3.672 million vehicles in the first quarter of 2020, down 42.4 % from the same period of last year.

In the face of the epidemic, under the strong leadership of the Central Committee of the Communist Party of China with Comrade Xi Jinping at its core, the Chinese people have worked together with one heart and one mind to overcome difficulties and given full play to the advantages of the socialist system with Chinese characteristics, to rally the troops against the epidemic. With the joint efforts of the whole country and the broad masses of the people, the situation of epidemic prevention and control throughout the country has continued to improve, and the situation of accelerating the restoration of order in production and life has continued to consolidate and expand. The car market has also gradually shaken off the impact of the epidemic and began to gradually pick up. In the first half of 2020, China's auto market recorded cumulative production and sales of 10.112 million vehicles and 10.257 million vehicles respectively, down 16.8 percent and 16.9 percent respectively from the same period of last year. Passenger car sales fell by 22.4% to 7.873 million units, with passenger car sales down by 26.0% and SUV sales down by 14.9%. The production and sales number of new energy passenger cars amounted to 267,000, down by 40.8% from the same period of last year. The outbreak has also accelerated the reshuffle of the industry, with sales of 9.139 million vehicles by the top 10 groups in the first half of the year, down by 16.5% from the same period of last year, a slightly smaller decline than the industry and accounting for 89.1% of total vehicle sales, 0.4 percentage points higher than a year earlier. (The above data from *China automobile industry production and Marketing News* by China Automobile Industry Association and its industry information release)

In the first half of 2020, in the face of the sudden new coronavirus epidemic situation, the company took solid steps to prevent and control the epidemic situation, and quickly organized the resumption of work and production, ensuring that both the epidemic situation prevention and control and the production and operation work moved forward in a strong and orderly manner. In the first half of 2020, the company effectively seized the opportunity of market recovery after the outbreak of the disease. The total sales reached 831,000 units, a year-on-year increase of 1.3%, ranking the fifth in the Chinese automobile industry in terms of sales volume. During the reporting period, the main work is as follows:

1. Fully guard against the new coronavirus epidemic, "pull, grab, force" to fully promote the resumption of work and production,

In the face of the epidemic, the Company resolutely implemented the decisions and plans of the Party Central Committee, regarded the disease prevention and control as a priority task, established the emergency work leading group for the first time, clarified the responsibilities and working mechanisms for epidemic prevention and control, provided comprehensive guidance for specific work such as epidemic prevention and control, supplies, security, and resumption of work and production, and ensured the rapid implementation of various measures. While firmly winning the battle of preventing and controlling the epidemic, the Company has always put the safety and health of its workers and staff at the top of its agenda, and has made full use of various channels to spread knowledge of epidemic prevention to its employees, arranged a special person to collect the health condition of each unit every day and sent several batches of emergency materials to each unit, and set up a mask production line to ensure the safety of the employees.

In order to effectively ensure the resumption of work and production, the Company quickly responded to production demand, coordinated production materials, and carried forward three major actions (supporting suppliers to resume work, seizing inventory

materials, and rationalizing logistics and transportation) , implement the three key points (key areas, key materials, key risk suppliers) , set up 10 major resource coordination groups, seize resources, pull inventory, spare materials, and fully coordinate the supply of materials. In the National Epidemic Prevention and control situation, the Company promoted the entire industrial chain back to work through "pull, grab, force", and achieved a year-on-year outperformance of the industry, 303,000 units sold in the first quarter with year-on-year decline less than the industry; In the first half of 2020, sales volume of the Company increased by 1.5% year-on-year, which showed a good momentum of development.

2. Strengthen the implementation of the strategy, and steadily advance the reform and adjustment

The Company fully advanced the "third pioneering plan for Innovation and entrepreneurship" , focus on the strategic main line of "strengthening the main business, steadily transforming, expanding the market, building the ecology, and grasping the guarantee" , focus on "customer-oriented, firmly reform, innovative marketing, ultimate efficiency" , focus on the implementation of key work to ensure the strategic landing. Major reform projects have made steady progress, completing the reform of Chang'an Oushang and Kaicheng. The Company will actively promote organizational change, complete organizational changes such as the Liangjiang factory, and carry out functional adjustments. The Company will set up software and technology companies and other organizations, and constantly push for the implementation of "small headquarters+ enterprise clusters + shared platforms + incubation centers." The Company will push forward the reform of the talent pool, continue to optimize the personnel structure, make solid progress in matching talents and posts, and make the talent pool more stable.

3. Adhere to the bottom line thinking, and improve the quality of operation

While fighting the new coronavirus epidemic, the Company continued to make overall efforts to improve the quality of operation based on the "16 words" policy. The work of "increasing revenue, reducing cost, cutting expenditure, controlling investment, lowering storage, financing, cashing out and reforming" has been thoroughly carried out. The average price of autonomous brand cars has been continuously raised, and significant results have been achieved in reducing costs and expenditures, and the scale of aged vehicles has been reduced significantly, and the overall quality of operations has picked up in an orderly manner. In the face of the impact of the epidemic on the entire industry, the Company has followed the general strategy of "fast contraction, save expenditure, scramble resources, sustainable, change direction, build ecology, stabilize the team and ensure safety" based on the general idea of "resource protection, group heating, steady cost reduction", the strategy of cost reduction is steadily introduced to enhance the company's plan reserve to deal with market changes. The Company will continue to push forward the action plan of "fast contraction and low expenditure", and continue to reduce manufacturing costs and interim costs. The Company formulated the short, medium and long-term supply guarantee program to effectively deal with the risk of supply guarantee. The Company further strengthened the lean labor, increased the level of personnel between the bases, reduced human resources waste, and saved recruitment and labor costs.

4. The remarkable effect of the product structure adjustment, the innovative dissemination pushing up the brand

The new products performed well in the market one after another, the pre-sale order of Eado PLUS for 16 days breaks ten thousand and its sales breaks ten thousand for three months in a row since the official launch by the online direct broadcast on March 27. The first new car UNI-T from the new high-end product series of "UNI" officially launched, and the pre-sale order for 32 days exceeded more than 16,000; as a future technology mass producer, UNI-T endowed with a new design language, a new intelligent vehicle system, a new blue whale power, a new platform architecture, "four new" blessing for consumers to bring unprecedented control quality. Lincoln adventurer smoothly took off the line, which fully reflected the determination of Lincoln brand deeply rooted in the Chinese market. Changan Ford has launched a large, high-end flagship SUV, dubbed as the new sixth-generation Ford Explorer, the first in the \$400,000 series to adopt a new generation of luxury performance longitudinal rear-drive layout and set a new standard in the market segment.

Innovative brand communication will promote the battlefield from offline to online, and the passenger cars build the online communication of "Chang'an live studio", and have the direct access to the new generation of consumers; the live coverage of UNI-T debut broadcast across 38 regions around the world, Eado PLUS "cloud listing" becomes a counter-trend explosion. Through the "thermal imaging anti-epidemic vehicle" public events, the first car brand pro-poor live broadcast events with goods and other events,

the Company aimed to build a good brand image. UNI-T achieved the new crowd expansion, face-to-face joint venture brand competition, its new product design and technology concept to further strengthen the brand positioning of Chang'an passenger car, "Technology Chang'an, smart partner".

5. Accelerating the implementation of the "Beidou Tianshu" and "shangri-la" programs, and the application of innovative technologies

The Company advanced the "Beidou Tianshu" and "Shangri-la" programs; "intelligent cockpit domain control system" has been selected by the Ministry of Industry and Information Technology (miit) as one of the "new generation of key tasks for artificial intelligence industry innovation"; The Company held the event with the L3 production system, and UNI-T can easily handle all kinds of road conditions under the condition of public open road, which proves the strength of Chang'an's L3 self-driving technology. The core of the intelligent strategy of "Beidou Tianshu" ——global software center has been set up in Xiantao Data Valley, dedicated to building the largest software technology and mobile intelligent platform in China. With NEDC's 301 km long range and 30 minutes DC fast charging speed, Benben E-star has truly freed users from range anxiety and charging anxiety; the first pure electric car with a carbon fiber body has come off the line smoothly, which marks the important achievement of the new energy vehicle project, and the national key research and development plan of the 13th five-year plan undertaken by the Company, and the successful ignition of the first prototype of the Chang'an blue whale 2.0 t longitudinal engine at the Global R & D Center, further speeding up the use of blue whale power in light vehicles.

To speed up the application of innovative technologies to the ground, CS75 PLUS conducted a parade in densely populated areas with an AI intelligent thermal imaging temperature measurement system, and covered more than 10,000 people for six days; the "PM0.1" grade composite anti-bacterial and anti-toxic high-efficiency air-conditioning filter with Eado PLUS listed on the market, with plasma generator, custom fresh air system and other configurations to achieve better than the "N95 mask" level of protection; UV sterilization system with UNI-T debut helped to defend the epidemic through science and technology. Core Product CS75PLUS acquired 6 outstanding (G) results in "Zhongbaoyan" collision test, showing strong safety strength.

6. Strengthen the marketing, and enhance the customer experience

The Company strengthened the marketing, and the overall trend of the Company business continues to improve. The Chang'an passenger car brands bucked the trend, with 308,000 units sold in the first half, up by 1.2% year-on-year, while the sales volume and prices of Oushang both rose with 72,000 units, up by 7.7% on the year-on-year basis and an average unit price increase of more than 20%. Key products have performed admirably with the CS75 series breaking 20,000 and the Eado PLUS breaking 10,000 for three months in a row. In the first half of the year, the CS35 PLUS ranked first in the segment of the autonomous small SUV market (retail) . In June, the wholesale of Eado PLUS amounted to more than 16,000 vehicles, retail number ranking first among Chinese brands of the Compact car. The Company continued to promote the quality and efficiency of marketing channels, maintain the scale of traditional channels, exhibit the new retail channels through the full scene layout, and continue to expand the coverage. Oushang automobile continued to promote the process of producing passenger cars with the significant increase of the proportion with Yuning standard product, and the average price increased significantly, and the channel coverage continued to increase. In the new energy area, the Company launched the country's first "car to the countryside", and stimulated the rural areas of new energy car consumption.

Focus on the improvement of customer experience, build customer service system, improve customer satisfaction; resolutely implement the "double project" in products, customers, and marketing and other resources. Strong focus on customer service TOP problem solving, and customer satisfaction indicators continue to improve. The first 5G + Ar Remote Service Center was set up in China to solve the problems of vehicle owners and service stations by 5G + AR technology, and provide users with the ultimate service experience. Driven by user demand as the origin of the product refresh, and the main core product design two-year renovation, the Company ensured the user's voice feedback to the full development process to achieve a solid foundation for the launch of UNI-T, and PLUS series.

7. The joint venture has risen to the challenge and steadily improved its quality of operation

The joint ventures continued to deepen communication and exchanges with its partners around key projects such as Lincoln's

and electric vehicles. The company has also steadfastly advanced the "revitalization plan" of Chang'an Ford, with 97,000 units sold in the first half of 2020, up by 29.7% year-on-year. Ford Edge, Lincoln Adventurer, Ford Explorer and many other brand-new models were listed on the market. Among them, the Lincoln adventurer has months of better than expected end retail sales. Changan Mazda continued to implement product planning and conducted the on-line and off-line linkage of the new product CX-30 with the audience of more than 60 million people; Changan Mazda continued to pay close attention to improving the quality of business, cost reduction and efficiency.

8. Actively fulfill the social responsibility of listed companies and exhibit the responsibility of the state-owned enterprise

While doing a good job in the prevention and control of the epidemic, the Company also jumped into the front line of the epidemic and worked together with the people of the whole country to tide over the difficulties and help each other, and actively fulfilled corporate social responsibility. During the outbreak, the Company and its affiliated enterprises donated 10 million yuan to fully support the epidemic prevention and control work, and over 10,000 party members donated 1.22 million yuan. The Company started the production of ambulances, and delivered more than 1500 negative pressure ambulances. The Chang 'an new energy technology enterprise joined hands with T3 travel and Chelai travel to provide free commuting, official and emergency mission travel services for medical staff. The Company also took the advantage of the Global Research and Development Center Network "six countries and nine places" as well as overseas bases to actively purchase anti-epidemic masks and protective clothing, and timely offered the assistance to the domestic anti-epidemic front. In order to protect the rights and interests of customers, the Company takes the initiative to provide care and protection to customers from two aspects: Vehicle Care and humanistic care. The service includes delay of maintenance, pick-up and delivery of vehicles, national road rescue, epidemic situation care reminder, vehicle maintenance reminder and other intimate services.

II. Analysis of Main Business

1. Overview

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

☒ Yes ☐ No

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

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

In RMB Yuan

	Current period	Same period of last year(restated)	Y-o-y increase/decrease	Reasons for changes
Operating revenue	32,781,657,479.10	29,875,780,096.84	9.73%	
Operating cost	29,734,615,697.63	27,419,410,626.92	8.44%	
Operating expenses	1,270,717,082.07	1,443,216,541.30	-11.95%	
General and administrative expenses	1,164,152,772.91	843,160,552.62	38.07%	Mainly due to changes in organization and prepaid wages
R&D expenses	1,464,554,423.42	1,720,159,658.88	-14.86%	

Financial expenses	-98,053,545.38	-96,832,709.15	-1.26%	
Income tax expense	189,931,296.64	116,567,696.08	62.94%	Mainly due to changes in the fair value of transactional financial assets leading to an increase in deferred income tax liabilities
Subtotal of cash inflow from operating activities	6,912,586,693.60	4,220,263,630.95	63.80%	Mainly due to the significant decrease in "cash paid for purchasing goods and receiving labor services" compared with the previous year
Subtotal of cash inflow from investment activities	-1,252,707,158.77	-3,684,509,162.66	66.00%	Mainly because the "cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets" and "cash paid for investment" decreased compared with the previous year
Subtotal of cash inflow from financing activity	1,809,378,548.18	-65,487,944.32	2862.92%	Mainly due to the increase in "cash received from borrowings" compared with the previous year
Net increase in cash and cash equivalents	7,460,644,506.35	499,453,398.49	1393.76%	Mainly due to the net cash inflow from operating activities and financing activities during the current period

Major changes on profit composition or profit resources in reporting period

√ Applicable □ Not applicable

The company's profit during the reporting period was greatly affected by non-recurring gains and losses. For details, please refer to Chapter 2 "VI. Non-recurring items and amounts" in this report.

3. Composition of Main Business

In RMB Yuan

	Operating revenue	Operating cost	Gross profit	Increase or decrease of operating revenue y-o-y	Increase or decrease of operating cost y-o-y	Increase or decrease of gross profit y-o-y
According to industries						
Automobile Production	32,781,657,479.10	29,734,615,697.63	9.29%	9.73%	8.44%	Up 1.07%
According to products						
Vehicles	32,049,653,469.63	28,965,284,746.97	9.62%	7.50%	5.97%	Up 1.30%
According to region						
China	31,119,150,931.79	28,129,352,859.96	9.61%	9.51%	8.27%	Up 1.03%

III. Analysis of non principal business

☐ Applicable ☒ Not applicable

IV. Assets and liability

1. The significant changes of the assets and liability

In RMB Yuan

Item	Current period		Same period of last year		Increase/ decrease (%)	YoY change (%)
	Amount	Ratio in total assets(%)	Amount	Ratio in total assets(%)		
Monetary capital	17,326,421,237.43	16.85%	10,066,171,353.48	10.31%	6.54%	Mainly due to the net cash inflow from operating activities and financing activities during the current period
Accounts receivable	2,299,982,425.41	2.24%	838,314,076.82	0.86%	1.38%	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	4,040,392,469.99	3.93%	3,375,441,488.37	3.46%	0.47%	
Investment property	6,989,493.94	0.01%	7,102,849.72	0.01%	0.00%	
Long-term equity investment	12,808,010,205.56	12.46%	11,008,336,989.09	11.28%	1.18%	
Fixed assets	25,896,056,062.39	25.19%	26,939,490,554.19	27.60%	-2.41%	
Construction in progress	1,793,015,326.03	1.74%	1,729,803,028.43	1.77%	-0.03%	
Short-term loan	365,525,472.30	0.36%	229,580,000.00	0.24%	0.12%	Due to new loans from the company's subsidiaries
Long-term loan	1,555,300,000.00	1.51%	55,300,000.00	0.06%	1.46%	Due to the company's new special loan this year

2. Assets and liabilities measured by fair value

√ Applicable □ Not applicable

In RMB Yuan

Item	Amount at year beginning	Profit and loss from changes in fair value in the current period	Accumulated fair value changes included in equity	Impairment provisions in the reporting period	Amount purchased in the current period	Amount sold in the current period	Amount at year end
Financial assets							
Transactional financial assets	2,419,476,200.00	1,753,674,697.00					4,173,150,897.00
Equity instrument investment	734,506,100.00						734,506,100.00
Subtotal of financial assets	3,153,982,300.00	1,753,674,697.00					4,907,656,997.00
Others							
Total	3,153,982,300.00	1,753,674,697.00					4,907,656,997.00
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

In RMB Yuan

Item	book value at the end of this year	Limited Reason
Monetary fund	505,302,056.19	Mainly acceptance bond
Notes receivable	6,153,373,909.00	Pledge for issuing bills payable
Intangible assets	17,870,990.16	Bank mortgage
Fixed assets	23,577,247.06	Collateral to obtain working capital
Total	6,700,124,202.41	

V. Analysis of Investment

1. General information

√ Applicable □ Not applicable

External investment		
Investment Amount in the report period(Yuan)	Investment Amount in the same period of last year(Yuan)	Variance rate
2,290,000,000	1,800,000,000	27.22%
Particulars of investees		
Company Name	Principal business	Proportion in the investees' equity (%)
Zhongqi Chuangzhi Technology Co., Ltd.	<p>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)</p> <p>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 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)</p>	3.125%
Chongqing Changan Kaicheng Automobile Technology Co., Ltd.	<p>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)</p> <p>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</p>	83.64%

	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)	
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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) and "Announcement on Resolutions of the First Meeting of the Eighth Board of Directors" (Announcement Number: 2020-56).

2. Major equity investment in the reporting period

☐ Applicable ☒ Not applicable

3. Major non-equity investment in the reporting period

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

4. Investment of Financial Assets

(1) Equity-holdings in financial enterprises

☒ Applicable ☐ Not applicable

Securities variety	Securities code	Securities short name	Initial investment cost (Yuan)	Number of shares held at the beginning of the period (Share)	Percentage of shares held at the beginning of the period	Number of shares held at the end of the period (Share)	Percentage of shares held at the end of the period	Book value at the end of the period (Yuan)	Reporting period profit and loss (Yuan)	Accounting account	Source of shares
Stock	600369	Southwest Securities	50,000,000	35,500,000	0.63%	35,500,000	0.63%	162,945,000	-18,459,709.66	Transactional financial assets	Initial investment
Stock	300750	CATL	1,000,000,821	22,999,575	1.06%	22,999,575	1.04%	4,010,205,897	1,780,037,549.74	Transactional financial assets	Initial investment
Total			1,050,000,821	58,499,575	--	58,499,575	--	4,173,150,897	1,761,577,840.08	--	--

(2) Derivative Investments

☐ Applicable ☒ Not applicable

5. Use of raised funds

☐ Applicable ☒ Not applicable

VI. Selling of major assets and major equity**1. Selling of major assets**

☐ Applicable ☒ Not applicable

There is no selling of major assets.

2. Selling of Equity

☒ Applicable ☐ Not applicable

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%, losing control of the new energy technology company. 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'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	150,001	100%	Engaged in non-securities equity investment activities and	401,021	0	151,379

Partnership)			related consulting business			
Changan Mazda Automobile Co. Ltd	11,097USD	50%	Produce and sell auto and parts	1,257,352	694,057	65,911
Changan Ford Automobile Co., Ltd	24,100USD	50%	Produce and sell auto and parts	4,721,117	1,650,111	-114,048

Subsidiaries acquired and sold in the reporting period

√ Applicable □ Not applicable

During the reporting period, Changan Automobile established a wholly-owned subsidiary, Chongqing Changan Automobile Software Technology Co., Ltd., and acquired Changan Weilai New Energy Automobile Technology Co., Ltd., and the two companies were included in the scope of the consolidated statement. Chongqing Changan New Energy Automobile Technology Co., Ltd. introduced strategic investors. The company lost control and its shareholding ratio was reduced to 48.96%. 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 New Energy Automobile Technology Co., Ltd.	Dilution of equity and loss of control	Major influence

VIII. Structural main business under the company control

□ Applicable √ Not applicable

IX. Forecast for the operating performance of Jan.-Sep. 2020

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

□ Applicable √ Not applicable

X. Possible risks and corresponding measures

The overseas epidemic situation continues to spread with the emergence of the long tail effect, and the epidemic is still difficult to control effectively before the vaccine is released on a large scale. It is expected that by the middle of next year, the prevention and control of the epidemic situation in major global economies and economic repair will become normal, economic growth is still struggling to return to normal levels before the outbreak. Combined with the intensification of international trade disputes, the China's exports and imports will be faced with a significant negative impact. The global economy will shrink by more than 5% this year, according to projections by the IMF and other international groups, and China's economy will grow only modestly. At present, with the economy facing downward pressure and increasing uncertainties in the external environment, residents' consumer confidence is obviously insufficient, while the short-term demand for automobiles, as an optional consumption, is obviously restrained. The decline in the auto market led to the company's current operating pressure.

Countermeasures: On the one hand, the company will continue to increase market expansion efforts, reduce the impact of external factors to the minimum, maintain the basic stability of business scale, on the other hand, strengthen the sense of hardship, continue to carry out internal potential, improve quality, reduce costs, increase efficiency, improve the quality and efficiency of business operations to ensure the achievement of strategic objectives.

XI. Interviews and visits in the reporting period

√ Applicable □ Not applicable

Date	Manner	Object	Content discussed and material offered
2020.01.14	On-Site Survey	Institution	For details, see the January 16, 2020 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) 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 (http://irm.cninfo.com.cn) 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 (http://irm.cninfo.com.cn) on the Changan Automobile: April 30, 2020 investor relations activities record sheet
2020.05.07	On-Site Survey	Institution	For details, see the May 9, 2020 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 7, 2020 investor relations activities record sheet
2020.05.08	On-Site Survey	Institution	For details, see the May 9, 2020 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 8, 2020 investor relations activities record sheet
2020.05.12	On-Site Survey	Institution	For details, see the May 14, 2020 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) 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 (http://irm.cninfo.com.cn) 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 (http://irm.cninfo.com.cn) on the Changan Automobile: June 24, 2020 investor relations activities record sheet

Chapter 5 Important Matters

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

1. Shareholders meeting during the reporting period

Meeting Session	Type	Investors' participation ratio	Holding Date	Disclosure Date	Disclosure Index
2020 The First Interim Shareholders Meeting	Interim	44.572%	January 13, 2020	January 14, 2020	http://www.cninfo.com.cn 2020 The First Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2020-04)
2019 Annual Shareholders Meeting	Annual	59.488%	May 22, 2020	May 23, 2020	http://www.cninfo.com.cn 2019 Annual Shareholders Meeting Resolution Announcement(Announcement Number: 2020-44)
2020 The Second Interim Shareholders Meeting	Interim	46.695%	June 22, 2020	June 23, 2020	http://www.cninfo.com.cn 2020 The Second Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2020-55)

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

☐ Applicable ☒ Non-applicable

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

☐ Applicable ☒ Non-applicable

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

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

☐ Applicable ☒ Non-applicable

IV. The appointment and dismissal of accounting firms

Is the semi-annual financial report audited?

☐ Yes ☒ No

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

☐ Applicable ☒ Not-applicable

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

☐ Applicable ☒ Not-applicable

VII. Bankruptcy restructuring related matters

☐ Applicable ☒ Not-applicable

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

VIII. Crucial litigation events

Crucial litigation and arbitration events

☐ Applicable ☒ Not-applicable

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

Other litigation events

☐ Applicable ☒ Not-applicable

IX. Punishment and rectification

☐ Applicable ☒ Not-applicable

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

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

☐ Applicable ☒ Not-applicable

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

√ Applicable □ Not-applicable

On April 28, 2020, the 65th meeting of the seventh board of directors of Chongqing Changan Automobile Co., Ltd. deliberated and approved the "Proposal on Cancellation of Certain Stock Options of the Company", and planned to cancel 8.81 million stock options. For details, please refer to "Announcement on the Cancellation of Part of the Company's Stock Options" (Announcement Number: 2020-31) disclosed by the company on April 30. On June 4, 2020, the company disclosed the "Announcement on Completion of Cancellation of Stock Options" (Announcement Number: 2020-46). According to relevant regulations, the company has completed the cancellation of stock options in China Securities Depository and Clearing Co., Ltd. Shenzhen Branch.

XII. Significant related party transactions

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

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

2. Assets or equity acquisition, sales related transactions

√ Applicable □ Not-applicable

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

Whether there is any non-business related credits and debts

□ Applicable √ Not-applicable

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

5. Other significant related transactions

√ applicable □ not applicable

Related queries in disclosure website of temporary announcement of related transactions

Name of temporary announcements	Temporary announcement date	Temporary announcement site name
Announcement on related party transactions regarding the subscription of non-publicly issued A shares by related parties	April 28, 2020	http://www.cninfo.com.cn
Announcement about increasing estimated amount of 2020 daily related transaction	April 30, 2020	http://www.cninfo.com.cn
Announcement on related party transactions concerning the extension of entrusted loans to Jiangling Holdings for one year	June 23, 2020	http://www.cninfo.com.cn

XIII. The non-operating occupation for the capital by the controlling shareholder of the listed company and its related parties

☐ Applicable ☒ Not-applicable

XIV. Major contract and its performance

1. Trusteeship, contracting, leasing matters

(1) Trusteeship

☐ Applicable ☒ Not-applicable

Information about Trusteeship

There is no Trusteeship during the reporting period.

(2) Contracting

☐ Applicable ☒ Not-applicable

Information about contracting

There is no contracting during the reporting period.

(3) Leasing

☒ Applicable ☐ Not-applicable

Information about leasing

Related party rental situation can be found in the note 12 of financial statements 4 (3) related party relationships and transactions.

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

☐ Applicable ☒ Not-applicable

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

2. Major guarantee

☐ Applicable ☒ Not-applicable

There's no major guarantee during the report period.

3. Other major contract

☐ Applicable ☒ Not-applicable

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

XV. Social responsibility

1. Significant environmental protection

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

☒ Yes ☐ No

Basic status

Changan Automobile mainly produces engines and automobiles. The main pollutants are chemical oxygen demand, ammonia nitrogen, total nickel, toluene, xylene and non-methane hydrocarbon, etc. Wastewater mainly comes from pre-treatment wastewater, paint spray wastewater and oily wastewater from engine manufacturing machines. The wastewater is discharged to the urban sewage pipe network after physical and biochemical treatment at the wastewater treatment station of each production base, and discharged to the standard after being treated by the urban sewage treatment plant. The exhaust gas is mainly paint spraying waste gas and oven waste gas. The paint spraying waste gas is concentrated by adsorption and incineration, and the waste gas from the oven is discharged after incineration. Sulfur dioxide and nitrogen oxides mainly come from the exhaust gas from the combustion of clean energy natural gas, and they are all discharged in an organized manner. The company's headquarters and branch companies have a sound environmental management system, all of which have passed tripartite audits and obtained environmental management system certification.

Pollution discharge information

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

Solid wastes are separately collected and stored. Main dangerous wastes are wastewater and sludge treatment, paint slag, phosphated residue and waste solvent, etc. The units with hazardous waste business qualification are entrusted to dispose hazardous wastes. The general industrial solid wastes and household garbage are disposed by the units with qualification according to the requirement of the local government. The waste electrical and electronic products are disassembled by the units with qualification and are safely disposed by the units with hazardous waste business qualification. During the reporting period, we entrusted the disposal of 3,500 tons of hazardous waste and the use of 42,300 tons of general industrial solid waste.

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 inspection, dosing, slag removal, filter bag replacement, etc. 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 "Environmental Impact Assessment Law of the People's Republic of China", "Construction Project Environmental Protection Management Regulations", "Chongqing Municipal Environmental Protection Regulations", "Interim Measures for Environmental Protection Acceptance of Construction Projects" and other laws and regulations, the company develops environmental impacts of new, renovated and expanded projects Evaluation and completion of environmental protection acceptance work, strictly implement the environmental impact assessment system and the "three simultaneous" system.

During the reporting period, we have obtained the solid waste acceptance approval of the global R&D center project and the NE1 phase I project, and completed the environmental protection acceptance of the construction project.

Emergency preparedness and exercise of emergency environmental events

Continue to carry out environmental protection emergency drills to improve the emergency response capabilities of environmental emergencies. During the reporting period, all bases had environmental risk assessment reports and emergency response plans for environmental emergencies. The Mould Division, General Automobile Research Institute and Power Research Institute of Chongqing headquarters are revising emergency plans for environmental emergencies. All bases formulate emergency drill plans in accordance with the requirements of laws and regulations, and carry out emergency drills according to the plan to continuously improve the practicability of emergency plans and the emergency response capabilities of employees. During the reporting period, no environmental emergencies occurred.

Programming and implementation of self-monitoring of the environment

During the reporting period, Changan Automobile's key pollutants were: Liangjiang Plant, Jiangbei Engine Factory, Yubei Factory, Beijing Changan, Hefei Changan. All the key sewage made self-monitoring schemes, and self-monitoring has been carried out, and information disclosure has been carried out according to the requirements of the local ecological environment department.

Others

During the reporting period, Liangjiang Factory, Jiangbei Engine Factory, Yubei Factory, and Mould Division carried out the 2019 environmental credit evaluation work in accordance with the requirements of the local ecological environment authority.

2. Fulfill social responsibility of targeted poverty alleviation

√ Applicable □ Not applicable

The year 2020 will be a decisive year in the fight against poverty. By implementing General Secretary Xi Jinping's important statement on poverty alleviation, the Company will fulfill its political responsibility in the fight against poverty in accordance with the decisions and plans of the CPC Central Committee, the State Council and the overall arrangements of the group companies. The Company will continue to pursue the basic strategy of precision poverty reduction and eradication, and make overall progress in poverty alleviation and reduction so as to make new and greater contributions to building the well-off society in all respects and achieving the first centenary goal.

(1) Targeted poverty alleviation in 2020

4.5 million RMB donated to Luxi County for poverty alleviation

On the Education Poverty Alleviation Project: Firstly, invest 1.5 million funds to improve the facilities of Zhuma primary school in Xiangyang Township, Luxi County. The construction content: Teaching building, school road hardening, basketball court, etc. Secondly, a new type of vocational skills training program for rural farmers in Luxi County with 500,000 funds invested to provide skills training to 100 farmers with the intention and ability to find employment (no less than 50 poor households with file-sharing cards), and the training content includes welder, electrician skills-based. Through the "one helps each other" approach to training,

they could master a skill, and increase income through the transfer of labor.

On Health and poverty alleviation projects: the Company supported the allocation project of negative-pressure ambulances in Luxi County with a total investment of 390,000 yuan. According to relevant procurement requirements, the Company centralized the procurement of two negative-pressure ambulances. The vehicles will be used by the Luxi County People's Hospital and the Luxi County Hospital of traditional Chinese medicine. Through the deployment of negative pressure ambulance, the prevention and treatment capacity of infectious disease in Luxi County improved, and the emergency response capacity of the infectious disease enhanced.

On the people's livelihood poverty alleviation project: Firstly, the Luxi County Fund for Dynamic Monitoring the prevention and control of poverty with 1.51 million yuan. The fund is mainly used for poverty-stricken households, marginal households, monitoring households and other disadvantaged groups. The implementation of the project will consolidate Luxi County's achievements in poverty alleviation, improve the quality of poverty alleviation, and prevent the returning to poverty and the emergence of new poor people. Secondly, the Company invested 600,000 in the emergency rescue vehicle configuration project in Luxi County for the procurement of fire engines. In accordance with the relevant procurement requirements, the Company procured four small emergency water tanker vehicles for fire fighting operations with their property rights to the Luxi County fire rescue brigade. The implementation of the project can effectively avoid the occurrence of poverty due to disaster.

6 million RMB donated to Yanshan County for poverty alleviation

On Industrial Development and poverty alleviation projects: the Company invested 2.36 million yuan in the project for the purchase of heat removal equipment for black-feathered chick-rearing houses in Panlong Township, and the project was organized and implemented by the People's Government of Panlong Township. The Company adopted the cooperative development model of "government + co-operatives + industries + posts (poor households) ", the government will help fund the project of purchasing temperature-removing equipment for black-feathered chick-rearing in breeding cooperative in Yanshan County. A Project Cooperation Agreement was operated and managed by the cooperative itself for a period of 60 months. The cooperative shall voluntarily pledge the farm and its property as collateral for the venture capital of the cooperative, and shall pay 180,000 yuan of the cooperative income every 12 months, and the cooperative income funds are mainly used for labor remuneration of public welfare posts and public welfare undertakings, so as to consolidate the achievements of poverty eradication.

On the education and poverty alleviation projects: firstly, all the universities and primary schools in the town of AMeng carried out school affiliated projects with an investment of 1.1 million yuan and built 200 meters of fences, 900 meters of retaining walls and 1,200 m² of hardened playing fields, 90 m² of new Bathroom, 18 m² of duty room and a gate. In this way, the county improved the conditions of running schools so that schools can meet the requirements of compulsory education balanced development. Secondly, the Yanshan County, the Campus Love Bathhouse Construction Project, invested 2 million for the implementation of 15 love bathhouses (a total of 540 square meters) , and supporting 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 Health Poverty Alleviation Projects: the Yanshan County, Negative Pressure Ambulance Project, invested 540,000 funds to purchase two Chang'an Ruixing M90 negative pressure ambulances. On the basis of standard configuration, the ambulances were equipped with transshipment suction machine and defibrillator. The current lack of negative pressure ambulances in Yanshan County is not conducive to the transfer of infectious disease cases, in particular the current epidemic of pneumonia with novel coronavirus infection prevention and control work.

0.3 million RMB donated to Pengshui County for poverty alleviation

In accordance with the spirit of the circular of the Office of the Leading Group of the Poverty Alleviation Group of the Chongqing Development and Reform Commission on the publication of the 2020 work for counterpart assistance to Pengshui County (No.1 [2020] of the Chongqing Development and Reform Commission) ,the Company has invested 300,000 yuan in Chongqing Pengshui County.

(2) Poverty alleviation through consumption in 2020

The Company together with People's Daily has completed the first-ever online public welfare live broadcast with the theme of "poverty alleviation, love and innovation" in Luxi and Yanshan counties of Yunnan Province. The total number of viewers reached 34.1 million, the number of likes broke 10 million, and the consumption sales of helping the poor live broadcast amounted to 1.133493 million yuan.

Changan Automobile Statistics on Poverty Alleviation in the first half of 2020

Indicator	Unit	Quantity / Details
I . Total	——	——
1.funds	10 thousand RMB	1080
2. Material	10 thousand RMB	0
II . Subdivision	——	——
1. Industrial poverty alleviation	——	236
1.1 Industrial poverty alleviation project type	——	1) The project for the purchase of heat removal equipment for black-feathered chick-rearing houses in Panlong Township; 236
2. Education poverty alleviation	——	510
2.1 Funding for poor students	10 thousand RMB	1) School affiliated project of all universities and primary schools in Ameng town, Yanshan County; 110 2) Construction project of love Bath Hall in Yanshan County; 200 3) Upgrading Project of Zhuma Primary School in Xiangyang Township, Luxi County; 150 4) skills training project of new type professional farmers in Luxi County; 50
3. Medical and health poverty alleviation	——	93
3.1 Medical and health resources invested in poverty areas	10 thousand RMB	1) Luxi County Negative Pressure Ambulance Project; 39 2)Yanshan County, Negative Pressure Ambulance Project; 54
4. Other projects - people's livelihood poverty alleviation	——	241
4.1 Amount of investment	10 thousand RMB	1) Luxi County Dynamic Monitoring Anti-poverty Fund; 151 2) Luxi County, Yunnan Emergency Vehicle Allocation Project; 60 3) Pengshui County; 30

(3) Follow-up precision poverty alleviation plan

According to the document "on the 2020 Jiangbei ·Youyang Tujia and Miao Autonomous County counterpart Assistance Work Program Notice" (No. 2[2020] of the District counterpart Assistance Work Leading Group Office of Chongqing Municipality) , the counterpart assistance work for Chongqing Youyang Tujia and Miao Autonomous County County will be completed by the Company. The Company will continue to help the poor through consumption, disseminate the concept of "love the world", and build up the image of the Company as an excellent enterprise.

XVI. Other important matters

☒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 this report.

XVII. Important matters of company subsidiaries

☒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 this 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 (%)	Quantity
Non-circulated shares	18,900	0.00%	-	-	-	-	-	18,900	0.00%
1. State-owned legal person shares	0	0.00%	-	-	-	-	-	0	0.00%
2. Senior management personnel shares	18,900	0.00%	-	-	-	-	-	18,900	0.00%
Circulated shares	4,802,629,611	100.00%	-	-	-	-	-	4,802,629,611	100.00%
1. Domestic listed RMB shares	3,900,643,469	81.22%	-	-	-	-	-	3,900,643,469	81.22%
2. Domestic listed foreign shares	901,986,142	18.78%	-	-	-	-	-	901,986,142	18.78%
Total shares	4,802,648,511	100.00%	-	-	-	-	-	4,802,648,511	100.00%

Reason of stock changes

☐ Applicable ☒ Not-applicable

Approval of stock changes

☐ Applicable ☒ Not-applicable

Ownership transfer of stock change

☐ Applicable ☒ Not-applicable

Progress of Share Repurchase

☐ Applicable ☒ Not-applicable

Implementation Progress of Reducing Holdings of Repurchase Shares by Centralized Bidding

☐ Applicable ☒ Not-applicable

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

☐ Applicable ☒ Not-applicable

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

☐ Applicable ☒ Not-applicable

2. Change in Non-circulated shares

☒ Available ☐ Not-available

Unit: one share

Name of shareholders	Non-circulated shares held at the year-beginning	Decrease during the reporting period	Increase during the reporting period	Non-circulated shares held at the year-end	Reason for non-circulated shares	Date for the circulated shares
Zhu Huarong	18,900	-	-	18,900	Executive lock stocks	6 months after the retirement
Total	18,900	-	-	18,900	--	--

II. Issuing and listing of securities

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

☒ Applicable ☐ Not-applicable

On April 27, 2020, the company held the 64th meeting of the seventh board of directors, at which 13 proposals including the "Proposal on the Company's Non-public Issuance of A Shares" were reviewed and approved, and the company plans to issue non-public shares to specific targets. The total amount of raised funds does not exceed 6 billion yuan (including this figure). For details, please refer to the relevant announcement disclosed by the company on the <http://www.cninfo.com.cn> on April 28, 2020. On May 22, 2020, this matter was approved by the 2019 Annual General Meeting of Shareholders (Announcement No.: 2020-44).

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

On April 18, 2020, the company disclosed the "Indicative Announcement Concerning the Gratuitous Transfer of 0.71% Equity of the Company by the Actual Controller" (Announcement No.: 2020-18). The company's actual controller, China South Industries Group has signed a free transfer agreement with China Power Technology Investment Holdings Co., Ltd. (hereinafter referred to as "China Power Technology Investment Holdings") to transfer 34,232,588 shares of Changan Automobile for free., which accounts for 0.71% of the company's total issued shares.

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 the Completion of Transfer

Registration for the Gratuitous Transfer of State-owned Equity of the Actual Controller" (Announcement No.: 2020-54), confirming that the transfer and registration procedures of the above-mentioned freely transferred shares was completed, and the transfer date was June 18, 2020.

3. Existing internal staff shares

☐ Applicable ☒ Not-applicable

III. Shareholding and shareholders of the company

Unit: one share

At the end of the report period, the total number of shareholders			136,260	Number of preferred shareholders with resumed voting rights at the period-end		0		
Holding more than 5% of the shareholders, or top 10 shareholders situation								
Name of shareholders	Nature of Shareholders	Percentage of total shares (%)	Shares held at the year-end	Increases and decreases during the report period	Non-circulated shares held at the year-end	Circulated shares held at the year-end	Pledged/ Frozen cases	
							Share status	amount
China South Industries Group Co., Ltd.	State-owned legal person shares	20.84%	1,001,080,085	-34,232,588	-	-	No pledge or freeze	
China Changan Automobile Co., Ltd.	State-owned legal person shares	19.32%	928,044,946	-	-	-	No pledge or freeze	
China securities finance Co, Ltd	domestic general legal person shares	4.88%	234,265,333	-	-	-	No pledge or freeze	
Hong Kong Central Settlement Co., Ltd.	foreign legal person shares.	4.05%	194,470,755	76,774,027	-	-		
United Prosperity Investment Co., Limited	foreign legal person shares	3.21%	154,120,237	-	-	-	No pledge or freeze	
Central Huijin Investment Ltd.	domestic general legal person shares	1.15%	55,393,100	-	-	-	No pledge or freeze	
DRAGON BILLION SELECT MASTER FUND	foreign legal person shares	0.76%	36,547,305	-1,459,431	-	-	No pledge or freeze	
GIC PRIVATE LIMITED	foreign legal person shares	0.73%	35,283,393	-	-	-	No pledge or freeze	

China Power Investment Holdings Co., Ltd.	State-owned legal person shares	0.71%	34,232,588	34,232,588	-	-	No pledge or freeze	
CAPE ANN GLOBAL DEVELOPING MARKETS FUND	foreign legal person shares	0.51%	24,423,660	2,572,535	-	-	No pledge or freeze	
Explanation on the relationship and the action alike of above shareholders		Among the top 10 shareholders, China South Industries Group Co., Ltd., the actual controller; China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co., Limited. belong to the concerted actor regulated by “Disclosure Administration of Shares Change Information of The Listed Company”.						
The ten largest circulated shareholders								
Name of shareholders			Shares at the year end		Shares type			
					Type		Amount	
China South Industries Group Co., Ltd.			1,001,080,085		RMB ordinary shares		1,001,080,085	
China Changan Automobile Co., Ltd.			928,044,946		RMB ordinary shares		928,044,946	
China securities finance Co, Ltd			234,265,333		RMB ordinary shares		234,265,333	
Hong Kong Central Settlement Co., Ltd.			194,470,755		RMB ordinary shares		194,470,755	
United Prosperity Investment Co., Limited			154,120,237		Domestic listed foreign shares		154,120,237	
Central Huijin Investment Ltd.			55,393,100		RMB ordinary shares		55,393,100	
DRAGON BILLION SELECT MASTER FUND			36,547,305		Domestic listed foreign shares		36,547,305	
GIC PRIVATE LIMITED			35,283,393		Domestic listed foreign shares		35,283,393	
China Power Investment Holdings Co., Ltd.			34,232,588		RMB ordinary shares		34,232,588	
CAPE ANN GLOBAL DEVELOPING MARKETS FUND			24,423,660		Domestic listed foreign shares		24,423,660	
The top 10 shareholders to sell circulated shares, and the infinite tradable relationship between shareholders and top 10 shareholders or concerted action			Among the top 10 shareholders, China South Industries Group Co., Ltd., the actual controller; China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co., Limited belong to the concerted actor regulated by “Disclosure Administration of Shares Change Information of The Listed Company”.					

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

☐ Available ☒ Not- available

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

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

During the reporting period the change of controlling shareholders

☐ Available ☒ Not- available

No changes in controlling shareholders during the reporting period.

The change of the actual controllers during the reporting period

☐ Available ☒ Not- available

No changes in the actual controllers during the reporting period.

Chapter 7 Information about Directors, Supervisors, Senior Management

I. Share ownership of directors, supervisors and senior managers

☐ Available ☒ Not- available

The share ownership of the directors, supervisors and senior managers has no change during the reporting period. For details, please refer to 2019 annual report.

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

☒ Available ☐ Not-available

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
Wang Jun	Director	Election	June 22th, 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	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
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	July 13th, 2020	General election

Chapter 8 Corporate Bonds

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

☐ Yes ☒ No

Chapter 9 The Financial Statements

I. Auditing Report

Semi-annual report is audited

☐ Yes ☒ No

No audit on the semi-annual financial report.

II. Financial statement ment

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

1. Consolidated Balance Sheet

In RMB Yuan

Account	June 30, 2020	December 31, 2019
Current assets:		
Cash	17,326,421,237.43	10,066,171,353.48
Transactional financial assets	4,173,150,897.00	2,419,476,200.00
Notes receivable	21,629,277,146.93	26,805,635,587.19
Accounts receivable	2,299,982,425.41	838,314,076.82
Prepayments	636,088,225.27	623,801,896.07
Other receivables	1,042,027,106.65	3,731,755,992.46
Inventories	4,040,392,469.99	3,375,441,488.37
Contract assets	2,055,476,727.43	
Other current assets	1,100,242,219.66	1,746,120,128.04
Total current assets	54,303,058,455.77	49,606,716,722.43
Non-current assets:		
Long-term receivables	12,808,010,205.56	11,008,336,989.09
Other equity investment	734,506,100.00	734,506,100.00
Investment properties	6,989,493.94	7,102,849.72
Fixed assets	25,896,056,062.39	26,939,490,554.19

Construction in progress	1,793,015,326.03	1,729,803,028.43
Intangible assets	5,048,286,334.37	5,209,619,313.49
Development expenditure	516,943,366.86	814,745,464.20
Goodwill	42,586,584.41	9,804,394.00
Long-term deferred expenses	11,768,576.59	14,327,639.90
Deferred tax assets	1,640,537,797.01	1,542,600,534.93
Total non-current assets	48,498,699,847.16	48,010,336,867.95
Total assets	102,801,758,302.93	97,617,053,590.38
Current liabilities:		
Short-term loans	365,525,472.30	229,580,000.00
Notes payable	17,021,001,941.49	13,430,543,294.23
Accounts payable	18,206,448,534.41	18,905,725,271.50
Advances from customers		2,315,641,685.78
Contract liabilities	2,162,739,729.94	
Payroll payable	899,656,704.69	1,046,335,781.91
Taxes payable	448,654,660.12	889,092,442.80
Other payables	3,074,351,444.31	4,809,918,141.45
Interest payables	1,167,776.43	40,384.93
Other current liabilities	4,569,806,449.83	4,253,942,761.77
Total current liabilities	46,748,184,937.09	45,880,779,379.44
Non-current liabilities:		
Long-term loans	1,555,300,000.00	55,300,000.00
Long-term payable	702,461,540.35	857,356,423.71
Long term payroll payable	43,359,523.52	45,932,000.00
Estimated liabilities	3,169,800,842.14	3,352,580,839.28
Deferred earnings	3,450,963,103.29	3,194,291,079.21
Deferred tax liabilities	557,904,374.46	296,742,890.29
Total non-current liabilities	9,479,789,383.76	7,802,203,232.49
Total liabilities	56,227,974,320.85	53,682,982,611.93
Owners' equity:		
Share capital	4,802,648,511.00	4,802,648,511.00
Capital reserves	5,366,097,594.66	5,366,097,594.66

Other Comprehensive Income	146,761,519.56	139,994,580.19
Special reserves	78,399,497.78	47,076,242.71
Surplus reserves	2,401,324,255.50	2,401,324,255.50
Retained earnings	33,873,337,962.28	31,271,171,559.60
Equity attributable to owners	46,668,569,340.78	44,028,312,743.66
Minority interests	-94,785,358.70	-94,241,765.21
Total equity	46,573,783,982.08	43,934,070,978.45
Total liabilities and owner's equity	102,801,758,302.93	97,617,053,590.38

Legal person: Zhu Huarong

Chief financial officer: Zhang Deyong

The head of accounting department: Chen Jianfeng

2. Balance sheet

In RMB Yuan

Account	June 30, 2020	December 31, 2019
Current assets:		
Cash	13,159,786,888.55	6,563,020,335.56
Transactional financial assets	162,945,000.00	184,245,000.00
Notes receivable	20,639,888,071.96	25,837,326,483.09
Accounts receivable	5,793,044,421.21	5,094,270,365.72
Prepayments	477,501,198.01	403,105,316.24
Other receivables	2,087,736,557.44	2,597,314,344.40
Inventories	2,692,995,183.22	1,735,570,691.28
Contract assets	1,412,177,092.60	
Other current assets	413,864,092.40	798,430,035.62
Total current assets	46,839,938,505.39	43,213,282,571.91
Non-current assets:		
Long-term equity investments	15,927,040,641.38	16,052,319,271.82
Other equity investment	724,309,400.00	724,309,400.00
Fixed assets	19,696,145,485.76	20,301,231,002.41
Construction in progress	1,630,762,467.34	1,545,211,000.22
Intangible assets	3,851,090,092.12	4,030,438,649.57
Development expenditure	436,066,340.39	431,774,377.27
Long-term deferred expenses	7,742,327.63	9,719,259.84

Deferred tax assets	1,401,475,134.44	1,318,884,054.48
Total non-current assets	43,674,631,889.06	44,413,887,015.61
Total assets	90,514,570,394.45	87,627,169,587.52
Current liabilities:		
Short-term loans	29,580,000.00	29,580,000.00
Notes payable	15,032,991,305.12	11,983,445,725.06
Accounts payable	15,706,279,887.99	15,601,432,751.74
Advances from customers		1,870,992,349.08
Contract liabilities	1,807,709,690.50	
Payroll payable	597,737,081.03	641,340,149.30
Taxes payable	307,533,461.81	453,619,905.66
Other payables	2,664,677,248.88	4,301,257,819.04
Interest payables	1,167,776.43	40,384.93
Other current liabilities	3,747,004,808.36	3,400,065,879.02
Total current liabilities	39,893,513,483.69	38,281,734,578.90
Non-current liabilities:		
Long-term loans	1,555,300,000.00	55,300,000.00
Long-term payable	130,720,735.03	285,768,478.89
Long term payroll payable	20,430,629.02	22,747,000.00
Estimated liabilities	2,330,116,808.17	2,413,434,397.36
Deferred earnings	2,169,871,239.55	2,135,615,106.85
Deferred tax liabilities	78,580,341.60	81,775,341.60
Total non-current liabilities	6,285,019,753.37	4,994,640,324.70
Total liabilities	46,178,533,237.06	43,276,374,903.60
Owners' equity:		
Share capital	4,802,648,511.00	4,802,648,511.00
Capital reserves	5,014,772,792.87	5,014,772,792.87
Other comprehensive income	259,380,413.58	259,380,413.58
Special reserves	21,702,787.13	19,917,658.63
Surplus reserves	2,401,324,255.50	2,401,324,255.50
Retained earnings	31,836,208,397.31	31,852,751,052.34
Total owners' equity	44,336,037,157.39	44,350,794,683.92

Total liabilities and owners' equity	90,514,570,394.45	87,627,169,587.52
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3. Consolidated Income Statement

In RMB Yuan

Account	Current Period	Prior Period
1.Total operating revenue	32,781,657,479.10	29,875,780,096.84
Less:Operating cost	29,734,615,697.63	27,419,410,626.92
Tax and surcharges	1,206,286,383.45	1,080,270,474.78
Operating expenses	1,270,717,082.07	1,443,216,541.30
General and administrative expenses	1,164,152,772.91	843,160,552.62
Research and development expenses	1,464,554,423.42	1,720,159,658.88
Financial expenses	-98,053,545.38	-96,832,709.15
Interest expense	20,373,153.36	28,216,059.24
Interest income	131,048,028.86	128,484,820.10
Add: Other income	215,977,955.28	620,733,074.11
Investment income	3,000,803,663.99	-108,336,709.94
Including: Investment income from associates and joint venture	-528,282,156.89	-108,336,709.94
Gains from changes in fair value	1,753,674,697.00	40,337,151.27
Credit impairment loss	-23,300,119.01	-9,529,733.66
Asset impairment loss	-208,242,617.71	-152,676,538.06
Gain on disposal of assets	33,428,646.97	9,392,459.28
3.Operating profit	2,811,726,891.52	-2,133,685,345.51
Add: Non-operating income	31,178,860.44	18,836,680.44
Less: Non-operating expenses	51,351,646.13	12,645,067.20
4.Total profit	2,791,554,105.83	-2,127,493,732.27
Less: Income tax expense	189,931,296.64	116,567,696.08
5.Net profit	2,601,622,809.19	-2,244,061,428.35
Classification by going concern		
Net profit from continuing operations	2,601,622,809.19	-2,244,061,428.35
Net profit from discontinued operations		
Classification by ownership attribution		
Net profit attributable to owners	2,602,166,402.68	-2,240,039,761.11
Minority interests	-543,593.49	-4,021,667.24

6.Other comprehensive income, net of tax	6,766,939.37	22,567,848.13
Net after-tax net of other comprehensive income attributable to the parent company owner	6,766,939.37	22,567,848.13
Other comprehensive income that will be reclassified into profit or loss	6,766,939.37	22,567,848.13
Foreign currency financial statement translation difference	6,766,939.37	22,567,848.13
7.Total comprehensive income	2,608,389,748.56	-2,221,493,580.22
Total comprehensive income attributable to owners	2,608,933,342.05	-2,217,471,912.98
Total comprehensive income attributable to minority interest	-543,593.49	-4,021,667.24
8.Earnings per share		
Basic earnings per share	0.54	-0.47
Diluted earnings per share	Not applicable	Not applicable

4. Income Statement

In RMB Yuan

Account	Current Period	Prior Period
1.Operating revenue	29,758,919,897.37	26,805,108,322.22
Less: Operating cost	27,911,858,903.03	24,637,906,770.95
Tax and surcharges	762,021,502.79	855,166,897.03
Operating expenses	961,039,656.72	902,216,576.48
General and administrative expenses	726,483,524.17	307,874,508.68
Research and development expenses	1,380,814,145.22	1,710,222,941.73
Financial expenses	-97,970,764.79	-88,753,361.46
Interest expense	4,888,747.72	14,997,114.41
Interest income	110,304,548.86	109,584,194.58
Add: Other income	57,884,810.14	406,839,978.09
Investment income	2,317,139,772.66	-73,898,822.33
Including: Investment income from associates and joint venture	-430,245,711.08	-78,048,193.41
Gains from changes in fair value	-21,300,000.00	51,830,000.00
Credit impairment loss	-21,114,561.28	-4,381,254.25
Asset impairment loss	-162,746,163.89	-141,818,001.51

Gain on disposal of assets	-10,976,304.75	6,747,426.61
2.Operating profit	273,560,483.11	-1,274,206,684.58
Add: Non-operating income	22,925,521.70	14,232,341.29
Less: Non-operating expenses	43,916,807.17	8,718,726.38
3.Total profit	252,569,197.64	-1,268,693,069.67
Less: Income tax expense	-85,786,079.95	99,788,296.30
4.Net profit	338,355,277.59	-1,368,481,365.97
Net profit from continuing operations	338,355,277.59	-1,368,481,365.97
Net profit from discontinued operations		
5.Other comprehensive income, net of tax		
6.Total comprehensive income	338,355,277.59	-1,368,481,365.97
7.Earnings per share		
Basic earnings per share	0.07	-0.28
Diluted earnings per share	不适用	不适用

5. Consolidated cash flow statement

In RMB Yuan

Account	Current Period	Prior Period
1.Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	39,547,166,284.75	37,501,789,702.13
Refunds of taxes	212,875,606.35	305,232,064.00
Cash received relating to other operating activities	1,460,594,720.28	3,464,749,370.24
Subtotal of cash inflows	41,220,636,611.38	41,271,771,136.37
Cash paid for goods and services	26,823,061,336.77	29,029,097,098.22
Cash paid to and on behalf of employees	2,602,751,432.93	2,984,764,831.32
Cash paid for all types of taxes	1,774,453,965.05	1,743,016,544.47
Cash paid relating to other operating activities	3,107,783,183.03	3,294,629,031.41
Subtotal of cash outflows	34,308,049,917.78	37,051,507,505.42
Net cash flows from operating activities	6,912,586,693.60	4,220,263,630.95
2.Cashflows from investing activities:		
Cash received from investment income	52,200,268.08	
Net cash received from disposal of fixed assets, intangible assets	50,925,772.51	5,214,056.34

and other long-term assets		
Cash received relating to other investing activities	2,401,804.55	1,478,695.29
Subtotal of cash inflows	105,527,845.14	6,692,751.63
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,240,508,778.71	2,438,475,206.69
Cash paid for acquisition of investments	13,494,996.00	936,788,517.00
Cash paid relating to other investing activities	104,231,229.20	315,938,190.60
Subtotal of cash outflows	1,358,235,003.91	3,691,201,914.29
Net cash flows from investing activities	-1,252,707,158.77	-3,684,509,162.66
3.Cash flows from financing activities:		
Absorb cash received from investment		
Cash received relating to other financing activities	1,661,945,472.30	41,000,000.00
Cash received relating to other financing activities	330,073,299.87	37,159,887.74
Subtotal of cash inflows	1,992,018,772.17	78,159,887.74
Cash repayments of borrowings	26,000,000.00	27,708,100.00
Cash paid for distribution of dividends or profits and interest expenses	14,711,837.52	23,367,744.44
Cash paid relating to other financing activities	141,928,386.47	92,571,987.62
Subtotal of cash outflows	182,640,223.99	143,647,832.06
Net cash flows from financing activities	1,809,378,548.18	-65,487,944.32
4.Effect of changes in exchange rate on cash	-8,613,576.66	29,186,874.52
5.Net increase in cash and cash equivalents	7,460,644,506.35	499,453,398.49
Add: Opening balance of cash and cash equivalents	9,360,474,674.89	9,648,153,614.80
6.Closing balance of cash and cash equivalents	16,821,119,181.24	10,147,607,013.29

6. Cash flow statement

In RMB Yuan

Account	Current Period	Prior Period
1.Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	35,373,943,984.62	34,665,878,858.45

Cash received relating to other operating activities	307,884,774.24	2,199,853,209.77
Subtotal of cash inflows	35,681,828,758.86	36,865,732,068.22
Cash paid for goods and services	24,853,008,533.51	26,688,730,896.99
Cash paid to and on behalf of employees	1,869,061,222.17	2,093,118,245.08
Cash paid for all types of taxes	745,408,673.77	1,228,855,624.27
Cash paid relating to other operating activities	1,991,778,401.18	3,878,425,262.91
Subtotal of cash outflows	29,459,256,830.63	33,889,130,029.25
Net cash flows from operating activities	6,222,571,928.23	2,976,602,038.97
2.Cashflows from investing activities:		
Cash received from return on investments	56,622,717.45	4,398,333.33
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	93,034.76	
Subtotal of cash inflows	56,715,752.21	4,398,333.33
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	992,736,013.34	2,281,259,200.99
Cash paid for acquisition of investments	186,108,581.00	997,294,972.55
Cash paid relating to other investing activities		300,000,000.00
Subtotal of cash outflows	1,178,844,594.34	3,578,554,173.54
Net cash flows from investing activities	-1,122,128,842.13	-3,574,155,840.21
3.Cash flows from financing activities:		
Cash received from borrowings	1,500,000,000.00	
Subtotal of cash inflows	1,500,000,000.00	
Cash paid for distribution of dividends or profits and interest expenses	3,676,533.11	14,997,114.41
Subtotal of cash outflows	3,676,533.11	14,997,114.41
Net cash flows from financing activities	1,496,323,466.89	-14,997,114.41
4.Effect of changes in exchange rate on cash		
5.Net increase in cash and cash equivalents	6,596,766,552.99	-612,550,915.65
Add: Opening balance of cash and cash equivalents	6,563,020,335.56	7,310,973,018.99
6.Closing balance of cash and cash equivalents	13,159,786,888.55	6,698,422,103.34

7. Consolidated statement of changes in shareholders' equity

In RMB Yuan

Items	Current period									
	Equity attributable to owners								Minority interest	Total equity
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General reserves	Retained earnings	Other comprehensive income		
I. At end of last year	4,802,648,511.00	5,366,097,594.66		47,076,242.71	2,401,324,255.50		31,271,171,559.60	139,994,580.19	-94,241,765.21	43,934,070,978.45
II. At beginning of year	4,802,648,511.00	5,366,097,594.66		47,076,242.71	2,401,324,255.50		31,271,171,559.60	139,994,580.19	-94,241,765.21	43,934,070,978.45
III. Changes during the year				31,323,255.07			2,602,166,402.68	6,766,939.37	-543,593.49	2,639,713,003.63
1.Total comprehensive income							2,602,166,402.68	6,766,939.37	-543,593.49	2,608,389,748.56
2. Capital contributed by owners and capital decreases										
3. Distribution of profit										
Distribution to owners										
4. Special reserves				31,323,255.07						31,323,255.07
(1) Pick-up in current period				58,125,436.05						58,125,436.05
(2) Used in current period				-26,802,180.98						-26,802,180.98
IV. At end of current period	4,802,648,511.00	5,366,097,594.66		78,399,497.78	2,401,324,255.50		33,873,337,962.28	146,761,519.56	-94,785,358.70	46,573,783,982.08

Prior period

In RMB Yuan

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

8. Statement of changes in shareholders' equity

In RMB Yuan

Items	Current period							
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	Retained earnings	Other comprehensive income	Total equity
I. At end of last year	4,802,648,511.00	5,014,772,792.87		19,917,658.63	2,401,324,255.50	31,852,751,052.34	259,380,413.58	44,350,794,683.92
Add: others						-354,897,932.62		-354,897,932.62
II. At beginning of year	4,802,648,511.00	5,014,772,792.87		19,917,658.63	2,401,324,255.50	31,497,853,119.72	259,380,413.58	43,995,896,751.30
III. Changes during the year				1,785,128.50		338,355,277.59		340,140,406.09
1.Total comprehensive income						338,355,277.59		338,355,277.59
2. Capital contributed by owners and capital decreases								
The amount of shares paid into the owner's equity								
3. Distribution of profit								
Distribution to owners								
4. Special reserves				1,785,128.50				1,785,128.50
(1) Pick-up in current period				23,380,155.36				23,380,155.36
(2) Used in current period				-21,595,026.86				-21,595,026.86
IV. At end of current period	4,802,648,511.00	5,014,772,792.87		21,702,787.13	2,401,324,255.50	31,836,208,397.31	259,380,413.58	44,336,037,157.39

Prior period

In RMB Yuan

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

III. CORPORATE INFORMATION

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

After the establishment of the company, the share capital and shareholding structure have undergone several changes. As of June 30, 2020, the company’s controlling shareholder China Changan Automobile Group Company Limited (hereinafter referred to as “China Changan”) and its wholly-owned subsidiary Zhonghui Futong (Hong Kong) Investment Company Limited held a total of ordinary shares of the company 1,082,165,183 shares with an equity ratio of 22.53%. China South Industries Group Co., Ltd. (hereinafter referred to as “China South Group”), the parent company of China Changan, and its wholly-owned subsidiary, South Industries International Holdings (Hong Kong) Company Limited, hold 1,003,625,399 ordinary shares of the company, with a 20.90% shareholding ratio. China Changan and W China South Group holds ordinary shares 2,085,790,582 in total with a shareholding ratio of 43.43%.

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.

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 VIII.

IV. BASIS OF PREPARATION

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

The financial statements are presented on a going concern basis.

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

V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

According to the actual production and operation characteristics, the group formulated the specific accounting policies and accounting estimates, mainly reflected in provision of accounts receivables (note 5 (9)), inventory valuation (Note 5 (10)), depreciation of fixed assets, intangible assets amortization (Note 5 (15) (18)), condition of capitalization of research and development expense (Note 5 (18)) and revenue recognition and measurement (Note 5 (24)).

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully, the financial position of the Company as at 30 June 2020 and the financial results and the cash flows for the half year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

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

3. Functional currency

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

4. Business combination

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

Business combination involving entities under common control

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

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

Business combination involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities

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

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

Goodwill is initially recognised and measured at cost, being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the Group's previously held equity interest in the acquiree over the Group's interest in the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the Group's previously held equity interest in the acquiree is lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the fair value of the consideration transferred (or the fair value of the equity securities issued), together with the fair value of the Group's previously held equity interest in the acquiree. If after that reassessment, the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and the Group's previously held equity interest in the acquiree is still lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group recognise the remaining difference in profit or loss.

5. Consolidated financial statements

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

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

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

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

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

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

6. Joint venture arrangement classification and joint operation

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

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

7. Cash and cash equivalents

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

8. Foreign currency translation

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

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

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

subsidiaries is charged to the current liquidation profit and loss in proportion to the settlement ratio of the assets concerned.

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

9. Financial instruments

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.

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.

Financial assets at fair value through profit or loss

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

Classification and measurement of financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

Impairment of financial assets

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

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

For financial assets other than the simplified measurement method mentioned above, the Group assesses on each balance sheet date whether its credit risk has not increased significantly since initial recognition, it is in the first stage. The Group measures the loss provision based on the amount equivalent to the expected credit 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 X.3 for the disclosure of the Group's judgment criteria for significant increase in credit risk, the definition of credit impairment assets that have occurred, and assumptions about the expected credit loss measurement.

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

Offsetting of financial instruments

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

Transfer of financial assets

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

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

10. Inventories

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

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

The Group applies a perpetual counting method of inventory.

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

For the determination method and accounting treatment method of the expected credit loss of the contract assets of the Group, please refer to the notes V.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 before the transfer of promised goods or services.

12. Assets related to contract costs

The Group's assets related to contract costs include contract acquisition costs and contract performance costs. According to their liquidity, they are separately listed in inventory, other current assets and other non-current assets.

If the incremental cost incurred by the Group for obtaining the contract is expected to be recovered, it shall be recognized as an asset as the cost of obtaining the contract, unless the asset amortization period does not exceed one year.

The cost incurred by the Group for the performance of the contract that does not apply to the scope of relevant standards such as inventory, fixed assets or intangible assets, and meets the following conditions at the same time, is recognized as an asset as the contract performance cost:

- (1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), clearly borne by the customer, and other costs incurred solely due to the contract;
- (2) This cost increases the company's future resources for fulfilling contract performance obligations;
- (3) The cost is expected to be recovered.

The Group amortizes the assets related to the contract cost on the same basis as the income recognition related to the assets, and is included in the current profit and loss.

If the book value of assets related to contract costs is higher than the difference between the following two items, the Group will make provision for impairment of the excess part and recognize it as an asset impairment loss:

- (1) The remaining consideration that the enterprise is expected to obtain due to the transfer of goods or services related to the asset;
- (2) Estimate the costs that will be incurred for the transfer of the relevant goods or services.

If the depreciation factors of the previous period have changed, and the difference of (1) minus (2) is higher than the book value of the asset, the original provision for asset depreciation should be reversed and included in the current profit and loss, but reversed. The subsequent book value of the asset should not exceed the book value of the asset on the date of reversal under the assumption that no impairment provision is made.

13. Long-term equity investments

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

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

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

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

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

Under equity method, 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.

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.

14. 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.

15. Fixed assets

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

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

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

Category	Deprecation period	Residual rate (%)	Yearly depreciation rate (%)
Buildings	20 to 35 years	3%	2.77%-4.85%
Machinery (Note)	5 to 20 years	3%	4.85%-19.40%
Vehicles	4 to 10 years	3%	9.70%-24.25%
Others	3 to 21 years	3%	4.62%-32.33%

Note: the molds in machinery should be depreciated in units-of-production method.

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

16. 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.

17. 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.

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.

18. 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
<p>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.</p> <p>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.</p> <p>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.</p>	

19. Research and development expenditures

<p>The Group classified the internal research and development expenditures as follows: research expenditures and development cost.</p> <p>The expenditures in research stage are charged to the current income on occurrence.</p> <p>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.</p> <p>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.</p>

20. Impairment of assets

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

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

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

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

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

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

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

21. 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.

22. Employee benefits

Employee benefits refer to all kinds of remunerations or compensation made by enterprises to their employees in exchange for

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

Short-term employee salaries

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

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plan)

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

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

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

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

Termination benefits

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

23. 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.

24. Share-based payments

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

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly. As to a equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and the capital reserves at the fair value of the equities instruments on the date of the grant. The fair value is determined using Black-Scholes model (Note 13).

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total

fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

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

25. Revenue generated from contracts with customers

The Group has fulfilled its performance obligations in the contract, that is, revenue is recognized when the customer obtains control of the relevant goods or services. Obtaining control of 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.

Sales contract

Commodity sales contracts between the Group and customers are usually based on contracts, and performance obligations should include transfer of goods, transportation services, and free maintenance. The Group generally considers the following factors and recognizes revenue at the xx time point: the current right to receive payment for the product, the transfer of major risks and rewards in the ownership of the product, the transfer of the legal ownership of the product, the transfer of the physical asset of the product. Transfer, the customer accepts the product.

Provide service contract

The performance obligations of the service provision contract between the Group and its customers are due to the fact that the customers obtain and consume the economic benefits brought by the Group's performance at the same time as the Group's performance, and the Group has the right to accumulate Part of the revenue from the completed performance so far, the Group regards it as a performance obligation performed within a certain period of time, and recognizes the revenue according to the performance progress, unless the performance progress cannot be reasonably determined. The Group determines the performance progress of the services provided in accordance with the output method. When the performance progress cannot be reasonably determined, if the cost incurred by the Group is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

Variable consideration

Some of the contracts between the Group and customers have sales rebates and other arrangements that lead to changes in the agreed amount of consideration, 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 Amount.

Warranty obligations

In accordance with contractual agreements and legal provisions, the Group provides quality assurance for the products sold. For guarantee quality assurance to ensure that the products sold meet the established standards, the Group conducts accounting treatment in accordance with Notes XII, 29. 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 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.

Reward Points Program

The Group grants customers reward points when selling goods or providing services, and customers can exchange reward points for free or discounted goods or services. The reward points program provides customers with a major right. The Group regards it as a single performance obligation, and allocates part of the transaction price to reward points in proportion to the stand-alone selling price of the goods or services provided and the reward points. Revenue is recognized when the points are exchanged for control of goods or services or when the points expire.

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 handling fee expected to be entitled to receive. This amount shall be 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 ratio is determined.

26. 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.

27. Income taxes

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

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

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

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

- (1) to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: the transaction is not a business combination and at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss.
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly-controlled enterprises, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

sheet date, to recover the assets or settle the liabilities.

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

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.

28. 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.

29. Profit distribution

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

30. 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.

31. Fair value measurement

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

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

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

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

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

32. Significant accounting judgments and estimates

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

Judgments

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

Operating leases - as lessor

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

Business model

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial

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

Contract cash flow characteristics

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

Uncertainty of accounting estimates

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

Impairment of financial instruments

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

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

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

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.

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.

33. Changes in accounting policies and estimates

In 2017, the Ministry of Finance issued the revised "Accounting Standards for Business Enterprises No. 14-Revenue" (referred to as the "New Revenue Standards"). Since January 1, 2020, the Group will conduct accounting treatment in accordance with the newly revised standards. 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. According to the time set by the Ministry of Finance, the company will implement the new revenue standards from January 1, 2020. According to the convergence regulations, no adjustment will be made to the comparable period information.

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 revenue recognition 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. The Group only adjusts the cumulative impact of contracts that have not been completed on January 1, 2020. For contract changes or changes that occurred before January 1, 2020, the Group adopts a simplified approach to all contracts that are subject to contract changes. The final arrangement is to identify the fulfilled and unfulfilled performance obligations, determine the transaction price, and allocate the transaction price between the fulfilled and unfulfilled performance obligations.

The impact of the implementation of the new revenue standard on the 2020 financial statements is as follows:

Consolidated balance sheet

In RMB Yuan

Account	December 31, 2019	January 01, 2020	Adjustment
Current assets:			
Cash	10,066,171,353.48	10,066,171,353.48	
Transactional financial assets	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	
Prepayments	623,801,896.07	623,801,896.07	
Other receivables	3,731,755,992.46	269,534,090.37	-3,462,221,902.09
Inventories	3,375,441,488.37	3,375,441,488.37	
Contract assets		3,462,221,902.09	3,462,221,902.09
Other current assets	1,746,120,128.04	1,746,120,128.04	
Total current assets	49,606,716,722.43	49,606,716,722.43	
Non-current assets:			
Long-term receivables	11,008,336,989.09	11,008,336,989.09	

Other equity investment	734,506,100.00	734,506,100.00	
Investment properties	7,102,849.72	7,102,849.72	
Fixed assets	26,939,490,554.19	26,939,490,554.19	
Construction in progress	1,729,803,028.43	1,729,803,028.43	
Intangible assets	5,209,619,313.49	5,209,619,313.49	
Development expenditure	814,745,464.20	814,745,464.20	
Goodwill	9,804,394.00	9,804,394.00	
Long-term deferred expenses	14,327,639.90	14,327,639.90	
Deferred tax assets	1,542,600,534.93	1,542,600,534.93	
Total non-current assets	48,010,336,867.95	48,010,336,867.95	
Total assets	97,617,053,590.38	97,617,053,590.38	
Current liabilities:			
Short-term loans	229,580,000.00	229,580,000.00	
Notes payable	13,430,543,294.23	13,430,543,294.23	
Accounts payable	18,905,725,271.50	18,905,725,271.50	
Advances from customers	2,315,641,685.78		-2,315,641,685.78
Contract liabilities		2,315,641,685.78	2,315,641,685.78
Payroll payable	1,046,335,781.91	1,046,335,781.91	
Taxes payable	889,092,442.80	889,092,442.80	
Other payables	4,809,918,141.45	4,809,918,141.45	
Other current liabilities	4,253,942,761.77	4,253,942,761.77	
Total current liabilities	45,880,779,379.44	45,880,779,379.44	
Non-current liabilities:			
Long-term loans	55,300,000.00	55,300,000.00	
Long-term payable	857,356,423.71	857,356,423.71	
Long term payroll payable	45,932,000.00	45,932,000.00	
Estimated liabilities	3,352,580,839.28	3,352,580,839.28	
Deferred earnings	3,194,291,079.21	3,194,291,079.21	
Deferred tax liabilities	296,742,890.29	296,742,890.29	
Total non-current liabilities	7,802,203,232.49	7,802,203,232.49	
Total liabilities	53,682,982,611.93	53,682,982,611.93	
Owners' equity:			
Share capital	4,802,648,511.00	4,802,648,511.00	
Capital reserves	5,366,097,594.66	5,366,097,594.66	

Other Comprehensive Income	139,994,580.19	139,994,580.19	
Special reserves	47,076,242.71	47,076,242.71	
Surplus reserves	2,401,324,255.50	2,401,324,255.50	
Retained earnings	31,271,171,559.60	31,271,171,559.60	
Equity attributable to owners	44,028,312,743.66	44,028,312,743.66	
Minority interests	-94,241,765.21	-94,241,765.21	
Total equity	43,934,070,978.45	43,934,070,978.45	
Total liabilities and owner's equity	97,617,053,590.38	97,617,053,590.38	

Balance sheet

单位：元

Account	December 31, 2019	January 01, 2020	Adjustment
Current assets:			
Cash	6,563,020,335.56	6,563,020,335.56	
Transactional financial assets	184,245,000.00	184,245,000.00	
Notes receivable	25,837,326,483.09	25,837,326,483.09	
Accounts receivable	5,094,270,365.72	5,094,270,365.72	
Prepayments	403,105,316.24	403,105,316.24	
Other receivables	2,597,314,344.40	941,161,145.80	-1,656,153,198.60
Inventories	1,735,570,691.28	1,735,570,691.28	
Contract assets		1,656,153,198.60	1,656,153,198.60
Other current assets	798,430,035.62	798,430,035.62	
Total current assets	43,213,282,571.91	43,213,282,571.91	
Non-current assets:			
Long-term equity investments	16,052,319,271.82	16,052,319,271.82	
Other equity investment	724,309,400.00	724,309,400.00	
Fixed assets	20,301,231,002.41	20,301,231,002.41	
Construction in progress	1,545,211,000.22	1,545,211,000.22	
Intangible assets	4,030,438,649.57	4,030,438,649.57	
Development expenditure	431,774,377.27	431,774,377.27	
Long-term deferred expenses	9,719,259.84	9,719,259.84	
Deferred tax assets	1,318,884,054.48	1,318,884,054.48	
Total non-current assets	44,413,887,015.61	44,413,887,015.61	
Total assets	87,627,169,587.52	87,627,169,587.52	

Current liabilities:			
Short-term loans	29,580,000.00	29,580,000.00	
Notes payable	11,983,445,725.06	11,983,445,725.06	
Accounts payable	15,601,432,751.74	15,601,432,751.74	
Advances from customers	1,870,992,349.08		-1,870,992,349.08
Contract liabilities		1,870,992,349.08	1,870,992,349.08
Payroll payable	641,340,149.30	641,340,149.30	
Taxes payable	453,619,905.66	453,619,905.66	
Other payables	4,301,257,819.04	4,301,257,819.04	
Other current liabilities	3,400,065,879.02	3,400,065,879.02	
Total current liabilities	38,281,734,578.90	38,281,734,578.90	
Non-current liabilities:			
Long-term loans	55,300,000.00	55,300,000.00	
Long-term payable	285,768,478.89	285,768,478.89	
Long term payroll payable	22,747,000.00	22,747,000.00	
Estimated liabilities	2,413,434,397.36	2,413,434,397.36	
Deferred earnings	2,135,615,106.85	2,135,615,106.85	
Deferred tax liabilities	81,775,341.60	81,775,341.60	
Total non-current liabilities	4,994,640,324.70	4,994,640,324.70	
Total liabilities	43,276,374,903.60	43,276,374,903.60	
Owners' equity:			
Share capital	4,802,648,511.00	4,802,648,511.00	
Capital reserves	5,014,772,792.87	5,014,772,792.87	
Other comprehensive income	259,380,413.58	259,380,413.58	
Special reserves	19,917,658.63	19,917,658.63	
Surplus reserves	2,401,324,255.50	2,401,324,255.50	
Retained earnings	31,852,751,052.34	31,852,751,052.34	
Total owners' equity	44,350,794,683.92	44,350,794,683.92	
Total liabilities and owners' equity	87,627,169,587.52	87,627,169,587.52	

VI. Taxes

1. Main taxes and tax rates

Value added tax ("VAT")	- VAT payable is the difference between VAT output and less deductible VAT input for the current year.
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		VAT output of sales of products has been calculated by applying a rate of 13% to the taxable value since 1 April 2019 (16% before 1 April 2019). And VAT output of income from providing labor services has been calculated by applying a rate of 6% to the taxable value during this year.
Consumption tax	-	Consumption tax is calculated at 1%, 3% or 5% of taxable income.
City maintenance and construction tax	-	7% of the turnover tax paid is calculated and paid.
Educational surcharge	-	3% of the actual turnover tax paid is calculated and paid.
Local educational surcharge	-	2% of the turnover tax actually paid is calculated and paid.
Corporate income tax	-	Corporate income tax is paid at 15% or 25% of taxable income.

2. Tax benefits

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

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

VII. Notes to the consolidated financial statements

1. Cash

In RMB Yuan

Item	Ending	Beginning
Cash	14,977.41	18,280.08
Cash at bank	16,821,104,203.83	9,360,456,394.81
Other cash	505,302,056.19	705,696,678.59
Total	17,326,421,237.43	10,066,171,353.48

As at 30 June 2020, the book value of restricted cash and cash equivalents is RMB 505,302,056.19, which was mainly restricted for the issuance of acceptance bill.

As at 30 June 2020, the cash at bank oversea is equivalent to RMB 219,602,378.35.

2. Transactional financial assets

Item	Ending	Beginning
Financial assets measured at fair value and whose changes are included in the current profit and loss-equity instrument investment	4,173,150,897.00	2,419,476,200.00
Total	4,173,150,897.00	2,419,476,200.00

3. Notes receivable

(1) Classification of notes receivable

In RMB Yuan

Type	Ending	Beginning
Commercial acceptance bill	2,109,965,475.65	7,475,629,607.72
Bank acceptance bill	19,519,311,671.28	19,330,005,979.47
Total	21,629,277,146.93	26,805,635,587.19

(2) The notes receivable pledged as follows:

Type	30 June 2019	31 December 2018
Commercial acceptance bill	361,829,675.00	365,040,070.00
Bank acceptance bill	5,791,544,234.00	2,760,059,280.00
Total	6,153,373,909.00	3,125,099,350.00

The bank acceptance bill of the above amount has been pledged for the notereceivable on 30 June 2020 and 31 December 2019.

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

In RMB Yuan

Type	Ending		Beginning	
	Derecognition	Un-derecognition	Derecognition	Un-derecognition
Commercial acceptance bill			662,937,930.00	
Bank acceptance bill	993,166,843.10		1,937,078,894.54	
Total	993,166,843.10	-	2,600,016,824.54	-

4. Accounts receivable

(1) Aging analysis of the accounts receivable is as follows:

In RMB Yuan

Aging	Ending	Beginning
Within 1 year	2,129,247,041.33	678,737,828.90
1 to 2 years	124,986,062.13	141,612,978.25
2 to 3 years	49,822,288.08	33,700,863.10
Over 3 years	98,670,214.99	68,414,880.58
Total	2,402,725,606.53	922,466,550.83
Less: Provision	- 102,743,181.12	-84,152,474.01
Total	2,299,982,425.41	838,314,076.82

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

	Beginning balance	Addition		Deduction		Ending balance
		Provision	Other	Reversal	Write-off	
2020	84,152,474.01	19,762,832.77		1,172,125.66		102,743,181.12
2019	90,614,319.90	13,362,617.00		6,450,000.00	13,374,462.89	84,152,474.01

(3)Analysis of accounts receivable by category is as follows:

Item	Ending			
	Balance		Provision	
	Amount	(%)	Amount	(%)
Individually analyzed for provision	1,644,201,932.79	68.43	64,203,085.58	3.90
Accounts receivable analyzed as groups for provision	758,523,673.74	31.57	38,540,095.54	5.08
Total	2,402,725,606.53	100.00	102,743,181.12	4.28

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

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

	Ending			Beginning		
	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	659,634,029.05	1.11	7,354,250.99	601,963,326.69	0.80	4,799,025.50
1 to 2 years	54,905,522.87	7.04	3,866,061.16	56,368,999.03	7.54	4,250,219.24
2 to 3 years	11,522,151.00	33.80	3,894,643.60	20,043,284.25	31.23	6,258,614.71
3 to 4 years	14,417,151.43	43.31	6,243,620.13	10,355,210.70	42.66	4,417,566.60
4 to 5 years	1,531,440.86	46.89	718,141.13	2,411,538.03	45.52	1,097,691.19
Over 5 years	16,513,378.53	99.70	16,463,378.53	14,447,381.63	97.33	14,061,896.09
Total	758,523,673.74	5.08	38,540,095.54	705,589,740.33	4.94	34,885,013.33

(5) As at June 30, 2020, accounts receivable from Top 5 clients amounted to RMB1,526,610,729.58, accounted for 63.54% of the total accounts receivable (December 31, 2019: RMB191,520,443.31, accounted for 20.76% of the total amount).

(6) As of June 30, 2020, the Group has no accounts receivable that are derecognized as the transfer of financial assets (2018: Nil).

5. Prepayments

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

In RMB Yuan

Aging	Ending		Beginning	
	Amount	%	Amount	%
Within 1 year	516,320,018.74	81.17	427,508,750.42	68.53
1 to 2 years	110,947,847.63	17.44	190,277,683.92	30.50
2 to 3 years	7,818,383.63	1.23	4,480,529.56	0.72
Over 3 years	1,001,975.27	0.16	1,534,932.17	0.25
Total	636,088,225.27	100.00	623,801,896.07	100.00

(2) As at 30 June 2020, the total amount of the top five prepayments was RMB 371,147,084.34, accounting for 58.35% of the total amount of prepayments (2019: RMB 465,836,148.17, accounting for 74.68%).

6. Other receivables

(1) Aging analysis of other receivables is as follows:

	Ending	Beginning
Within 1 year	960,768,073.61	130,092,224.20

1 to 2 years	51,044,853.03	133,414,975.39
2 to 3 years	24,464,905.99	1,265,977.01
Over 3 years	18,827,421.03	17,715,984.88
Total	1,055,105,253.66	282,489,161.48
Provision	-13,078,147.01	- 12,955,071.11
Total	1,042,027,106.65	269,534,090.37

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

Nature	Ending	Beginning
New energy subsidy	96,341,496.10	5,401,842.90
Reserve	32,179,103.25	41,810,604.18
Equity transfer receivable	798,700,000.00	
Other	114,806,507.30	222,321,643.29
Total	1,042,027,106.65	269,534,090.37

(3) In 2020, the changes in the provision for bad debts for other receivables based on the 12-month expected credit losses and the expected credit losses for the entire duration are as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Credit-impaired financial assets (Lifetime ECLs)	Total
Balance at the end of the previous year	291,182.01	111,686,526.12	13,616,375.98	125,594,084.11
Changes in accounting policies	0.00	-111,066,213.00	-1,572,800.00	-112,639,013.00
Opening balance	291,182.01	620,313.12	12,043,575.98	12,955,071.11
Changes due to the opening balance				
- Transfer to Stage 2	-274,825.18	274,825.18		
- Transfer to Stage 3		-826,113.91	826,113.91	
- Turn back Stage 2				
- Turn back Stage 1				
Provision	81,146.21	57,668.33		138,814.54
Reversal	-15,738.64			-15,738.64

Ending balance	81,764.40	126,692.72	12,869,689.89	13,078,147.01

Movement of other account receivable balance as follow:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Credit-impaired financial assets (Lifetime ECLs)	Total
Balance at the end of the previous year	2,205,778,389.26	1,637,955,311.33	13,616,375.98	3,857,350,076.57
Changes in accounting policies	-1,940,287,730.49	-1,633,000,384.60	-1,572,800.00	-3,574,860,915.09
Opening balance	265,490,658.77	4,954,926.73	12,043,575.98	282,489,161.48
Changes due to the opening balance				
- Transfer to Stage 2	-2,700,041.57	2,700,041.57		
- Transfer to Stage 3		-826,113.91	826,113.91	
- Turn back Stage 2				
- Turn back Stage 1				
Addition	876,669,396.33	222,877.06		876,892,273.39
Derecognition	-102,971,320.63	-4,918.00		-102,976,238.63
Write-off	-1,299,942.58			-1,299,942.58
Ending balance	1,035,188,750.32	7,046,813.45	12,869,689.89	1,055,105,253.66

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

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

Closing balance	291,182.01	111,686,526.12	13,616,375.98	125,594,084.11

Movement of other account receivable balance as follow:

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

(5)As at June 30, 2020, top five debtors of other receivables are as follows:

Debtors	Amount	Aging	Proportion of total other receivables (%)
First	798,700,000.00	Within 6 months	75.70
Second	124,312,677.99	1-2 years	11.78
Third	76,449,253.20	Within 6 months	7.25
Fourth	10,944,887.98	Within 6 months	1.04
Fifth	8,403,835.35	Within 6 months	0.80
Total	1,018,810,654.52		96.56

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

Debtors	Amount	Aging	Proportion of total other receivables (%)
First	1,770,677,411.60	0-4 years	45.90
Second	1,071,115,340.00	Within 1 year	27.77
Third	430,588,852.51	0-5 years	11.16
Fourth	131,582,160.00	Within 1 year	3.41

Fifth	124,312,677.94	1-2 years	3.22
Total	3,528,276,442.05		91.46

(6) As of June 30, 2020, the Group has no other receivables derecognized as financial asset transfers. (December 31, 2019: Nil).

7. Inventory

(1) Classification of inventory

In RMB Yuan

Item	Ending			Beginning		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	757,653,010.63	353,832,972.07	403,820,038.56	843,669,443.37	350,525,510.02	493,143,933.35
Work in transit	74,730,000.00	-	74,730,000.00	293,575,861.15	-	293,575,861.15
Work in progress	1,017,286,537.93	91,270,247.87	926,016,290.06	657,730,109.07	28,324,925.14	629,405,183.93
Commodity stock	2,758,195,870.81	156,547,980.65	2,601,647,890.16	1,958,389,227.87	83,956,153.45	1,874,433,074.42
Revolving materials	-	-	-	51,101,639.03	-	51,101,639.03
Spare parts	34,178,251.21	-	34,178,251.21	33,781,796.49	-	33,781,796.49
Total	4,642,043,670.58	601,651,200.59	4,040,392,469.99	3,838,248,076.98	462,806,588.61	3,375,441,488.37

(2) Provision for inventory

In RMB Yuan

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	350,525,510.02	13,899,766.91	5,905,198.31	4,687,106.55	-
Work in progress	28,324,925.14	71,004,875.39	708,212.46	7,351,340.20	-
Commodity stock	83,956,153.45	132,318,652.44	3,372,139.06	28,491,314.07	27,863,372.11
Total	462,806,588.61	217,223,294.74	9,985,549.83	40,529,760.82	27,863,372.11

8. Contract assets (applicable from January 1, 2020)

(1) Classification of Contract assets

In RMB Yuan

Item	Ending			Beginning		
	Balance	Provision for impairment	Net value	Balance	Provision for impairment	Net value
New energy business	2,172,702,076.43	117,225,349.00	2,055,476,727.43	3,574,860,915.09	112,639,013.00	3,462,221,902.09
Total	2,172,702,076.43	117,225,349.00	2,055,476,727.43	3,574,860,915.09	112,639,013.00	3,462,221,902.09

(2) Current contract assets provision for impairment

In RMB Yuan

	Balance at the end of the previous year	Changes in accounting policies	Provision for this year	Deduction		Ending balance
				Reversal	Write-off	
2020		112,639,013.00	4,586,336.00			117,225,349.00

(3) The contract assets with provision for impairment losses using the simplified method are as follows:

In RMB Yuan

Item	Ending		
	Estimated book balance in default	Expected credit loss rate	Lifetime expected credit loss
New energy business	2,172,702,076.43	5.40	117,225,349.00
Total	2,172,702,076.43	5.40	117,225,349.00

9. Other current assets

In RMB Yuan

Item	Ending	Beginning
Accrual input tax	794,281,653.55	1,428,518,317.99
Entrusted Loan	300,000,000.00	300,000,000.00
Others	5,960,566.11	17,601,810.05
Total	1,100,242,219.66	1,746,120,128.04

10. Other equity instrument investments

	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	-	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

China North Industries Group Financial Leasing 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	-	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
合计	229,933,300.00	734,506,100.00		

11. Long-term equity investment

In RMB Yuan

Investee	Beginning balance	Increase or decrease	Investment income under equity method	Other equity variation	Cash dividends declared	Other Deduction	Provision	Ending balance	Provision ending balance
Joint Venture									
Changan Ford Automobile Co., Ltd.	1,782,823,327.91		-570,006,507.40					1,212,816,820.51	
Changan Mazda Automobile Co., Ltd.	2,177,010,905.02		323,202,621.60					2,500,213,526.62	
Changan Mazda Engine Co., Ltd.	830,272,340.69		11,597,486.28		-37,000,000.00			804,869,826.97	
Changan PSA Automobiles Co., Ltd.	346,038,983.87		-114,234,986.00			-231,803,997.87			
Changan Weilai New Energy Automobile Technology Co., Ltd.	-12,871,719.42		-18,666,611.81			31,538,331.23			
Nanchang Jiangling Holding Co., Ltd.	2,081,815,165.31		34,848,792.52					2,116,663,957.83	
Associates									
Chongqing Changan Kuayue Automobile Co., Ltd.	192,005,274.10		27,957,230.96					219,962,505.06	
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		123,493,951.66					2,318,534,606.10	
Hainan Anxinxing Information Technology Co., Ltd.	3,560,384.10		-795,039.88					2,765,344.22	
Nanjing Chelai Travel Technology Co.,	1,474,945.09		-143,024.65					1,331,920.44	

Ltd.									
Hunan Guoxin Semiconductor Technology Co., Ltd.	25,152,447.20		-126,648.85					25,025,798.35	
Nanjing Leading Equity Investment Partnership	935,218,323.32		32.16					935,218,355.48	
Nanjing Leading Equity Investment Management Co., Ltd.	1,445,415.69		-93,594.67					1,351,821.02	
Jiangling Holdings Co., Ltd.	398,992,953.62		-94,049,105.60					304,943,848.02	
Chongqing Changan New Energy Automobile Technology Co., Ltd. (Note 2)		2,565,221,040.00	-232,817,307.40					2,332,403,732.60	
Anhe (Chongqing) Equity Investment Fund Management Co., Ltd.	1,939,605.86		-419,202.42					1,520,403.44	
Hangzhou Chelizi Intelligent Technology Co., Ltd.	7,527,572.23		1,753,349.94					9,280,922.17	
Beijing Wutong Chelian Technology Co., Ltd.	4,094,510.40		-17,183,381.33					-13,088,870.93	
Pakistan Master Automobile Co., Ltd.	36,795,899.66		-2,600,212.00					34,195,687.66	
Total	11,008,336,989.09	2,565,221,040.00	-528,282,156.89		-37,000,000.00	-200,265,666.64		12,808,010,205.56	--

Note1: As at June 30, 2020, the Group is not responsible for extra loss from Chongqing Changan Kuayue Automobile Sales Co., Ltd. and Beijing Fang'an crescent taxi Co., Ltd. Therefore, when excess losses of these two associates occurred, the Group just reduced its correspondent long-term equity investment to zero, and did not recognize contingent liabilities accordingly.

Note2: In 2020, Chongqing Changan New Energy Automobile Technology Co., Ltd. introduced a strategic investor. The company lost control over it, and its shareholding ratio was reduced to 48.96%. It will no longer be included in the scope of consolidation and will be followed up by the equity method. Metering.

12. Investment property

According to the cost of the investment real estate

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
I. Original cost	10,050,100.00			10,050,100.00
Buildings	10,050,100.00			10,050,100.00
II. Accumulated depreciation and amortization	2,947,250.28	113,355.78		3,060,606.06
Buildings	2,947,250.28	113,355.78		3,060,606.06
III. Net Value	7,102,849.72	-113,355.78		6,989,493.94
Buildings	7,102,849.72	-113,355.78		6,989,493.94
IV. Impairment Provision	7,102,849.72	-113,355.78		6,989,493.94
Buildings	7,102,849.72	-113,355.78		6,989,493.94

13. Fixed assets

	Beginning	Ending
Fixed assets	25,896,056,062.39	26,939,490,554.19
Fixed assets cleanup		
total	25,896,056,062.39	26,939,490,554.19

Fixed assets

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
I. Original cost	46,410,278,338.13	362,437,404.30	349,430,828.47	46,423,284,913.96
Buildings	11,144,160,050.01	391,688.99	791,082.72	11,143,760,656.28
Machinery	25,623,584,497.53	301,790,428.81	231,669,579.38	25,693,705,346.96
Vehicles	1,355,868,955.84	853,112.65	100,357,287.31	1,256,364,781.18
Other Equipments	8,286,664,834.75	59,402,173.85	16,612,879.06	8,329,454,129.54
II. Accumulated depreciation	18,610,392,441.59	1,341,667,160.44	199,611,157.36	19,752,448,444.67
Buildings	2,515,402,360.27	173,789,227.82	326,755.36	2,688,864,832.73
Machinery	11,496,523,762.29	889,236,401.15	123,506,026.96	12,262,254,136.48
Vehicles	629,232,960.52	86,129,280.66	71,207,725.68	644,154,515.50
Other Equipments	3,969,233,358.51	192,512,250.81	4,570,649.36	4,157,174,959.96

III. Net Value	27,799,885,896.54	-979,229,756.14	149,819,671.11	26,670,836,469.29
Buildings	8,628,757,689.74	-173,397,538.83	464,327.36	8,454,895,823.55
Machinery	14,127,060,735.24	-587,445,972.34	108,163,552.42	13,431,451,210.48
Vehicles	726,635,995.32	-85,276,168.01	29,149,561.63	612,210,265.68
Other Equipments	4,317,431,476.24	-133,110,076.96	12,042,229.70	4,172,279,169.58
IV.Impairment Provision	860,395,342.35	1,004,872.80	86,619,808.25	774,780,406.90
Buildings	85,592,184.71		-	85,592,184.71
Machinery	631,047,449.99		78,191,258.02	552,856,191.97
Vehicles	36,761,889.19	1,004,872.80	7,970,158.80	29,796,603.19
Other Equipments	106,993,818.46		458,391.43	106,535,427.03
V. Book Value	26,939,490,554.19	-980,234,628.94	63,199,862.86	25,896,056,062.39
Buildings	8,543,165,505.03	-173,397,538.83	464,327.36	8,369,303,638.84
Machinery	13,496,013,285.25	-587,445,972.34	29,972,294.40	12,878,595,018.51
Vehicles	689,874,106.13	-86,281,040.81	21,179,402.83	582,413,662.49
Other Equipments	4,210,437,657.78	-133,110,076.96	11,583,838.27	4,065,743,742.55

The depreciation during the reporting period is RMB 1,341,667,160.44. During the period the construction in progress amounting to RMB 366,499,861.3 is transferred to the fixed asset.

14. Construction in progress

(1) Details of construction in progress

In RMB Yuan

Item	Closing balance			Opening balance		
	Balance	Provision	Book value	Balance	Provision	Book value
Vehicle production equipment	131,759,496.47		131,759,496.47	163,180,665.02	-	163,180,665.02
Yuzui motor city project	105,456,656.33		105,456,656.33	39,547,629.19	-	39,547,629.19
Engine plant	985,844,453.47		985,844,453.47	880,128,770.64	-	880,128,770.64
Vehicle research institution	56,076,752.30		56,076,752.30	40,087,119.45	-	40,087,119.45
Vehicle moulds	208,172,446.27		208,172,446.27	284,573,714.88	-	284,573,714.88
Light vehicle technical transformation project of Baoding Changan bus	48,832,435.33		48,832,435.33	65,394,282.59	-	65,394,282.59
Beijing vehicle construction	71,002,689.79		71,002,689.79	60,307,306.09	-	60,307,306.09

project						
Car production Project Of Hefei Changan	4,218,237.16		4,218,237.16	6,491,703.97	-	6,491,703.97
Others	231,050,886.91	49,398,728.00	181,652,158.91	239,490,564.60	49,398,728.00	190,091,836.60
Total	1,842,414,054.03	49,398,728.00	1,793,015,326.03	1,779,201,756.43	49,398,728.00	1,729,803,028.43

(2) Movement of major construction in progress projects

In RMB Yuan

Item	Beginning	Addition	Transferred to fixed assets	Deduction	Ending
Vehicle production equipment	163,180,665.02	38,172,278.22	69,593,446.77		131,759,496.47
Yuzui motor city project	39,547,629.19	71,463,192.85	5,554,165.71		105,456,656.33
Engine plant	880,128,770.64	126,482,988.92	20,767,306.09		985,844,453.47
Vehicle research institution	40,087,119.45	35,444,551.49	19,454,918.64		56,076,752.30
Vehicle moulds	284,573,714.88	61,338,065.13	137,739,333.74		208,172,446.27
Light vehicle technical transformation project of Baoding Changan bus	65,394,282.59	57,177,161.14	73,739,008.40		48,832,435.33
Beijing vehicle construction project	60,307,306.09	10,834,303.92	138,920.22		71,002,689.79
Car production Project Of Hefei Changan	6,491,703.97	8,206,689.90	10,480,156.71		4,218,237.16
Others	190,091,836.60	20,753,118.07	29,032,605.02	160,190.74	181,652,158.91
Total	1,729,803,028.43	429,872,349.64	366,499,861.30	160,190.74	1,793,015,326.03

(3) Provision for impairment of construction in progress

On June 30, 2020, the balance of impairment provision for construction in progress was RMB 49,398,728.00. There was no accrued or resold amount in the current year. (As of December 31, 2019, the amount of impairment provision for construction in progress was RMB 49,398,728.00).

15. Intangible assets**Details of intangible assets**

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
I. Original cost	10,490,391,183.90	379,638,618.07	28,911,602.62	10,841,118,199.35
Land use rights	2,753,082,390.28			2,753,082,390.28
Software use rights	705,159,803.48	2,892,485.99		708,052,289.47
Trademark use rights	211,784,400.00		1,536.47	211,782,863.53
Non-patent technology	6,820,364,590.14	376,746,132.08	28,910,066.15	7,168,200,656.07

II. Accumulated amortization	5,003,686,933.67	514,642,717.04	2,582,722.47	5,515,746,928.24
Land use rights	461,981,506.33	27,980,857.36		489,962,363.69
Software use rights	564,665,067.35	14,506,702.89		579,171,770.24
Trademark use rights	188,453,466.62	8,749,999.98		197,203,466.60
Non-patent technology	3,788,586,893.37	463,405,156.81	2,582,722.47	4,249,409,327.71
III. Net value	5,486,704,250.23	-135,004,098.97	26,328,880.15	5,325,371,271.11
Land use rights	2,291,100,883.95	-27,980,857.36		2,263,120,026.59
Software use rights	140,494,736.13	-11,614,216.90		128,880,519.23
Trademark use rights	23,330,933.38	-8,749,999.98	1,536.47	14,579,396.93
Non-patent technology	3,031,777,696.77	-86,659,024.73	26,327,343.68	2,918,791,328.36
IV. Impairment provision	277,084,936.74			277,084,936.74
Land use rights				-
Software use rights	23,617,923.17			23,617,923.17
Non-patent technology	253,467,013.57			253,467,013.57
V. Book value	5,209,619,313.49	-135,004,098.97	26,328,880.15	5,048,286,334.37
Land use rights	2,291,100,883.95	-27,980,857.36		2,263,120,026.59
Software use rights	116,876,812.96	-11,614,216.90		105,262,596.06
Trademark use rights	23,330,933.38	-8,749,999.98	1,536.47	14,579,396.93
Non-patent technology	2,778,310,683.20	-86,659,024.73	26,327,343.68	2,665,324,314.79

As at 30 June 2020, the intangible assets from internal research and development account for 52.8% of total intangible assets.

16. Development expenditure

In RMB Yuan

Item	Beginning	Addition	Deduction			Ending
			Included in current profit and loss	Recognized as intangible assets	Other reductions	
Automobile Development	814,745,464.20	366,481,969.95	22,883,914.03	376,296,822.32	265,103,330.94	516,943,366.86
Total	814,745,464.20	366,481,969.95	22,883,914.03	376,296,822.32	265,103,330.94	516,943,366.86

Note: On June 30, 2020, Chongqing Changan New Energy Automobile Technology Co., Ltd. was no longer included in the scope of consolidation, and its development expenditure balance at the beginning of the year was transferred from other reductions.

17. Goodwill

In RMB Yuan

Investee	Beginning	Addition	Deduction	Ending	Impairment provision
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Hebei Changan Automobile Co., Ltd	9,804,394.00			9,804,394.00	
Nanjing Changan Automobile Co., Ltd					73,465,335.00
Changan Weilai New Energy Automobile Technology Co., Ltd.		32,782,190.41		32,782,190.41	
Total	9,804,394.00	32,782,190.41		42,586,584.41	73,465,335.00

18. Long-term deferred expenses

In RMB Yuan

Item	Beginning	Addition	Amortization	Ending
Long-term deferred expenses	14,327,639.90	166,065.12	2,725,128.43	11,768,576.59
Total	14,327,639.90	166,065.12	2,725,128.43	11,768,576.59

19. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities:

In RMB Yuan

Item	Ending	Beginning
Deferred tax assets:		
Provision for the impairment of assets	195,653,594.70	164,441,555.61
Accrued expenses and contingent liabilities	863,580,630.22	868,144,392.63
Unpaid tech development expense and advertisement expense	100,553,896.97	53,515,293.21
Deferred income	412,073,835.87	410,605,039.66
Unpaid salary and bonus and others	68,675,839.25	45,894,253.82
Subtotal	1,640,537,797.01	1,542,600,534.93
Deferred tax liabilities:		
Changes in fair value of trading financial assets	507,030,506.4	243,979,301.85
Fair value adjustment of business combination not under the same control	39,335,008.50	41,224,728.88
Others	11,538,859.56	11,538,859.56
Subtotal	557,904,374.46	296,742,890.29

20. Provision for the impairment of assets

In RMB Yuan

Item	Beginning	Current	Deduction	Ending
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		accrual	Reversal	Write-off	Other reduction	
I. Bad debt provision	97,107,545.12	19,901,647.31	1,187,864.30	-		115,821,328.13
II. Provision for impairment of contract assets	112,639,013.00	4,586,336.00				117,225,349.00
III. Provision for obsolete inventory	462,806,588.61	217,223,294.74	9,985,549.83	40,529,760.82	27,863,372.11	601,651,200.59
IV. Provision for the impairment of fixed assets	860,395,342.35	1,004,872.80		86,619,808.25		774,780,406.90
V. Provision for the impairment of intangible assets	277,084,936.74					277,084,936.74
VI. Provision for the impairment of goodwill	73,465,335.00					73,465,335.00
VII. Provision for the impairment of available-for-sale financial assets	49,398,728.00					49,398,728.00
Total	1,932,897,488.82	242,716,150.85	11,173,414.13	127,149,569.07	27,863,372.11	2,009,427,284.36

21. Short-term loans

In RMB Yuan

Item	Ending	Beginning
Pledge loans	50,000,000.00	50,000,000.00
Credit loans	315,525,472.30	179,580,000.00
Total	365,525,472.30	229,580,000.00

22. Notes payable

In RMB Yuan

Item	Ending	Beginning
Commercial acceptance bill	2,803,761,463.16	2,551,863,471.51
Bank acceptance bill	14,217,240,478.33	10,878,679,822.72
Total	17,021,001,941.49	13,430,543,294.23

23. Accounts payable

In RMB Yuan

Item	Ending	Beginning
Accounts payable	18,206,448,534.41	18,905,725,271.50
total	18,206,448,534.41	18,905,725,271.50

24. Contract liabilities (applicable from January 1, 2020)

In RMB Yuan

Item	Ending	Beginning
Payment	2,162,739,729.94	2,315,641,685.78
total	2,162,739,729.94	2,315,641,685.78

Note: Contract liabilities are mainly the advance receipts collected by the Group from customers before the performance obligations are fulfilled. The related revenue of the contract will be recognized when the Group fulfills its performance obligations.

25. Payroll payable

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Short term salary benefits	972,606,354.60	2,355,576,601.66	2,567,610,264.06	760,572,692.20
Defined contribution plans	68,484,427.31	165,667,817.43	103,828,904.94	130,323,339.80
Early retirement benefits and others	5,245,000.00	22,477,102.71	18,961,430.02	8,760,672.69
Total	1,046,335,781.91	2,543,721,521.80	2,690,400,599.02	899,656,704.69

Short term salary benefits as follows:

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Salary, bonus, allowance and subsidy	777,811,109.08	1,861,583,042.41	2,167,875,073.48	471,519,078.01
Employee benefit	11,657,039.54	120,191,337.32	127,527,360.08	4,321,016.78
Social insurance	11,380,417.43	155,106,082.91	95,196,580.81	71,289,919.53
Housing accumulation fund	2,797,302.45	135,252,535.37	124,882,733.53	13,167,104.29
Labor fund and employee education fund	168,960,486.10	83,443,603.65	52,128,516.16	200,275,573.59
Total	972,606,354.60	2,355,576,601.66	2,567,610,264.06	760,572,692.20

Defined contribution plans as follows:

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Basic retirement security	61,036,996.88	160,243,022.88	99,301,280.64	121,978,739.12
Unemployment insurance	7,447,430.43	5,424,794.55	4,527,624.30	8,344,600.68
Total	68,484,427.31	165,667,817.43	103,828,904.94	130,323,339.80

26. Taxes payable

In RMB Yuan

Item	Ending	Beginning
Value-added tax	100,005,350.24	84,852,296.03
Consumption tax	297,692,384.99	629,406,972.37
Corporate income tax	23,178,777.31	120,351,092.86
City maintenance and construction tax, education additional expenses	13,725,286.76	34,455,756.66
Others	14,052,860.82	20,026,324.88
Total	448,654,660.12	889,092,442.80

27. Other payables

Item	Ending	Beginning
Dividend payable	1,167,776.43	40,384.93
Other payables	3,073,183,667.88	4,809,877,756.52
合计	3,074,351,444.31	4,809,918,141.45

Dividend payable

In RMB Yuan

Item	Ending	Beginning
Interest on long-term borrowings with interest payments due	1,138,824.98	8,216.67
Interest payable on short-term loans	28,951.45	32,168.26
Total	1,167,776.43	40,384.93

Other payables

In RMB Yuan

Item	Ending	Beginning
Deposits of dealer and supplier	152,403,024.39	284,705,119.28
Maintenance fees	71,072,432.97	158,503,895.70
Advertising fees	215,104,111.47	405,752,873.43
Warehousing and transport fees	429,551,017.85	247,969,064.86
Advance receipt of equity transfer	-	831,300,000.00
Purchase and construction of fixed assets, intangible assets and project deposits	1,225,514,269.65	2,091,437,803.04
Others	979,538,811.55	790,209,000.21
Total	3,073,183,667.88	4,809,877,756.52

28. Estimated liabilities

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
product quality assurance	2,762,766,347.50	362,013,019.76	499,183,282.39	2,625,596,084.87
Supplier compensation	589,814,491.78		45,609,734.51	544,204,757.27
Total	3,352,580,839.28	362,013,019.76	544,793,016.90	3,169,800,842.14

Note: The product quality assurance is the maintenance cost of the estimated three-package period of the sold vehicle.

29. Other current liabilities

In RMB Yuan

Item	Ending	Beginning
Accrued utilities	13,728,982.55	25,777,106.11
Accrued transportation fee	531,631,020.43	501,351,278.96
Accrued maintenance fee	45,276,063.03	39,493,497.48
Accrued technology transfer and development fee	308,326,480.76	101,005,700.82
Accrued commercial discount payable	2,830,265,407.90	3,028,296,317.93
Accrued market development expense	482,066,300.72	355,903,653.68
Accrued rental fee	79,555,300.00	83,111,810.66
Others	278,956,894.44	119,003,396.13
Total	4,569,806,449.83	4,253,942,761.77

30. Non-current liabilities due within one year

In RMB Yuan

Item	Ending	Beginning
Credit loan	1,555,300,000.00	55,300,000.00
Total	1,555,300,000.00	55,300,000.00

31. Long-term payables

Item	Ending	Beginning
Special payables	702,461,540.35	857,356,423.71
Total	702,461,540.35	857,356,423.71

Special payables

Item	Beginning	Addition	Deduction	Ending
New vehicle product	13,397,745.48	2,032,200.00	906,362.96	14,523,582.52
Land relocation compensation	555,350,709.40			555,350,709.40
Development and industrialization of C206 pure electric cars	31,167.55		23,196.00	7,971.55
Intelligent manufacturing project	167,757,531.08	2,238,300.00	140,724,363.46	29,271,467.62
Lightweight design of automobile structure	48,960,118.00		13,153,605.26	35,806,512.74
Others	71,859,152.20	10,761,953.00	15,119,808.68	67,501,296.52
Total	857,356,423.71	15,032,453.00	169,927,336.36	702,461,540.35

32. Deferred income

30 June, 2020

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Government grants related to assets	2,858,873,083.08	267,690,549.97	146,117,354.84	2,980,446,278.21
Government grants related to income	209,830,081.10	300,000,000.00	39,313,256.02	470,516,825.08
Others	125,587,915.03	8,118,378.89	133,706,293.92	
Total	3,194,291,079.21	575,808,928.86	319,136,904.78	3,450,963,103.29

As at 30 June 2020, details of liabilities related to government grants are as follows:

Item	Beginning	Addition	Recorded to other income	Ending	Relates to asset/gain
Project subsidy funds	2,259,609,252.14	142,587,149.97	65,267,136.32	2,336,929,265.79	Related to asset
Subsidies for plant construction	400,927,900.80	125,103,400.00	35,929,748.82	490,101,551.98	Related to asset
Technical innovation funds	16,150,000.00			16,150,000.00	Related to asset
Other asset - related subsidies	182,185,930.14	-	44,920,469.70	137,265,460.44	Related to asset
Income-related government subsidies	209,830,081.10	300,000,000.00	39,313,256.02	470,516,825.08	Related to income
Total	3,068,703,164.18	567,690,549.97	185,430,610.86	3,450,963,103.29	

33. Share capital

In RMB Yuan

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

34. Capital reserves

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Share premium	4,938,329,830.94			4,938,329,830.94
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	366,254,879.52			366,254,879.52
Total	5,366,097,594.66			5,366,097,594.66

35. Other comprehensive income

In RMB Yuan

	2019/1/1	Increase or decrease	2019/12/31	Increase or decrease	2020/6/30
Remeasure the net liabilities or changes in net assets of defined benefit plans	1,175,000.00	254,000.00	1,429,000.00		1,429,000.00
Under the equity method, the invested unit's share of other comprehensive income that cannot be reclassified into profit and loss	-2,088,068.00		-2,088,068.00		-2,088,068.00
Changes in the fair value of other equity instrument investments	131,858,460.00	63,584,845.00	195,443,305.00		195,443,305.00
Translation differences of foreign currency financial statements	-60,928,211.01	6,138,554.20	-54,789,656.81	6,766,939.37	-48,022,717.44
Total	70,017,180.99	69,977,399.20	139,994,580.19	6,766,939.37	146,761,519.56

36. Surplus reserves

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Statutory surplus	2,401,324,255.50	-	-	2,401,324,255.50
Total	2,401,324,255.50	-	-	2,401,324,255.50

37. Retained earnings

In RMB Yuan

Item	Sum
Retained earnings at beginning of year	31,271,171,559.60
Add: Net profit belong to parent company	2,602,166,402.68
Retained earnings at the end	33,873,337,962.28

38. Operating revenue and cost

In RMB Yuan

	Report period		Same period of last year	
	Revenue	Cost	Revenue	Cost
Main business	32,014,959,151.44	29,353,108,421.60	29,100,899,960.18	26,869,270,640.75
Other business	766,698,327.66	381,507,276.03	774,880,136.66	550,139,986.17
Total	32,781,657,479.10	29,734,615,697.63	29,875,780,096.84	27,419,410,626.92

39. Tax and surcharges

In RMB Yuan

Item	Report period	Same period of last year
Consumption tax	954,339,591.94	858,219,663.65
City maintenance and construction tax	79,821,375.83	66,201,215.72
Education additional expenses	50,469,342.13	48,193,289.93
Others	121,656,073.55	107,656,305.48
Total	1,206,286,383.45	1,080,270,474.78

40. Operating expenses

In RMB Yuan

Item	Report period	Same period of last year
Payroll and welfare	204,419,163.59	217,259,045.38

Promotional advertising fees and sales service fees	863,454,318.26	315,728,251.14
Transportation expenses	110,198,692.55	840,974,104.51
Travelling expenses	21,867,777.56	39,917,298.97
Package expenses	4,637,273.00	12,659,730.13
Administrative expenses	1,929,938.37	2,538,568.31
Consulting fee	993,897.25	3,900,858.69
Training fee	1,557,051.04	3,755,007.88
Others	61,658,970.45	6,483,676.29
Total	1,270,717,082.07	1,443,216,541.30

41. General and administrative expenses

In RMB Yuan

Item	Report period	Same period of last year
Payroll and welfare	710,197,732.15	511,834,200.57
Administrative expenses	1,813,546.15	8,543,521.30
Depreciation and amortization	133,684,029.10	138,824,075.95
Miscellaneous service charges	11,389,441.25	5,974,056.43
Traffic and travelling expenses	19,024,299.22	22,241,582.82
Entertainment expenses	450,275.19	1,162,489.46
Others	287,593,449.85	154,580,626.09
Total	1,164,152,772.91	843,160,552.62

42. Research and development expenses

Item	Report period	Same period of last year
Wages and benefits	519,844,836.98	868,126,885.03
Material fee	58,974,839.13	85,090,579.88
Subcontract fee	171,587,497.89	119,210,568.21
Travel research fee	10,103,859.15	17,519,367.04
Test fee	43,007,880.00	49,958,628.39
Depreciation and amortization	580,661,427.53	501,999,298.39
other fee	80,374,082.74	78,254,331.94
Total	1,464,554,423.42	1,720,159,658.88

43. Financial expenses

In RMB Yuan

Item	Report period	Same period of last year
Interest expense	20,373,153.36	28,216,059.24
Less: interest income	131,048,028.86	128,484,820.10
Exchange gain or loss	4,908,537.21	-2,640,391.42
Others	7,712,792.91	6,076,443.13
Total	-98,053,545.38	-96,832,709.15

44. Assets disposal income

In RMB Yuan

Item	Report period	Same period of last year	Included in 2018 non-recurring gains and losses
Fixed assets disposal income	33,428,646.97	9,392,459.28	33,428,646.97
Total	33,428,646.97	9,392,459.28	33,428,646.97

45. Impairment loss on assets

In RMB Yuan

Item	Report period	Same period of last year
1. Bad debt loss	207,237,744.91	152,676,538.06
2. Impairment provision of obsolete inventory	1,004,872.80	
Total	208,242,617.71	152,676,538.06

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

Item	Report period	Same period of last year
I. Notes receivable and bad debts of accounts receivable	18,590,707.11	7,380,783.24
2. Impairment of contract assets	123,075.90	2,148,950.42
3. Loss of bad debts of other receivables	4,586,336.00	
Total	23,300,119.01	9,529,733.66

47. Changes in fair value gains and losses

Sources of income from changes in fair value	Report period	Same period of last year
Transactional financial assets	1,753,674,697.00	40,337,151.27

Total	1,753,674,697.00	40,337,151.27
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48. Investment income

In RMB Yuan

Item	Report period	Same period of last year
1.Long-term equity investment income under equity method	-528,282,156.89	-108,336,709.94
2.Investment income from disposal of long-term equity investments	3,514,298,597.59	
3.Investment income obtained during the period of holding trading financial assets	7,903,143.08	
4.Others	6,884,080.21	
Total	3,000,803,663.99	-108,336,709.94

49. Other income

In RMB Yuan

Item	Report period	Same period of last year	Explain
R&D special funds	49,313,256.03	476,456,238.65	
Deferred revenue amortization	146,117,354.84	110,976,095.19	
Other government subsidies	20,547,344.41	33,300,740.27	
Total	215,977,955.28	620,733,074.11	--

50. Non-operating income

In RMB Yuan

Item	Report period	Same period of last year
Fines and others	31,178,860.44	18,836,680.44
Total	31,178,860.44	18,836,680.44

51. Non-operating expenses

In RMB Yuan

Item	Report period	Same period of last year
Donation	16,759,250.00	2,300,000.00
Vehicle reward		6,029,776.00
Fines and late fees	130,851.84	1,065,115.94

Others	34,461,544.29	3,250,175.26
Total	51,351,646.13	12,645,067.20

52. Income tax expenses

In RMB Yuan

Item	Report period	Same period of last year
Current income tax expense	26,707,074.55	31,508,825.01
Deferred income tax adjustment	163,224,222.09	85,058,871.07
Total	189,931,296.64	116,567,696.08

53. Notes to cash flow statement

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

In RMB Yuan

Item	Amount
Interest income	120,704,400.68
Government grants related to operating activities	474,224,889.28
Others	865,665,430.32
Total	1,460,594,720.28

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

In RMB Yuan

Item	Amount
Selling expenses	933,772,246.27
Administrative expenses	1,025,434,454.14
R&D expenses	401,581,519.34
Others	746,994,963.28
Total	3,107,783,183.03

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

In RMB Yuan

Item	Amount
Others	2,401,804.55
Total	2,401,804.55

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

In RMB Yuan

Item	Amount
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Disposal of subsidiary equity	104,231,229.20
Total	104,231,229.20

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

In RMB Yuan

Item	Amount
Redemption of the deposit for acceptance	330,073,299.87
Total	330,073,299.87

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

Item	Amount
Payment of acceptance billsother	129,678,677.47
Others	12,249,709.00
Total	141,928,386.47

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

In RMB Yuan

Supplementary information	Current Amount	Prior-period Amount
1. Cash flow relating to operating activities calculated by adjusting the net profit		
Net profit	2,601,622,809.19	-2,244,061,428.35
Add: credit impairment loss	23,300,119.01	9,529,733.66
Add: provision for assets impairment	208,242,617.71	152,676,538.06
Depreciation of fixed assets, oil and gas assets, productive biological assets	1,341,780,516.22	1,412,926,235.60
Amortization of intangible assets	514,642,717.04	485,234,277.39
Amortization of long-term deferred expense	2,725,128.43	1,190,008.24
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets(with "-" for gains)	-33,428,646.97	-9,392,459.28
Loss of fair value change (revenue is marked with "-")	-1,753,674,697.00	-40,337,151.27
Financial expense(with "-" for gains)	20,373,153.36	28,216,059.24
Investment loss(with "-" for gains)	-3,000,803,663.99	108,336,709.94
Decrease in deferred tax assets(with "-" for gains)	-97,937,262.08	91,826,434.28
Increase in deferred tax debts(with "-" for gains)	261,161,484.17	-6,753,936.40
Decrease in inventory(with "-" for gains)	-664,950,981.62	-787,955,680.07
Decrease in operating receivables(with "-" for gains)	4,982,533,829.23	3,615,249,233.77

Increase in operating payables(with "-" for gains)	2,756,790,261.85	1,406,660,271.88
Others	-249,790,690.95	-3,081,215.74
Net cash flows from operating activities	6,912,586,693.60	4,220,263,630.95
2. Investment and financing activities involving no cash incomings / outgoings		
3. Movement of cash and cash equivalents		
Ending balance of cash equivalents	16,821,119,181.24	10,147,607,013.29
Less: beginning balance of cash equivalents	9,360,474,674.89	9,648,153,614.80
Net increase in cash and cash equivalents	7,460,644,506.35	499,453,398.49

(2) Cash and cash equivalents

In RMB Yuan

Item	Ending balance	Beginning balance
I. Cash		
Including: Cash on hand	14,977.41	18,280.08
Bank deposits that can be readily used	16,821,104,203.83	9,360,456,394.81
II. Ending balance of cash and cash equivalents	16,821,119,181.24	9,360,474,674.89

VIII. The change of consolidation scope**1. Business combination not under the Same Control**

The company originally held 50% of the equity of Changan Weilai New Energy Automobile Technology Co., Ltd. (hereinafter referred to as "Changan Weilai"), and was able to exercise joint control over it, accounting for the equity method. In 2020, the company will increase its investment in Changan Weilai through cash increase and other methods. The transaction date is June 4, 2020. After the capital increase is completed, the company holds a total of 95.38% of the equity of Changan Weilai and confirmed goodwill of RMB 32,782,190.41.

2. Combination under the same control

☐ Applicable ☒ Not Applicable

3. Counter purchase

☐ Applicable ☒ Not Applicable

4. Disposing subsidiary

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

5. Change of consolidation scope due to other reasons

(1) Newly established subsidiary companies during the reporting period

Name	Registered Address	Type of business	Registered Capital(Ten Thousand Yuan)	Proportion of shares enjoyed by the group
Chongqing Changan Automobile Software Technology Co., Ltd.	Chongqing	Sales	9900	100%

(2) Subsidiary clearing during the reporting period

☐ Applicable ☒ Not Applicable

Subsidiary clearing during the reporting period and related circumstances:

☐ Applicable ☒ Not Applicable

(3) Other reduced subsidiaries during the reporting period

Chongqing Changan New Energy Automobile Technology Co., Ltd. introduced a strategic investor. The company lost control over it, and its shareholding ratio was reduced to 48.96%. It was no longer included in the scope of consolidation and was subsequently measured by the equity method.

IX. Stake in other entities

1. Rights in subsidiaries

The subsidiaries of the Company are as follows :

Company name	Main operating place	Registered place	Nature of business	Registered capital (ten thousand)	Total proportion of shareholders (%)	
					Direct	Indirect
I. The subsidiary formed by establishment or investment						
Hebei Changan Automobile Co., Ltd. (Note 1)	Dingzhou	Dingzhou	Manufacturing	46,469	94.22	-
Chongqing Changan International Automobile Sales Co., Ltd.	Chongqing	Chongqing	Sales	1,376	100.00	-
Chongqing Changan Vehicle Networking Technology Co., Ltd.	Chongqing	Chongqing	Lease	8,850	100.00	-
Chongqing Changan Special Automobile Sales 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	1.00
Chongqing Changan New Energy	Chongqing	Chongqing	R&D	2,900	100.00	-

Automobile Co. Ltd.						
Chongqing Changan Europe Design Academy Co., Ltd.	Turin, Italy	Turin, Italy	R&D	EUR1,738.36	100.00	-
Changan United Kingdom R&D Center Co., Ltd.	Nottingham, United Kingdom	Nottingham, United Kingdom	R&D	GBP2,482	100.00	-
Beijing Changan R&D Center Co., Ltd.	Beijing	Beijing	R&D	100	100.00	-
Changan Japan Designing Center Co.,Ltd	Habin	Habin	R&D	JPY2,000	100.00	-
Changan United States R&D Center Co., Ltd.	Troy, United states	Troy, United states	R&D	USD154	100.00	-
Changan Automobile Russia Co., Ltd.	Moscow, Russia	Moscow, Russia	Sales	RUB220,382	100.00	-
Changan Brazil Holdings Limited	St. Paul, Brazil	St. Paul, Brazil	Sales	BRL100	100.00	-
Shenzhen Changan New Energy Automobile Service Co., Ltd	Shenzhen	Shenzhen	Sales	14,800	100.00	-
Hangzhou Changan Yixing Technology Co., Ltd.	Hangzhou	Hangzhou	Lease	500	100.00	-
Hefei Changan Yixing Technology Co., Ltd.	Hefei	Hefei	Lease	500	100.00	-
Nanjing Changan Connected Car Technology Co., Ltd.	Nanjing	Nanjing	Lease	500	100.00	-
Nanjing Changan New Energy Automobile Sales & Service Co., Ltd.	Nanjing	Nanjing	Sales	5,000	100.00	
Fuzhou Fuqing Changan New Energy Automobile Sales & Service Co., Ltd.	Fuzhou	Fuzhou	Sales	200	100.00	-
Xiamen Changan New Energy Automobile Sales & Service Co., Ltd.	Xiamen	Xiamen	Sales	200	100.00	-
Guangzhou Changan New Energy Automobile Sales & Service Co., Ltd.	Guangzhou	Guangzhou	Sales	400	100.00	-
Chongqing Chehemei Technology Co., Ltd.	Chongqing	Chongqing	Sales	1,000	100.00	
Chongqing Changan Automobile Software Technology Co., Ltd.	Chongqing	Chongqing	R&D	9900	100.00	-
II. The subsidiary formed by business combination not under common control						
Nanjing Changan Automobile Co., Ltd.(Note1)	Nanjing	Nanjing	Manufacturing	60,181	84.73	-
Chongqing Changan Suzuki Automobile Co., Ltd.	Chongqing	Chongqing	Manufacturing	133,764	100.00	
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	Zhenjiang	Zhenjiang	Financial industry	150,001	100.00	
Changan Weilai New Energy Automobile	Nanjing	Nanjing	Manufacturing	18800	95.38	

Sales & Service Co., Ltd.						
III. The subsidiary formed by business combination under common control						
Hebei Baoding Changan Bus Co., Ltd.	Dingzhou	Dingzhou	Manufacturing	3,000	100.00	-
Hefei Changan Automobile Co., Ltd.	Hefei	Hefei	Manufacturing	77,500	100.00	-

Note 1: The Company owns 93.79% and 95.70% of voting shares of Nanjing Changan Automobile Co., Ltd. And Hebei Changan Automobile Co., Ltd. respectively, the difference between proportion of voting shares and proportion of shares held is due to the voting right consigned from minority shareholders.

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

As at June 30, 2020, the Group has no subsidiaries with important minority interests.

2. Transactions result in change of holding share proportion but no effect in control of subsidiaries

☐ Applicable ☒ Not applicable

3. Stakes in joint ventures and associates

Company name	Main operating place	Registered place	Nature of business	Registered capital (ten thousand)	Total proportion of shareholders (%)		Accounting treatment
					Direct	Inderect	
I. Joint ventures							
Changan Ford Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale ofautomobiles, and components	USD24,100	50.00	-	Equity
Changan Mazda Automobile Co., Ltd.	Nanjing	Nanjing	Manufacture and sale ofautomobiles, and components	USD11,097	50.00	-	Equity
Changan Mazda Engine Co., Ltd. (Note 1)	Nanjing	Nanjing	Manufacture and sale ofautomobiles, and components	USD20,996	50.00	-	Equity
Jiangling Investment Co., Ltd.	Nanchang	Nanchang	Manufacture and sale ofautomobiles, and components	100,000	50.00	-	Equity
II. Associates							
Chongqing Changan Kuayue Automobile Co., Ltd.	Chongqing	Chongqing	Develop, product and sale of automobile and components; import and export goods.	6,533	34.30	-	Equity
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	Chongqing	Chongqing	Sale of Changan Kuayue’s automobile	300	34.30	-	Equity

			and agricultural cars and components. Technical advisory services for automobile				
Beijing Fang'an Taxi Co., Ltd.	Beijing	Beijing	For the car loan business	2,897.96	20.70	-	Equity
Chongqing Auto Finance Co., Ltd.	Chongqing	Chongqing	Provide car loan; provide vehicle loans and operating equipment loans to car dealers, including the construction loans of exhibition hall, spare parts loans and maintenance equipment loans, etc.	476,843.1	28.66	-	Equity
Hainan Anxinxing Information Technology Co., Ltd.	Chengmai County	Chengmai County	Software and hardware technology development, technical consulting, auto parts sales	3,000	30.00	-	Equity
Nanjing Chelai Travel Technology Co., Ltd.	Nanjing	Nanjing	Car sales, leasing, software technology development, technical services	10,000	10.00	-	Equity
Hunan Guoxin Semiconductor Technology Co., Ltd.	Zhuzhou	Zhuzhou	Technology development consulting, technical services, technology transfer in the field of power semiconductors	50,000	25.00	-	Equity
Beijing Wutong Chelian Technology Co., Ltd.	Beijing	Beijing	Technology development, technical consulting, technical services, technology transfer	20,000	-	-	Equity
Anhe (Chongqing) Equity Investment Fund Management Co., Ltd.	Chongqing	Chongqing	Equity investment management	1,000	-	-	Equity
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Hangzhou	Hangzhou	Car travel service	630	-	-	Equity
Pakistan Master Motors Co., Ltd.	Lahore, Pakistan	Lahore, Pakistan	Manufacture and sale of automobiles, and components	PKR75,000		30,000	Equity

Jiangling Holding Co., Ltd.	Nanchang	Nanchang	Manufacture and sale of automobiles, and components	200,000	25.00	-	Equity
Nanjing Leading Equity Investment Partnership	Nanjing	Nanjing	Equity investment, venture capital investment	976,000	15.00	-	Equity
Nanjing Leading Equity Investment Management Co., Ltd.	Nanjing	Nanjing	Equity investment management	1,000	16.39	-	Equity

X. Risks associated with financial instruments

1. Classification of financial instruments

As at balance sheet day, the book values of financial instruments are as follows:

Financial assets

In RMB Yuan

2019.6.30	Financial Assets Measured at Fair Value and Their Changes Included in Current Profits and Losses	Measured at amortized cost	Measured at fair value and its changes are included in other comprehensive income
Cash		17,326,421,237.43	
Transactional financial assets	4,173,150,897.00		
Notes receivable		21,629,277,146.93	
Accounts receivable		2,299,982,425.41	
Other receivables		1,042,027,106.65	
Other current assets		315,431,147.57	
Investment in other equity instruments			734,506,100.00
Total	4,173,150,897.00	42,613,139,063.99	734,506,100.00

In RMB Yuan

2019.12.31	Financial assets measured at fair value and whose changes are included in the current profit and loss (standard requirements)	Financial assets measured at amortized cost	Financial assets measured at fair value with changes included in other comprehensive income (designated)
Cash	-	10,066,171,353.48	-
Transactional financial assets	2,419,476,200.00	-	-

Notes receivable	-	26,805,635,587.19	-
Accounts receivable	-	838,314,076.82	-
Other receivables	-	3,731,755,992.46	-
Other current assets	-	317,546,789.66	-
Investment in other equity instruments	-	-	734,506,100.00
Total	2,419,476,200.00	41,759,423,799.61	734,506,100.00

Financial liabilities

In RMB Yuan

	2020.6.30	2019.12.31
Short-term loans	365,525,472.30	229,580,000.00
Notes payable	17,021,001,941.49	13,430,543,294.23
Accounts payable	18,206,448,534.41	18,905,725,271.50
Other payables	3,074,351,444.31	4,809,918,141.45
Long-term loan	1,555,300,000.00	55,300,000.00
Total	40,222,627,392.51	37,431,066,707.18

2. Transfer of financial assets

The transferred financial assets that entirely derecognized but continuing involved

As at June 30, 2020, the book value of the bank acceptance bill that the Group has endorsed to the supplier to settle accounts payable is RMB 991,651,260.00 (December 31, 2019: RMB 1,894,125,685.18). On June 30, 2020, its maturity date is 1 to 6 months. According to the relevant provisions of the "Negotiable Instruments Law", if the accepting bank refuses to pay, its holder has the right to recourse against the Group ("continued involvement"). The Group believes that the Group has transferred almost all of its risks and rewards, and therefore, terminates the confirmation of the book value of the settlement accounts payable and the related accounts payable. The maximum loss and undiscounted cash flow of continuing involvement and repurchase are equal to its book value. The Group believes that continued involvement in fair value is not significant.

In the first half of 2020, the Group did not recognize gains or losses on its transfer date. The Group shall continue to be involved in the proceeds or expenses of the year in which the recognition of financial assets has been terminated and the cumulative recognition thereof. Endorsements occur roughly and evenly during the year.

3. Risks of financial instruments

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

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

Credit risk

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

Since the counterparties of monetary funds and bank acceptance bills receivable are banks with good reputation and high credit ratings, these financial instruments have low credit risk.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets, other receivables, dividend receivables and certain derivatives financial instruments, the Group's exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, listed as book value of financial assets in consolidated financial statements. In 2020, there was no credit risk arising from financial guarantee.

No gage is required since the Group trades only with recognized, creditworthy third parties. Credit risks are managed by clients and industries collectively. As at 30 June 2020, among the Group's collections with specific credit risk, 63.54% of accounts receivables of the Group are due from top five clients. The Group does not hold any gage from or enhance credit limit to these clients.

Credit Risk Increasing the Judgment Criteria Significantly

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial confirmation on each balance sheet day. In determining whether credit risk has increased significantly since the initial confirmation,

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

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

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

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

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

Definition of assets with impaired credit

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

Major financial difficulties occur to the issuer or debtor;

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

The creditor gives the debtor concessions in no other case for economic or contractual considerations related to the debtor's financial difficulties;

The debtor is likely to go bankrupt or undergo other financial restructuring;

The financial difficulties of the issuer or debtor lead to the disappearance of the active market of the financial assets;

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

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

Parameters for Measuring Expected Credit Loss

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

collateral types, repayment methods, etc.), the Group establishes a default probability, default loss rate and default risk exposure model.

The relevant definitions are as follows:

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

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

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

Prospective information

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

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

Liquidity risk

The Group adopts cycle liquidity planning instrument to manage capital shortage risks. The instrument takes into consideration the maturity date of financial instruments plus estimated cash flow from the Group's operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility and sufficient cash to support operating capital through financing functions by the use of bank loans, debentures, etc.

Market risk

Interest rate risk

The Group's revenue and operating cash flows are seldomly influenced by the interest fluctuation. As at 30 June 2019, the Group's loans are bearing fixed interest rate and the Group is not hedging the risk currently.

Foreign currency risk

The Group's exposures to fluctuation in foreign currency exchange rate mainly arise from operating activities where transactions are settled in currencies other than the units' functional currency and net investment to offshore subsidiary.

In 30 June, 2019, the Group only has limited transactional currency exposures of its total revenue that is valued in currencies other than the units' functional currency. Since most of the Group's businesses are operated in China mainland, the estimated influence of fluctuation of foreign currency is insignificant; therefore, the Group hasn't carried out large amount of hedging to reduce the risk.

Equity instruments investment price risk

The Group is exposed to equity price risk arising from individual equity investments classified as transactional financial investments (Note VII 2) as at 30 June 2020. The Group's listed investments are listed on the Shanghai and Shenzhen stock exchanges and valued at quoted market prices at the end of the reporting period. The following table demonstrates the sensitivity to every 5% change (based on the carrying amount as at the end of reporting period) in the Group's net profit and fair value of the equity investments, with all other variables held constant, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments	Change in fair value	Increase/(decrease) in equity
2020.6.30			
Shanghai- Transactional financial assets	162,945,000.00	5%	6,925,162.50
Shanghai- Transactional financial assets	162,945,000.00	-5%	-6,925,162.50
Shenzhen-Transactional financial assets	4,010,205,897.00	5%	170,433,750.62
Shenzhen-Transactional financial assets	4,010,205,897.00	-5%	-170,433,750.62
2019.12.31			
Shanghai- Available for sale	184,245,000.00	5%	7,830,412.50
Shanghai- Available for sale	184,245,000.00	-5%	-7,830,412.50
Shenzhen- Available for sale	2,235,231,200.00	5%	94,997,326.00
Shenzhen- Available for sale	2,235,231,200.00	-5%	-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 a healthy capital ratios in order to support business development, and to maximize shareholder value.

The Group manages the capital structure and adjusts it with the change of economy trend and the risk feature of the assets. To maintain or adjust the capital structure, the Group can rectify dividend distribution, return capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements constraints. The goal, principle and procedure of capital management stay the same in 2019 and 30, June 2020.

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

30 June 2020

31 December 2019

Leverage ratio

54.70%

54.99%

XI. Disclosure of fair value

1. Assets and liabilities measured at fair value

June 30, 2020

In RMB Yuan

	Input measured at fair value			
	Quoted price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The third level)	Total
Transactional financial assets	4,173,150,897.00			4,173,150,897.00
Other equity instruments			734,506,100.00	734,506,100.00
Total	4,173,150,897.00		734,506,100.00	4,907,656,997.00

December 31, 2019

In RMB Yuan

	Input measured at fair value			
	Quoted price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The third level)	Total
Transactional financial assets	184,245,000.00	2,235,231,200.00	-	2,419,476,200.00
Other equity instruments	-	-	734,506,100.00	734,506,100.00
Total	184,245,000.00	2,235,231,200.00	734,506,100.00	3,153,982,300.00

2. Fair value valuation

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

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

Long-term borrowings and long-term borrowings due within one year are determined using the discounted future cash flow method to determine the fair value, using the market yields of other financial instruments with similar contractual terms, credit risk and

remaining maturity as the discount rate. On June 30, 2020 the risk assessment of long-term borrowings and long-term borrowings due within one year was not significant.

The equity instruments listed by the Company include unrestricted ordinary shares and restricted shares. The unrestricted ordinary shares investment determines the fair value by market quotation, and the restricted stock investment uses the discounted valuation model to estimate the fair value. We believe that the fair value and its changes estimated by valuation techniques are reasonable and are also the most appropriate value on the balance sheet date.

XII. Related parties and related party transactions

1. Parent company of the Company

Parent company	Place of registration	Registered capital	Nature of the business	Proportion of shares in the Company (%)	Proportion of voting rights in the company (%)
China Changan Automobile Group Co., Ltd.	Beijing	6,092,273,400.00	Manufacture and sale of automobiles, engine, and components	22.53%	22.53%

The Final controlling party is China South Industries Group corporation

2. Subsidiaries

See subsidiaries in IX. Stake in other entities.

3. Joint ventures and associates

See Joint ventures and associates in IX.3 Stake in other entities.

4. Other related parties

Other related parties	Relationship
Chongqing Qingshan Transmission Sales Co., Ltd.	Subordinate company of South Industries
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Subordinate company of South Industries
Chongqing Changrong Machinery Co., Ltd.	Subordinate company of South Industries
Chengdu Lingchuan Special Industry Co., Ltd.	Subordinate company of South Industries
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Subordinate company of South Industries
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Subordinate company of South Industries
Chongqing Construction Tongda Industrial Co., Ltd.	Subordinate company of South Industries
Yunnan Xiyi Industries Co., Ltd.	Subordinate company of South Industries
Chongqing Shangfang Auto Parts Co., Ltd.	Subordinate company of South Industries

Other related parties	Relationship
Chongqing Dajiang Xinda Vehicle Co., Ltd.	Subordinate company of South Industries
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	Subordinate company of South Industries
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Subordinate company of South Industries
China South Industries Group Finance Co., Ltd.	Subordinate company of South Industries
Southwest Ordnance Industry Corporation	Subordinate company of South Industries
Chengdu Wanyou Filter Co., Ltd.	Subordinate company of South Industries
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Subordinate company of South Industries
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	Subordinate company of South Industries
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Subordinate company of South Industries
Chongqing Nexteer Steering System Co., Ltd.	Subordinate company of South Industries
Chongqing Dajiang Jiexin Forging Co., Ltd.	Subordinate company of South Industries
Chongqing Jialing Yimin Special Equipment Co., Ltd.	Subordinate company of South Industries
Chengdu Guangming Tianzhong Environmental Technology Co., Ltd.	Subordinate company of South Industries
Chongqing Xiyi Automobile Connecting Rod Co., Ltd.	Subordinate company of South Industries
Chongqing Changan Industry (Group) Co., Ltd.	Subordinate company of South Industries
Hubei Huazhong Marelli Automotive Lighting Co., Ltd.	Subordinate company of South Industries
Chongqing Changan Real Estate Development Co., Ltd.	Subordinate company of Changan Industry
Chongqing Changan Construction Engineering Co., Ltd.	Subordinate company of Changan Industry
Chongqing Changan Property Management Co., Ltd.	Subordinate company of Changan Industry
China Changan Automobile Group Co., Ltd.	Parent company
China Changan Automobile Group Co., Ltd. Chongqing Qingshan Transmission Branch	China Changan Branch
Sichuan Jian'an Industry Co., Ltd.	Subordinate company of China Changan
Southern Inte Air Conditioning Co., Ltd.	Subordinate company of China Changan
Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	Subordinate company of China Changan
Chengdu Huachuan Denso Co., Ltd.	Subordinate company of China Changan
Chongqing Automotive Air Conditioner Co., Ltd.	Subordinate company of China Changan
Southern Trina Chassis Systems Co., Ltd.	Subordinate company of China Changan
Chongqing Changan Minsheng Logistics Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Longrui Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Longxing Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Chengdu Wanyou Xiangyu Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Chengdu Wanyou Trading Co., Ltd.	Subordinate company of China Changan

Other related parties	Relationship
Hafei Automobile Co., Ltd.	Subordinate company of China Changan
Chongqing Anfu Automobile Marketing Co., Ltd.	Subordinate company of China Changan
China Changan Automobile Group Tianjin Sales Co., Ltd.	Subordinate company of China Changan
Chengdu Ningjiang Showa Auto Parts Co., Ltd.	Subordinate company of China Changan
Harbin Dongan Automobile Power Co., Ltd.	Subordinate company of China Changan
Harbin Dongan Automobile Engine Manufacturing Co., Ltd.	Subordinate company of China Changan
Zhonghui Fortis (Hong Kong) Investment Co., Ltd.	Subordinate company of China Changan
China North Industries Group Financial Leasing Co., Ltd.	Subordinate company of China Changan
Wanyou Automobile Investment Co., Ltd.	Subordinate company of China Changan
Chengdu Wanyou Automobile Trading Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Yunnan Wanyou Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Guizhou Wanyou Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Yunnan Xiangyu Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Guangxi Wanyou Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Nanning Wanyou Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Chongqing Fuji Supply Chain Management Co., Ltd.	Subordinate company of China Changan
Panzhuhua Wanyou Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Ya'an Wanyou Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Luzhou Wanyou Automobile Service Co., Ltd.	Subordinate company of China Changan
Southern Faurecia Auto Parts Co., Ltd.	Subordinate company of China Changan
Chengdu Wanyou Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Bazhong Wanyou Automobile Sales Service Co., Ltd.	Subordinate company of China Changan
Harbin Broadcom Auto Parts Manufacturing Co., Ltd.	Subordinate company of China Changan
China Changan Automobile Group Hefei Investment Co., Ltd.	Subordinate company of China Changan

5. Related-party transaction

(1) Goods purchased and services received

In RMB Yuan

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Changan Ford Automobile Co., Ltd.	Purchase of spare parts	4,825,291.25	4,161,704.83	Yes	1,290,483.83
Changan Mazda Automobile Co., Ltd.	Purchase of spare parts	-	24,596,000.00	No	-
Changan Auto Finance Co., Ltd.	Purchase of spare parts	-	1,100,000.00	No	-
Hangzhou Cherizi Intelligent Technology Co., Ltd.	Purchase of spare parts、Accept service	32,858.40	2,477,105.19	No	3,150,482.79
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Purchase of spare parts	292,316,059.70	2,913,152,000.00	No	-
Chongqing Qingshan Transmission Sales Co., Ltd.	Purchase of spare parts	3,951,626.52	10,380,349.56	No	3,559,602.32
Hubei Xiaogan Huazhong Automotive Lamp Co., Ltd.	Accept service	38,549,124.98	100,294,692.47	No	46,683,372.83
Chongqing Changrong Machinery Co., Ltd.	Accept service	68,484,512.99	87,999,257.12	No	6,433,171.02
Chengdu Lingchuan Special Industry Co., Ltd.	Purchase of spare parts	-	81,402,637.59	No	9,930,016.99
Chengdu Lingchuan Vehicle Fuel Tank Co., Ltd.	Accept service	4,856,159.30	24,721,523.51	No	18,186,753.45
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Purchase of spare parts	39,562.52	13,116,014.09	No	10,396,114.98
Chongqing Construction Tongda Industrial Co., Ltd.	Purchase of spare parts	15,227,209.83	37,741,834.31	No	-
Yunnan Xiyi Industry Co., Ltd.	Purchase of spare parts	31,247,072.00	85,283,366.75	No	30,665,985.08
Chongqing Shangfang Auto Parts Co., Ltd.	Purchase of spare parts	18,227,944.17	46,753,393.44	No	15,447,216.43
Chongqing Dajiang Xinda Vehicle Co., Ltd.	Purchase of spare parts	-	9,208.73	No	7,009,231.20
Chongqing Dajiang Yuqiang Plastic Products Co., Ltd.	Purchase of spare parts	60,582,775.09	181,289,169.09	No	70,660,688.47
Chongqing Jianshe Vehicle Air Conditioner Co., Ltd.	Purchase of spare parts	50,801,423.79	120,259,712.43	No	45,884,509.86

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Chengdu Wanyou Filter Co., Ltd.	Purchase of spare parts	47,326,318.61	110,217,592.57	No	56,809,638.72
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Purchase of spare parts	1,785,587.35	6,841,082.30	No	3,943,111.25
Beijing Beiji Electromechanical Industry Co., Ltd.	Purchase of spare parts、Accept service	262,158.45	697,033.72	No	21,611.25
Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd.	Accept service	6,983,371.89	15,441,943.93	No	6,120,347.20
Chongqing Nexteer Steering System Co., Ltd.	Accept service	303,123,612.34	850,598,822.58	No	319,878,978.48
Chongqing Dajiang Jiexin Forging Co., Ltd.	Accept service	1,330,537.16	2,830,268.77	No	1,178,761.66
Chengdu Guangming Tianzhong Environmental Technology Co., Ltd.	Accept service	-	-	No	(1,885.21)
Chongqing Xiyi Automobile Connecting Rod Co., Ltd.	Accept service	(1,571.72)	-	No	(5,769.12)
Chongqing Changan Industry (Group) Co., Ltd.	Purchase of spare parts	2,646,670.74	10,123,723.73	No	348,568.01
Hubei Huazhong Marelli Automotive Lighting Co., Ltd.	Purchase of spare parts	379,667,416.38	354,480,088.86	Yes	-
Chongqing Changan Construction Engineering Co., Ltd.	Purchase of spare parts	-	190,379,474.50	No	7,313,785.24
Chongqing Changan Property Management Co., Ltd.	Accept service	2,933,009.46	4,252,500.00	No	1,812,064.04
China Changan Automobile Group Co., Ltd. Chongqing Qingshan Transmission Branch	Purchase of spare parts、Accept service	1,091,053,146.70	1,956,447,808.69	No	455,343,757.53
Sichuan Jian'an Industry Co., Ltd.	Accept service	300,829,143.28	905,645,453.27	No	353,770,028.01
Southern Inte Air Conditioning Co., Ltd.	Accept service	173,331,986.97	414,801,618.97	No	153,661,141.06
Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	Accept service	97,803,118.73	207,425,439.69	No	51,016,595.30
Chengdu Huachuan Denso Co., Ltd.	Accept service	196,376,880.72	402,906,003.30	No	130,426,180.96
Southern Trina Chassis Systems Co., Ltd.	Accept service	307,409,807.58	602,765,517.99	No	202,875,095.90
Chongqing Changan Minsheng Logistics	Accept service	865,998,486.41	2,728,794,918.17	No	827,152,859.32

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Co., Ltd.					
Chengdu Wanyou Xiangyu Automobile Sales Service Co., Ltd.	Accept service	426,011.37	865,631.43	No	248,627.10
Chengdu Wanyou Trading Co., Ltd.	Accept service	10,555.36	82,713.89	No	18,514.24
Chongqing Anfu Automobile Marketing Co., Ltd.	Purchase of spare parts	43,818.58	-	Yes	-
China Changan Automobile Group Tianjin Sales Co., Ltd.	Accept service	6,413.27	51,612.68	No	25,144.55
Chengdu Ningjiang Showa Auto Parts Co., Ltd.	Accept service	43,467,720.96	130,921,565.82	No	47,772,865.85
Harbin Dongan Automobile Power Co., Ltd.	Purchase of spare parts	451,467,256.21	1,063,183,700.68	No	420,102,474.82
Harbin Dongan Automobile Engine Manufacturing Co., Ltd.	Purchase of spare parts	417,266,451.54	1,260,355,536.15	No	353,143,739.85
Chengdu Wanyou Automobile Trading Service Co., Ltd.	Purchase of spare parts	411,726.27	1,566,868.08	No	464,001.50
Chongqing Wanyou Economic Development Co., Ltd.	Purchase of spare parts	571,494,801.82	583,856,955.71	No	134,932,176.36
Yunnan Wanyou Automobile Sales Service Co., Ltd.	Purchase of spare parts	780,899.66	3,099,140.81	No	1,084,974.53
Guizhou Wanyou Automobile Sales Service Co., Ltd.	Purchase of spare parts	655,606.26	2,661,096.18	No	986,717.54
Yunnan Xiangyu Automobile Sales Service Co., Ltd.	Purchase of spare parts	79,915.55	361,697.69	No	124,427.22
Panzhihua Wanyou Automobile Sales Service Co., Ltd.	Purchase of spare parts	90,562.92	219,811.59	No	13,092.15
Ya'an Wanyou Automobile Sales Service Co., Ltd.	Purchase of spare parts	112,581.31	390,845.20	No	128,960.48
Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd.	Purchase of spare parts	274,639.05	1,034,263.79	No	327,791.37
Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd.	Purchase of spare parts	160,585.36	699,496.18	No	257,093.48
Luzhou Wanyou Automobile Service Co., Ltd.	Purchase of spare parts	84,600.36	138,350.93	No	20,198.04

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Southern Faurecia Auto Parts Co., Ltd.	Purchase of spare parts	200,998,771.72	421,007,240.46	No	114,560,039.57
Bazhong Wanyou Automobile Sales Service Co., Ltd.	Purchase of spare parts	41,138.48	52,948.05	No	14,698.71
Harbin Broadcom Auto Parts Manufacturing Co., Ltd.Changan Ford Automobile Co.,Ltd.	Purchase of spare parts	-	167,559.70	No	-
Total		6,055,875,357.64	15,970,104,295.17		3,915,188,036.21

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

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

(2) Goods sold and services offered

In RMB Yuan

Related parties	Nature of the transaction	Current amount	Prior-period Amount
Changan Ford Automobile Co., Ltd.	Sales of spare parts、staff support	743,941.88	856,081.97
Changan Mazda Automobile EngCo., Ltd.	Sales of spare parts、staff support	4,036,655.18	2,683,010.71
Changan Mazda Engine Co., Ltd.	Sales of spare parts、staff support	-	12,830.19
Nanjing Chelai Travel Technology Co., Ltd.	Sales of spare parts	-	50,442.48
Chongqing Changan Kuayue Automobile Co., Ltd.	Training fee	137,603.78	5,913.00
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Car rental income	-	8,193,799.97
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Income from trademark right	972,051,413.45	-
Chongqing Changan Industrial (Group) Co., Ltd.	Sales of spare parts	-	124,339.62
Chengdu Lingchuan Special Industry Co., Ltd.	Electricity fee	-	2,011.39
Chengdu Lingchuan Vehicle Fuel Tank Co., Ltd.	Sales of spare parts	1,668,185.97	1,362,120.82
Yunnan Xiyi Industry Co., Ltd.	Sales of vehicles and spare parts	2,559,166.80	2,876,531.50
Chongqing Shangfang Auto Parts Co., Ltd.	Sales of spare parts	-	20,037.74
Chongqing Dajiang Yuqiang Plastic	Sales of vehicles and spare parts	558,413.01	345,391.14

Related parties	Nature of the transaction	Current amount	Prior-period Amount
Products Co., Ltd.			
Chongqing Jianshe Vehicle Air Conditioner Co., Ltd.	Sales of vehicles and spare parts	-	12,037.74
Ordinance Equipment Group Finance Co., Ltd.	Sales of vehicles and spare parts	-	1,260,010.87
Chengdu Wanyou Filter Co., Ltd.	Sales of spare parts、 Training fee	-	76,460.18
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Electricity fee	-	943.30
Chongqing Changan Industry (Group) Co., Ltd.	Sales of vehicles and spare parts	-	312,427.84
Chongqing Changan Construction Engineering Co., Ltd.	Sales of vehicles and spare parts	-	19,563.79
China Changan Automobile Group Co., Ltd. Chongqing Qingshan Transmission Branch	Sales of vehicles and spare parts	1,579,125.47	270,959.66
Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	Sales of vehicles	305,799.06	-
Chongqing Changan Minsheng Logistics Co., Ltd.	Sales of vehicles and spare parts	507,924.04	9,676,923.83
Chengdu Wanyou Xiangyu Automobile Sales Service Co., Ltd.	Sales of spare parts	514,114,179.34	414,364,744.60
Chongqing Anfu Automobile Marketing Co., Ltd.	Sales of spare parts	7,627,054.89	34,296,238.49
China Changan Automobile Group Tianjin Sales Co., Ltd.	Sales of spare parts	62,075,372.58	62,048,690.92
Chengdu Ningjiang Showa Auto Parts Co., Ltd.	Sales of vehicles and spare parts	-	559,797.07
Harbin Dongan Automobile Power Co., Ltd.	Sales of vehicles and spare parts	31,887.37	6,860,735.86
Harbin Dongan Automobile Engine Manufacturing Co., Ltd.	Sales of vehicles and spare parts	23,028,367.10	11,294,757.38
China North Industries Group Financial Leasing Co., Ltd.	Sales of vehicles and spare parts	77,547.17	-
Wanyou Automobile Investment Co., Ltd.	Sales of vehicles and spare parts	264,690,859.01	194,731,627.80
Chengdu Wanyou Automobile Trading Service Co., Ltd.	Sales of vehicles and spare parts	190,745,183.84	173,518,730.23
Chongqing Wanyou Economic Development Co., Ltd.	Sales of vehicles and spare parts	695,050,958.14	602,957,695.96
Chongqing Wanyou Zunda Automobile Sales Service Co., Ltd.	Sales of vehicles and spare parts	131,579,690.10	150,130,921.74
Yunnan Wanyou Automobile Sales	Sales of vehicles and spare parts	437,318,866.83	309,384,958.88

Related parties	Nature of the transaction	Current amount	Prior-period Amount
Service Co., Ltd.			
Guizhou Wanyou Automobile Sales Service Co., Ltd.	Sales of vehicles and spare parts	370,715,806.38	347,551,447.54
Yunnan Xiangyu Automobile Sales Service Co., Ltd.	Sales of vehicles and spare parts	43,517,953.51	45,082,563.98
Panzhihua Wanyou Automobile Sales Service Co., Ltd.	Sales of vehicles and spare parts	144,054.09	-
Ya'an Wanyou Automobile Sales Service Co., Ltd.	Sales of vehicles and spare parts	252,146.29	-
Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd.	Sales of vehicles and spare parts	347,013.72	5,998.70
Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd.	Sales of vehicles and spare parts	496,623.26	-
Luzhou Wanyou Automobile Service Co., Ltd.	Sales of vehicles and spare parts	284,227.69	-
Chengdu Wanyou Automobile Sales Service Co., Ltd.	Sales of vehicles and spare parts	(196,660.99)	3,373,560.20
Bazhong Wanyou Automobile Sales Service Co., Ltd.	Sales of vehicles and spare parts	183,115.86	-
China Changan Automobile Group Hefei Investment Co., Ltd.	Sales of vehicles and spare parts	66,969,966.54	-
Total		3,793,202,441.36	2,384,324,307.09

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

(3) Related-party leasing

Rent assets to related parties

In RMB Yuan

Lessee	Type of leased assets	Starting date	Expiring date	Report period recognized rental
Chongqing Changan Industrial (Group) Co., Ltd.	Building	2018.01.01	2032.12.31	3,283,373.71
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Building	2020.01.01	2020.12.31	2,098,588.40
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Battery workshop	2020.01.01	2020.12.31	1,175,045.73
Chongqing Changan Min Sheng Logistics Co., Ltd.	Building	2019.10.01	2020.09.30	601,461.41

Rent assets from related parties

In RMB Yuan

Lessor	Type of leased assets	Starting date	Expiring date	Report period recognized rental

(4) Other related transactionsIntegrated service charges

In RMB Yuan

Related parties	Nature of the transaction	Report period Amount	Same period of last period Amount
Changan Industries (Group) Co. Ltd	Payment of land rental fees	13,960,191.76	13,960,191.76
	Payment of building rental fees	2,129,622.09	2,320,098.28
	Payment of utilities	62,495,905.46	41,936,461.05
	Payment of fire fighting fees	-	-
	Others	4,286,872.15	5,598,032.75
Total		82,872,591.46	63,814,783.84

Purchase of project materials

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Chongqing Changan Construction Co., Ltd	66,354,530.30	219,003,991.17
Chongqing Changan Min Sheng Logistics Co., Ltd.	1,646,984.15	510,059.11
Changan Industries (Group) Co. Ltd	17,522.13	6,163.00
Total	68,019,036.58	219,520,213.28

Staff expenses for technical supporting

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Changan Mazda Automobile Co.,Ltd.	7,021,656.61	7,242,531.36
Changan Ford Automobile Co.,Ltd.	9,057,020.82	10,419,283.74
Changan Mazda Engine Co., Ltd.	-	833,481.46
Jiangling Holding Co., Ltd.	-	884,649.40
Changan PSA Automobiles Co., Ltd.	-	242,271.06
Hainan Anxinxing Information Technology Co., Ltd.	-	652,302.36

Total	16,078,677.43	20,274,519.38
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Technology development service charges

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Changan Ford Automobile Co.,Ltd.	-	769,811.32
Harbin Dongan Auto Engine Co., Ltd.	-	11,320,754.71
Total	-	12,090,566.03

Collection of trademark use rights fees

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Chongqing Changan Kuayue Automobile Co., Ltd.	9,596,603.77	8,689,641.51

Related party monetary funds

In RMB Yuan

Related parties	Ending Amount	Beginning Amount
China South Industries Group Finance Co., Ltd	5,495,658,697.16	5,352,685,473.98
Changan Automobile Finance Co., Ltd	3,500,000,000.00	1,200,000,000.00

In the first half of 2020, the annual rate of return of the company in the financial limited liability company of China South Industries Group Finance Co., Ltd and Changan automobile finance co., ltd is 1.81% and 2.89% respectively.

Borrowing

Short-term borrowing

In RMB Yuan

Related parties	Ending Amount	Beginning Amount
China South Industries Group Finance Co., Ltd	330,000,000.00	200,000,000.00

Interest income of deferred payment

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Wanyou Automobile Investment Co., Ltd.	18,756.64	-
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	624,381.42	373,037.00
China Changan Automobile Group Tianjin Sales Co., Ltd.	-	14,735.00

Related parties	Report period Amount	Same period of last period Amount
Chengdu Wanyou Auto Trade Service Co., Ltd.	165,392.98	193,056.00
Yunnan Wanyou Automobile Sales & Service Co., Ltd.	54,715.93	349,378.00
Guizhou Wanyou Automobile Sales & Service Co., Ltd.	200,337.69	97,614.00
Guangxi Wanyou Automobile Sales & Service Co., Ltd.	-	64,825.00
Nanning Wanyou Automobile Sales & Service Co., Ltd.	-	34,018.00
Chongqing Wanyou Economic Development Co., Ltd.	81,141.59	153,555.00
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	-	78,469.00
China Changan Automobile Group Hefei Investment Co., Ltd.	20,224.78	-
Total	1,164,951.03	1,358,687.00

6. Payment and receivables of related parties

Payment receivables of related listed companies

In RMB Yuan

Items	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad-debts	Book balance	Provision for bad-debts
Notes receivable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	13,938,175.05	-	9,190,280.17	-
Notes receivable	Wanyou Automobile Investment Co., Ltd.	2,191,420,000.00	-	2,602,280,000.00	-
Notes receivable	Chengdu Wanyou Automobile Trading Service Co., Ltd.	26,500,000.00	-	9,500,000.00	-
Notes receivable	Chongqing Wanyou Economic Development Co., Ltd.	15,000,000.00	-	8,000,000.00	-
Notes receivable	Guizhou Wanyou Automobile Sales and Service Co., Ltd.	16,500,000.00	-	3,500,000.00	-
Subtotal		2,263,358,175.05	-	2,632,470,280.17	-
Account receivable	Jiangling Holding Co., Ltd.	39,964,487.77	-	40,768,788.19	-
Account receivable	Chongqing Changan Minsheng Logistics Co., Ltd.	31,032,040.00	-	31,516,680.23	-
Account receivable	Changan Ford Automobile Co., Ltd.	174,282.81	-	19,811,465.27	-
Account	Changan Weilai New Energy Automobile	-	-	16,596,799.90	-

Items	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad-debts	Book balance	Provision for bad-debts
receivable	Technology Co., Ltd.				
Account receivable	Chongqing Changan Crossing Vehicle Co., Ltd.	12,275,376.76	-	11,194,267.89	-
Account receivable	Harbin Dongan Automobile Engine Manufacturing Co., Ltd.	5,077,565.84	-	9,855,355.88	-
Account receivable	Changan Mazda Automobile Co., Ltd.	-	-	5,775,176.73	-
Account receivable	Changan Mazda Engine Co., Ltd.	-	-	5,042,050.65	-
Account receivable	China Changan Automobile Group Co., Ltd. Chongqing Qingshan Transmission Branch	1,647,356.43	-	1,737,782.37	-
Account receivable	Chongqing Changan Industry (Group) Co., Ltd.	719,539.69	-	719,539.69	-
Account receivable	Hainan Anxinxing Information Technology Co., Ltd.	-	-	555,058.16	-
Account receivable	Nanning Wanyou Automobile Sales Service Co., Ltd.	-	-	13,398.00	-
Account receivable	Guangxi Wanyou Automobile Sales Service Co., Ltd.	-	-	997.60	-
Account receivable	Chongqing Wanyou Economic Development Co., Ltd.	-	-	50.00	-
Account receivable	Changan Auto Finance Co., Ltd.	34,280.44	-	-	-
Account receivable	Chongqing Changan New Energy Automobile Technology Co., Ltd.	1,125,261,727.03	-	-	-
Subtotal		1,216,186,656.77	-	143,587,410.56	-
Other receivable	Changan Ford Automobile Co., Ltd.	124,312,677.99	-	124,312,677.99	-
Other receivable	Ordinance Equipment Group Finance Co., Ltd.	222,083.89	-	-	-
Other receivable	Ordinance Equipment Group Finance Co., Ltd.	1,157,446.69	-	1,157,446.69	-
Other	Hafei Automobile Co., Ltd.	1,500,000.00	-	1,500,000.00	-

Items	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad-debts	Book balance	Provision for bad-debts
receivable					
Other receivable	Changan Mazda Automobile Co., Ltd.		-	8,505,710.03	-
Other receivable	Chongqing Changan Minsheng Logistics Co., Ltd.		-	2,000.00	-
Subtotal		127,192,208.57	-	135,477,834.71	-
Advanced payment	Chongqing Changan New Energy Automobile Technology Co., Ltd.	1,746,847.67	-	-	-
Advanced payment	Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	698.29	-	-	-
Subtotal		1,747,545.96	-	-	-

Accounts payable to related parties of listed companies

In RMB Yuan

Items	Related parties	Ending balance	Beginning balance
Notes payable	Chongqing Changan New Energy Automobile Technology Co., Ltd.	50,758,200.00	-
Notes payable	Hubei Xiaogan Huazhong Automotive Lamp Co., Ltd.	14,190,000.00	10,780,000.00
Notes payable	Chongqing Construction Tongda Industrial Co., Ltd.	9,790,000.00	1,830,000.00
Notes payable	Chongqing Shangfang Auto Parts Co., Ltd.	13,430,000.00	4,290,000.00
Notes payable	Chongqing Dajiang Yuqiang Plastic Products Co., Ltd.	76,250,000.00	53,810,000.00
Notes payable	Chongqing Jianshe Vehicle Air Conditioner Co., Ltd.	54,807,896.33	33,330,000.00
Notes payable	Chengdu Wanyou Filter Co., Ltd.	13,590,000.00	21,280,000.00
Notes payable	Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd.	7,820,000.00	5,990,000.00
Notes payable	Chongqing Nexteer Steering System Co., Ltd.	335,060,000.00	74,380,000.00

Items	Related parties	Ending balance	Beginning balance
Notes payable	Chongqing Changan Industry (Group) Co., Ltd.	1,052,750.94	-
Notes payable	Hubei Huazhong Marelli Automotive Lighting Co., Ltd.	35,970,000.00	20,220,000.00
Notes payable	Chongqing Changan Construction Engineering Co., Ltd.	73,390,060.00	121,867,838.20
Notes payable	China Changan Automobile Group Co., Ltd. Chongqing Qingshan Transmission Branch	481,590,000.00	2,340,000.00
Notes payable	Sichuan Jian'an Industry Co., Ltd.	8,900,000.00	9,040,000.00
Notes payable	Southern Inte Air Conditioning Co., Ltd.	175,960,000.00	23,620,000.00
Notes payable	Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	41,910,000.00	20,130,000.00
Notes payable	Chengdu Huachuan Denso Co., Ltd.	3,970,000.00	5,250,000.00
Notes payable	Southern Trina Chassis Systems Co., Ltd.	1,800,000.00	-
Notes payable	Chongqing Changan Minsheng Logistics Co., Ltd.	245,490,874.09	208,474,669.94
Notes payable	Chengdu Ningjiang Showa Auto Parts Co., Ltd.	53,630,000.00	33,410,000.00
Notes payable	Harbin Dongan Automobile Power Co., Ltd.	448,020,000.00	456,350,000.00
Notes payable	Harbin Dongan Automobile Engine Manufacturing Co., Ltd.	272,510,000.00	215,280,000.00
Notes payable	Southern Faurecia Auto Parts Co., Ltd.	10,900,000.00	10,430,000.00
Notes payable	Chongqing Wanyou Economic Development Co., Ltd.	-	85,000,000.00
Notes payable	Chongqing Dajiang Jiexin Forging Co., Ltd.	-	990,000.00
Notes payable	Chongqing Changfeng Jiquan Machinery Co., Ltd.	-	6,530,000.00
Notes payable	Chengdu Lingchuan Special Industry Co., Ltd.	-	11,750,000.00

Items	Related parties	Ending balance	Beginning balance
Subtotal		2,430,789,781.36	1,436,372,508.14
Account payable	Changan Ford Automobile Co., Ltd.	2,205,450.09	-
Account payable	Jiangling Holdings Co., Ltd.	102,373.73	54,252,872.36
Account payable	Hangzhou Cherizi Intelligent Technology Co., Ltd.	47,430.00	10,300.00
Account payable	Chongqing Changan New Energy Automobile Technology Co., Ltd.	51,067,341.49	-
Account payable	Chongqing Qingshan Transmission Sales Co., Ltd.	4,688,757.02	6,000,654.43
Account payable	Hubei Xiaogan Huazhong Automotive Lamp Co., Ltd.	20,321,529.68	16,125,402.98
Account payable	Chongqing Changrong Machinery Co., Ltd.	31,588,885.68	34,631,661.73
Account payable	Chengdu Lingchuan Special Industry Co., Ltd.	83,416.46	11,517,508.37
Account payable	Chengdu Lingchuan Vehicle Fuel Tank Co., Ltd.	1,322,372.50	2,314,165.15
Account payable	Chongqing Changfeng Jiquan Machinery Co., Ltd.	18,385.26	771,021.74
Account payable	Chongqing Construction Tongda Industrial Co., Ltd.	12,686,425.28	13,392,905.91
Account payable	Yunnan Xiyi Industry Co., Ltd.	10,359,553.43	10,260,364.91
Account payable	Chongqing Shangfang Auto Parts Co., Ltd.	10,053,054.65	9,623,137.04
Account payable	Chongqing Dajiang Yuqiang Plastic Products Co., Ltd.	22,871,520.77	43,490,517.76
Account payable	Chongqing Jianshe Vehicle Air Conditioner Co., Ltd.	23,175,345.06	36,717,236.76
Account payable	Chengdu Wanyou Filter Co., Ltd.	24,267,680.72	14,735,390.09
Account payable	Chongqing Yihong Engineering Plastic Products Co., Ltd.	635,885.86	2,483,796.69
Account	Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd.	2,361,138.41	2,296,210.05

Items	Related parties	Ending balance	Beginning balance
payable			
Account payable	Chongqing Nexteer Steering System Co., Ltd.	262,870,488.08	275,441,045.49
Account payable	Chongqing Dajiang Jiexin Forging Co., Ltd.	705,714.98	407,750.93
Account payable	Chongqing Jialing Yimin Special Equipment Co., Ltd.	104,496.50	104,496.50
Account payable	Chengdu Guangming Tianzhong Environmental Technology Co., Ltd.	83,175.03	83,175.03
Account payable	Chongqing Xiyi Automobile Connecting Rod Co., Ltd.	42,457.58	44,233.62
Account payable	Chongqing Changan Industry (Group) Co., Ltd.	355,985.02	1,091,699.47
Account payable	Hubei Huazhong Marelli Automotive Lighting Co., Ltd.	131,231,660.26	124,726,255.34
Account payable	China Changan Automobile Group Co., Ltd. Chongqing Qingshan Transmission Branch	232,087,750.72	394,961,436.10
Account payable	Sichuan Jian'an Industry Co., Ltd.	74,999,608.58	92,109,316.98
Account payable	Southern Inte Air Conditioning Co., Ltd.	56,895,179.13	166,469,317.60
Account payable	Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	18,709,148.33	9,726,316.79
Account payable	Chengdu Huachuan Denso Co., Ltd.	40,851,167.54	37,881,398.09
Account payable	Southern Trina Chassis Systems Co., Ltd.	128,293,897.03	113,131,244.68
Account payable	Chongqing Changan Minsheng Logistics Co., Ltd.	10,442,349.66	77,014,716.44
Account payable	Hafei Automobile Co., Ltd.	661,117.68	661,117.68
Account payable	Chengdu Ningjiang Showa Auto Parts Co., Ltd.	28,498,953.39	49,157,712.35
Account payable	Harbin Dongan Automobile Power Co., Ltd.	218,070,561.01	203,956,811.46
Account	Harbin Dongan Automobile Engine Manufacturing Co., Ltd.	133,347,777.10	228,154,563.74

Items	Related parties	Ending balance	Beginning balance
payable			
Account payable	Chongqing Wanyou Economic Development Co., Ltd.	216,078,209.48	75,873,758.78
Account payable	Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd.	9,264.78	-
Account payable	Southern Faurecia Auto Parts Co., Ltd.	76,765,551.38	90,040,708.53
Account payable	Chongqing Dajiang Xinda Vehicle Co., Ltd.	-	4,267,143.49
Account payable	Chongqing Automotive Air Conditioner Co., Ltd.	-	205,041.51
Account payable	Chongqing Changan Crossing Vehicle Co., Ltd.	-	47,749.88
Account payable	Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	-	6,129.88
Account payable	Changan Ford Automobile Co., Ltd.	-	5,890.05
Subtotal		1,848,961,059.35	2,204,192,176.38
Contract liabilities	Changan Mazda Automobile Co., Ltd.	1,423,660.83	-
Contract liabilities	Changan Mazda Engine Co., Ltd.	3,256,185.92	-
Contract liabilities	Chongqing Shangfang Auto Parts Co., Ltd.	3,980.00	3,980.00
Contract liabilities	China Changan Automobile Group Co., Ltd. Chongqing Qingshan Transmission Branch	1.57	-
Contract liabilities	Chongqing Wanyou Automobile Sales Service Co., Ltd.	86,425.66	-
Contract liabilities	Chengdu Wanyou Xiangyu Automobile Sales Service Co., Ltd.	27,144,500.69	65,138,573.75
Contract liabilities	Hafei Automobile Co., Ltd.	670,500.00	670,500.00
Contract liabilities	Chongqing Anfu Automobile Marketing Co., Ltd.	2,180,268.00	1,507,840.00
Contract	China Changan Automobile Group Tianjin Sales Co., Ltd.	3,680,686.89	2,144,856.26

Items	Related parties	Ending balance	Beginning balance
liabilities			
Contract liabilities	Wanyou Automobile Investment Co., Ltd.	5,347,008.74	69,383,313.74
Contract liabilities	Chengdu Wanyou Automobile Trading Service Co., Ltd.	7,890,116.87	39,526,387.91
Contract liabilities	Chongqing Wanyou Economic Development Co., Ltd.	44,265,770.78	142,137,256.41
Contract liabilities	Chongqing Wanyou Zunda Automobile Sales Service Co., Ltd.	7,282,961.81	755,716.55
Contract liabilities	Yunnan Wanyou Automobile Sales Service Co., Ltd.	18,994,713.86	42,896,658.83
Contract liabilities	Guizhou Wanyou Automobile Sales Service Co., Ltd.	27,977,493.85	52,269,285.08
Contract liabilities	Yunnan Xiangyu Automobile Sales Service Co., Ltd.	1,971,343.67	5,542,733.67
Contract liabilities	Panzhihua Wanyou Automobile Sales Service Co., Ltd.	2,173.15	-
Contract liabilities	Ya'an Wanyou Automobile Sales Service Co., Ltd.	21,840.00	-
Contract liabilities	Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd.	87,279.35	-
Contract liabilities	Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd.	77,522.48	-
Contract liabilities	Luzhou Wanyou Automobile Service Co., Ltd.	24,390.55	-
Contract liabilities	Chengdu Wanyou Automobile Sales Service Co., Ltd.	500,317.00	1,489,422.47
Contract liabilities	Bazhong Wanyou Automobile Sales Service Co., Ltd.	89,330.80	50,000.00
Contract liabilities	Jiangling Holdings Co., Ltd.	-	6,854,200.00
Contract liabilities	China Changan Automobile Group Hefei Investment Co., Ltd.	4,776,515.65	4,033,352.74
Contract liabilities	Changan Auto Finance Co., Ltd.	-	41,300.00
Contract	Chongqing Changan Minsheng Logistics Co., Ltd.	-	259.00

Items	Related parties	Ending balance	Beginning balance
liabilities			
Subtotal		157,754,988.12	434,445,636.41
Other payables	Yunnan Wanyou Automobile Sales Service Co., Ltd.	10,599.68	108,223.30
Other payables	Guizhou Wanyou Automobile Sales Service Co., Ltd.	5,475.56	5,016.48
Other payables	Panzhihua Wanyou Automobile Sales Service Co., Ltd.	13,793.08	16,219.40
Other payables	Ya'an Wanyou Automobile Sales Service Co., Ltd.	1,853.44	12,267.46
Other payables	Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd.	3,116.82	5,889.92
Other payables	Chongqing Changan Minsheng Logistics Co., Ltd.	442,398,207.89	191,519,531.45
Other payables	Chongqing Changan Crossing Vehicle Co., Ltd.	-	64,412,855.00
Other payables	Chongqing Changan Industry (Group) Co., Ltd.	19,834,668.85	4,770,656.96
Other payables	Chongqing Changan Construction Engineering Co., Ltd.	1,105,910.99	2,356,505.24
Other payables	Chongqing Changan Property Management Co., Ltd.	4,656,723.41	1,655,478.59
Other payables	Changan Ford Automobile Co., Ltd.	-	1,461,694.00
Other payables	Sichuan Jian'an Industry Co., Ltd.	6,188.00	579,179.33
Other payables	Chongqing Wanyou Economic Development Co., Ltd.	23,882.15	415,466.55
Other payables	Southern Inte Air Conditioning Co., Ltd.	-	190,324.96
Other payables	Changan Mazda Engine Co., Ltd.	-	144,115.79
Other payables	Chengdu Wanyou Filter Co., Ltd.	120,000.00	121,303.84
Other payables	Nanning Wanyou Automobile Sales Service Co., Ltd.	-	120,520.60

Items	Related parties	Ending balance	Beginning balance
Other payables	China Changan Automobile Group Tianjin Sales Co., Ltd.	-	100,000.00
Other payables	Harbin Dongan Automobile Power Co., Ltd.	-	67,239.90
Other payables	Southern Trina Chassis Systems Co., Ltd.	36,431.20	65,122.43
Other payables	Chengdu Wanyou Automobile Trading Service Co., Ltd.	-	58,295.80
Other payables	Chengdu Huachuan Denso Co., Ltd.	31,591.08	51,037.08
Other payables	Chongqing Dajiang Xinda Vehicle Co., Ltd.	-	50,000.00
Other payables	Guangxi Wanyou Automobile Sales Service Co., Ltd.	-	48,424.07
Other payables	Chengdu Lingchuan Special Industry Co., Ltd.	-	26,343.16
Other payables	Chengdu Wanyou Xiangyu Automobile Sales Service Co., Ltd.	-	20,493.00
Other payables	Hubei Xiaogan Huazhong Automotive Lamp Co., Ltd.	-	10,951.72
Other payables	Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	-	8,324.53
Other payables	Luzhou Wanyou Automobile Service Co., Ltd.	-	3,770.68
Other payables	Bazhong Wanyou Automobile Sales Service Co., Ltd.	-	2,683.74
Other payables	Chengdu Wanyou Trading Co., Ltd.	816.23	1,176.14
Other payables	Chongqing Changfeng Jiquan Machinery Co., Ltd.	-	800.00
Other payables	Hubei Huazhong Marelli Automotive Lighting Co., Ltd.	-	389,785.41
Other payables	Chongqing Nexteer Steering System Co., Ltd.	-	307,910.00
Other payables	Harbin Dongan Automobile Engine Manufacturing Co., Ltd.	290,793.25	304,924.09

Items	Related parties	Ending balance	Beginning balance
Other payables	Chongqing Anfu Automobile Marketing Co., Ltd.	-	300,000.00
Other payables	Chongqing Changrong Machinery Co., Ltd.	-	299,999.63
Other payables	Chongqing Changan New Energy Automobile Technology Co., Ltd.	177,488.10	-
Other payables	Chongqing Changan Minsheng Logistics Co., Ltd.	20,000.00	-
Other payables	Chongqing Wanyou Zunda Automobile Sales Service Co., Ltd.	550,000.00	-
Other payables	Luzhou Wanyou Automobile Service Co., Ltd.	4,544.61	-
Other payables	Southern Faurecia Auto Parts Co., Ltd.	254,250.00	-
Subtotal		469,546,334.34	270,012,530.25

XIII. Share-based payments

1. General information

	2020.06
The total amount of the employee services as a result of the share-based payments	

The equity settled share based payments are as follows:

	2019.06
The accumulated amount of equity settled share-based payments included in capital reserve	
The amount of equity settled share-based payments included in expense	

2. Share-based payment scheme

On 23 September 2016, the share option was approved to be granted on 23 September 2016 by the 12th meeting of the seventh session of the Board of Directors and the 8th meeting of the seventh session of Board of Supervisors. According to the share option scheme, the Company granted 29,140,000 options to 202 employees, conferring rights to purchase 1 A share of Changan Automobile for each option before the expiration date. Share options are granted to directors, chief executive officers and key technical and management personnel.

The share option will expire in 5 years. After the vesting period of 24 month since the grant date, the option shall be exercised in three periods. In each exercise period, 1/3 of the total options could be exercised when the prescribed performance conditions are met. The exercise price is RMB14.12 per share. The options granted shall be exercised before the expiration date. The share should not be exercised unless the prescribed conditions are met. The exercisable shares not exercised in above periods will be written off by the Company. The company has disclosed in June 1, 2017 "The 2016 annual notice of the implementation of equity distribution". According to the company's stock option incentive plan (Revised Draft), the relevant provisions on the stock option price adjustment, if dividends and capital reserve capitalization, stock dividends, stock split delivery, allotment, issuance or reduced matters occur before the stock exercise, the stock option price should be adjusted. The exercise price of the adjusted stock option is 13.478 yuan. The incentive object must be exercised within the validity period of the option exercise. If the exercise conditions are not met, the current stock options may not be exercised. If part of the stock options that meet the exercise conditions but are not exercised in the above exercise period are cancelled by the company.

The performance indicators of the share option includes:

- (1) Return on equity (ROE)
- (2) Net profit growth rate attributable to owners
- (3) Economic value added (EVA), and
- (4) The ratio of prime operating revenue to operating revenue

The above net profit and ROE are based on net profit and weighted average net assets attributable to owners deducting non-recurring gains and losses.

The exercise terms of share options:

Exercise Period	Exercise Ratio	Exercise Time	Exercise Terms
The 1 st exercise period	1/3	The 1st trading day since 2 4 month after the grant date to the last trading day since 36 month after the grant date	2017 net profit growth rate based on 2015 average growth rate $\geq 3.2\%$ (growth amount equivalent to RMB10,182,000,000); ROE $\geq 15\%$ The above indicators \geq benchmark average, and ≥ 75 quartile $\Delta EVA > 0$; The ratio of prime operating revenue to operating revenue $\geq 95\%$
The 2 nd exercise period	1/3	The 1st trading day since 3 6 month after the grant date to the last trading day since 48 month after the grant date	2018 net profit growth rate based on 2015 average growth rate $\geq 3.2\%$ (growth amount equivalent to RMB10,507,000,000); ROE $\geq 15\%$ The above indicators \geq benchmark average, and ≥ 75 quartile $\Delta EVA > 0$; The ratio of prime operating revenue to operating

			revenue \geq 95%
The 3 rd exercise period	1/3	The 1st trading day since 48 month after the grant date to the last trading day since 60 month after the grant date	2019 net profit growth rate based on 2015 average growth rate \geq 3.2%(growth amount equivalent to RMB10,844,000,000); ROE \geq 15% The above indicators \geq benchmark average, and \geq 75 quartile Δ EVA $>$ 0; The ratio of prime operating revenue to operating revenue \geq 95%

On the grant date, the fair value of the above stock options of the Company was RMB 139,527,600.00. As the performance appraisal target of the first and second exercise periods of the stock option incentive plan of the company has not reached the target, and a total of 21 incentive objects have respectively terminated the labor contract with the company, the company no longer meets the stock option incentive conditions. On December 31, 2019, a total of 29.14 million stock options were cancelled. The share option fee confirmed by the company in June 2019 is RMB 0.00.

The fair value of the equity-settled share option is determined using Black-Scholes model based on the estimate in accordance with the terms and conditions of the share options. The input variables are as follows:

Valuation factors	2016
Dividend rate (%)	0%
Expected volatility (%)	29.78%
Historical volatility (%)	29.78%
Risk-free rate (%)	2.4987%
Expected duration (year)	4
Share price as at the grant date (Yuan)	15.43

The expected duration of the option is based on the historical data of the past, which is not necessarily reflected in the exercise of the right in future. The expected volatility is based on the assumption that the historical volatility reflects the future trend, but not necessarily the actual results.

XIV. Commitments and Contingencies

1. Significant commitments

Investment commitment

By June 30th 2020, the group has no investment commitment that has been signed but not yet fully fulfilled.

2. Contingencies

By June 30th 2020, the company has no significant contingencies that need to be published.

XV. Events after the balance sheet date

1. Significant non-adjusting events

☐ Applicable ☒ Not Applicable

2. Distribution of profit

☐ Applicable ☒ Not Applicable

3. Sales return

☐ Applicable ☒ Not Applicable

XVI. Other important events

1. Correction of accounting error of earlier stage

☐ Applicable ☒ Not Applicable

2. Debt restructuring

☐ Applicable ☒ Not Applicable

3. Asset replacement

☐ Applicable ☒ Not Applicable

4. Annuity plan

☐ Applicable ☒ Not Applicable

5. Discontinuing operation

☐ Applicable ☒ Not Applicable

6. Information on business branch

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

Identify business branch of the group according to internal organization structure, management requirements, internal reporting rules,

and identify the report and information disclosed of the brand based on the identified branch.

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

- (1) the component has income and expenditure incurred in routine activities;
- (2) the management of the company regularly evaluates the operation performance of the component to decide the company's resource distribution and evaluate its overall performance
- (3) The group receives related accounting information on the financial situation, operation performance and cash flow.

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

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

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

1. Account Receivables

(1)The aging analysis is as follow:

In RMB Yuan

Account receivable age	Ending	Beginning
Within 1 year	4,258,303,879.00	3,555,684,864.42
1 to 2 years	644,991,910.51	822,210,403.02
2 to 3 years	568,696,835.44	482,665,541.27
Over 3 years	360,166,448.23	256,419,059.60
Total	5,832,159,073.18	5,116,979,868.31
Bad debt provision	-39,114,651.97	-22,709,502.59
	5,793,044,421.21	5,094,270,365.72

(2) The changes in the provision for bad debts of accounts receivable are as follows

In RMB Yuan

Items	Beginning balance	Provision	Decrease	Ending balance
2020.06.30	22,709,502.59	16,405,289.98	140.60	39,114,651.97
2019.12.31	15,559,782.05	7,149,720.54		22,709,502.59

(3) Disclosure of accounts receivable

In RMB Yuan

Items	Ending	
	Book balance	Provision for bad-debts

	Amount	(%)	Amount	(%)
Individual assessment of credit expected loss and provision for bad debts	5,533,699,691.47	94.88	10,079,188.59	0.18
Assess bad debt provision for expected credit expected loss according to credit risk characteristics combination	298,459,381.71	5.12	29,035,463.38	9.73
Total	5,832,159,073.18	100.00	39,114,651.97	0.67

Items	Beginning			
	Book balance		Provision for bad-debts	
	Amount	(%)	Amount	(%)
Individual assessment of credit expected loss and provision for bad debts	4,991,086,298.96	97.54		
Assess bad debt provision for expected credit expected loss according to credit risk characteristics combination	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

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

In RMB Yuan

	Ending			Beginning		
	Estimated book balance in default	Expected credit loss rate (%)	Lifetime expected credit loss	Estimated book balance in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 1 year	262,887,578.65	2.66	6,990,427.49	90,224,930.90	2.49	2,248,850.10
1 to 2 years	65.00	10.82	7.03	26.00	22.04	5.73
2 to 3 years	10,885,166.00	34.02	3,703,548.10	18,843,871.50	32.27	6,080,101.72
3 to 4 years	12,760,271.43	50.27	6,415,180.13	4,898,440.32	50.10	2,454,244.41
4 to 5 years	-	-	-	-	-	-
Over 5 years	11,926,300.63	100.00	11,926,300.63	11,926,300.63	100.00	11,926,300.63
Total	298,459,381.71	9.73	29,035,463.38	125,893,569.35	18.04	22,709,502.59

(5) As of June 30, 2020, the top five accounts receivable totaled RMB 4,928,714,691.57, accounting for 84.51% of the total accounts receivable (As of December 31, 2019, the top five accounts receivable totaled RMB 4,011,467,403.94, Accounting for 78.40% of the total accounts receivable).

(6) As of June 30, 2020, the Group has no accounts receivable that are derecognized as the transfer of financial assets (December 31, 2019: None)

2. Other receivables

(1) The aging analysis is as follow:

In RMB Yuan

Account receivable age	Ending	Beginning
Within 1 year	1,833,502,273.67	601,025,929.83
1 to 2 years	44,921,624.68	334,100,615.63
2 to 3 years	203,660,776.86	259,642.21
Over 3 years	9,493,155.47	9,493,155.47
Total	2,091,577,830.68	944,879,343.14
Bad debt provision	-3,841,273.24	- 3,718,197.34
	2,087,736,557.44	941,161,145.80

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

In RMB Yuan

Items	Ending	Beginning
Equity transfer receivable	798,700,000.00	
Subsidy	5,318,000.00	3,458,000.00
Loans to subsidiaries	1,077,303,980.00	640,557,716.20
Reserve fund	31,996,661.76	36,352,884.22
Asset disposal	5,789,491.11	23,424,046.17
Other receivables	168,628,424.57	237,368,499.21
Total	2,087,736,557.44	941,161,145.80

(3) The changes in bad debt provision for other receivables based on 12-month expected credit losses and the entire lifetime expected credit losses are as follows (Only for 2020):

In RMB Yuan

Bad debt provision	The first stage	The second stage	The second stage	Total
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	Expected credit losses in the next 12 months	Expected credit loss for the entire life (Single evaluation)	Expected credit loss for the entire life (Group evaluation)	
Balance at the end of the previous year	1,095,164,331.54	1,614,084,422.33	2,850,000.87	2,712,098,754.74
Changes in accounting policies	-157,274,027.00	-1,609,945,384.60		-1,767,219,411.60
Balance on January 1, 2020	937,890,304.54	4,139,037.73	2,850,000.87	944,879,343.14
In this period, Balance on January 1, 2020				
--Transfer to the second stage	-2,700,041.57	2,700,041.57		
--Transfer to the third stage		-826,113.91	826,113.91	
--Turn back to the second stage				
--Turn back to the first stage				
Current provision	1,241,942,939.89			1,241,942,939.89
Current return	-95,244,452.35			-95,244,452.35
Ending balance				

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

In RMB Yuan

Bad debt provision	The first stage	The second stage	The second stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire life (Single evaluation)	Expected credit loss for the entire life (Group evaluation)	
Balance at the end of the previous year	1,095,164,331.54	1,614,084,422.33	2,850,000.87	2,712,098,754.74
Changes in accounting policies	102,251,573.00	-1,609,945,384.60	0.00	-1,507,693,811.60
Balance on January 1, 2019	1,197,415,904.54	4,139,037.73	2,850,000.87	1,204,404,943.14
In this period, Balance on January 1, 2019				
--Transfer to the second stage	-2,700,041.57	2,700,041.57		
--Transfer to the third stage		-826,113.91	826,113.91	
--Turn back to the second stage				
--Turn back to the first stage				
New in this period	982,417,339.89			982,417,339.89
Termination confirmation	-95,244,452.35			-95,244,452.35
Write off this year				

Total	2,081,888,750.51	6,012,965.39	3,676,114.78	2,091,577,830.68
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(4) The changes in bad debt provision for other receivables based on 12-month expected credit losses and the entire lifetime expected credit losses are as follows (Only for 2019):

In RMB Yuan

Bad debt provision	The first stage	The second stage	The second stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire life (Single evaluation)	Expected credit loss for the entire life (Group evaluation)	
Balance on January 1, 2019	155,223.55	348,425.91	99,781.94	603,431.40
In this period, Balance on January 1, 2019				
--Transfer to the second stage	-	-	-	-
--Transfer to the third stage		-348,425.91	348,425.91	
--Turn back to the second stage	-	-	-	-
--Turn back to the first stage	-	-	-	-
Current provision	135,958.46	111,643,227.46	2,501,574.96	114,280,760.88
Current return	-	-	-	-
Resale of the current period	-	-	-99,781.94	-99,781.94
Write off this year	-	-	-	-
Other changes	-	-	-	-
Total	291,182.01	111,643,227.46	2,850,000.87	114,784,410.34

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

In RMB Yuan

Bad debt provision	The first stage	The second stage	The second stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire life (Single evaluation)	Expected credit loss for the entire life (Group evaluation)	
Balance on January 1, 2019	2,326,952,103.37	436,899.38	99,781.94	2,326,952,103.37
In this period, Balance on January 1, 2019				
--Transfer to the second stage	-1,664,613,313.78	1,664,613,313.78	-	-1,664,613,313.78
--Transfer to the third stage	-2,413,101.49	-436,899.38	2,850,000.87	-2,413,101.49
--Turn back to the second stage	-	-	-	-

--Turn back to the first stage	-	-	-	-
New in this period	706,450,278.94	516,085,890.00		1,222,536,168.94
Termination confirmation	-271,211,635.50	-566,614,781.45	-	-837,826,416.95
Write off this year	-	-	-99,781.94	-99,781.94
Other changes				-
Total	1,095,164,331.54	1,614,084,422.33	2,850,000.87	2,712,098,754.74

(5) As of June 30, 2020, the top five other receivables are as follows:

In RMB Yuan

company name	Amount	Aging	Proportion to the total balance of other receivables (%)
First place	877,303,980.00	within half year	41.94
Second place	798,700,000.00	In half year	38.19
Third place	200,000,000.00	2 to 3 years	9.56
Fourth place	124,312,677.99	within 5 year	5.94
Fifth place	10,944,887.98	within 6 mounths	0.52
Total	2,011,261,545.97		96.15

(6)As of June 30, 2020, the Group had no other receivables derecognized as financial asset transfers (December 31, 2019: None).

3. Long-term equity investment

In RMB Yuan

Invested in	beginning amount	increase/decrease	Investment gains and losses under the equity method	Other equity changes	cash bonus in current period	Other reduction	impairment provision in current period	Ending balance	Impairment
1、 Joint ventures									
Changan Ford Automobile Co., Ltd	1,782,823,327.91		-570,006,507.40					1,212,816,820.51	
Changan Mazda Automobile Co.,Ltd.	2,177,010,905.02		323,202,621.60					2,500,213,526.62	
Changan Ford Mazda Engine Co., Ltd.	830,272,340.69		11,597,486.28		-37,000,000.00			804,869,826.97	
Changan PSA Automobiles Co., Ltd.	346,038,983.87		-114,234,986.00			-231,803,997.87		-	
Changan Weilai New Energy Automobile Technology Co., Ltd.	-12,871,719.42		-18,666,611.81			31,538,331.23		-	
Jiangling Investment Co., Ltd.	2,081,815,165.31		34,848,792.52					2,116,663,957.83	
2、 Associated Enterprises									
Chongqing Changan Kuayue Automobile Co., Ltd	192,005,274.10		27,957,230.96					219,962,505.06	
Chongqing Changan Kuayue Automobile Marketing Co., Ltd.	-							-	
Beijing Fang'an Xinyue taxi	-							-	

Invested in	beginning amount	increase/decrease	Investment gains and losses under the equity method	Other equity changes	cash bonus in current period	Other reduction	impairment provision in current period	Ending balance	Impairment
Co., Ltd									
Chongqing Auto Finance Co., Ltd.	2,195,040,654.44		123,493,951.66					2,318,534,606.10	
Hainan Anxinxing Information Technology Co., Ltd.	3,560,384.10		-795,039.88					2,765,344.22	
Nanjing Chelai Travel Technology Co., Ltd.	1,474,945.09		-143,024.65					1,331,920.44	
Hunan Guoxin Semiconductor Technology Co., Ltd.	25,152,447.20		-126,648.85					25,025,798.35	
Nanjing Leading Equity Investment Partnership	935,218,323.32		32.16					935,218,355.48	
Nanjing Lingxing Equity Investment Management Co., Ltd.	1,445,415.69		-93,594.67					1,351,821.02	
Jiangling Holding Co., Ltd.	398,992,953.62		-94,049,105.60					304,943,848.02	
Chongqing Changan New Energy Automobile Technology Co., Ltd.		1,610,174,778.05	-153,230,307.40					1,456,944,470.65	
3、 Subsidiaries									
Nanjing Changan Automobile Co., Ltd.	422,533,259.00							422,533,259.00	
Hebei Changan Automobile	438,223,236.00							438,223,236.00	

Invested in	beginning amount	increase/decrease	Investment gains and losses under the equity method	Other equity changes	cash bonus in current period	Other reduction	impairment provision in current period	Ending balance	Impairment
Co., Ltd.									
Chongqing Changan Automobile International Sales Service Co., Ltd.	13,068,581.00							13,068,581.00	
Chongqing Changan Automobile Customer Service Co., Ltd.	29,700,000.00							29,700,000.00	
Chongqing Changan Chelian Technology Co., Ltd.	88,500,000.00							88,500,000.00	
Chongqing Changan Special Vehicle Co., Ltd.	2,500,000.00							2,500,000.00	
Chongqing Changan Europe Design Center Co., Ltd	155,469,913.50							155,469,913.50	
Chongqing Changan new Engergy Automobile Co. Ltd	-							-	
Changan United Kingdom R&D Center Co., Ltd.	250,093,850.95							250,093,850.95	
Beijing Changan Automotive engineering and Technology Reseach 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 United States R&D	10,243,460.00							10,243,460.00	

Invested in	beginning amount	increase/decrease	Investment gains and losses under the equity method	Other equity changes	cash bonus in current period	Other reduction	impairment provision in current period	Ending balance	Impairment
Center Co., Ltd.									
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.	251,242,589.15							251,242,589.15	
Changan Brazil Holding Co., Ltd	2,584,556.97							2,584,556.97	
Shenzhen Changan New Energy Automobile Service Co. Ltd	184,800,000.00	13,338,871.00						198,138,871.00	
Nanjing Changan New Energy Automobile Sales & Service Co., Ltd.	50,000,000.00							50,000,000.00	
Fuzhou Changan New Energy Automobile Sales & Service 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 &	4,000,000.00							4,000,000.00	

Invested in	beginning amount	increase/decrease	Investment gains and losses under the equity method	Other equity changes	cash bonus in current period	Other reduction	impairment provision in current period	Ending balance	Impairment
Service Co., Ltd.									
Chongqing Changan New Energy Automobile Technology Co., Ltd.	1,238,742,571.54					-1,238,742,571.54		-	
Changan Suzuki Automobile Co., Ltd.	594,949,059.30							594,949,059.30	
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	1,129,922,044.91							1,129,922,044.91	
Chongqing Chehemei Technology Co., Ltd.	10,000,000.00							10,000,000.00	
Chongqing Changan Automobile Software Technology Co., Ltd.	-	99,000,000.00						99,000,000.00	
Changan Weilai New Energy Automobile Technology Co., Ltd.	-	58,461,669.77						58,461,669.77	
Total	16,052,319,271.82	1,780,975,318.82	-430,245,711.08		-37,000,000.00	-1,439,008,238.18	-	15,927,040,641.38	—

4. Operating revenue and cost

In RMB Yuan

	Report period		Same period of last year	
	Revenue	Cost	Revenue	Cost
Main business	28,058,352,585.87	26,601,356,969.23	25,956,607,065.04	24,182,358,106.88
Other business	1,700,567,311.50	1,310,501,933.80	848,501,257.18	455,548,664.07
Total	29,758,919,897.37	27,911,858,903.03	26,805,108,322.22	24,637,906,770.95

5. Investment income

(1) Details of investment income

In RMB Yuan

Items	Current amount	Prior-period amount
Long-term equity investment income measured by cost method	608,962,802.11	
Long-term equity investment income measured by equity method	-430,245,711.08	-78,048,193.41
investment income from long -term equity investment disposition	2,124,526,141.26	
Investment income obtained during the period of holding trading financial assets	2,840,290.34	
others	11,056,250.03	4,149,371.08
Total	2,317,139,772.66	-73,898,822.33

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

In RMB Yuan

Items	Current amount	Prior-period amount
Chongqing Changan Automobile Customer Service Co., Ltd.	603,900,000.00	
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	5,062,802.11	
Total	608,962,802.11	

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

In RMB Yuan

Invested in company	Current amount	Prior-period amount
Changan Ford Automobile Co., Ltd	-570,006,507.40	-388,312,379.14
Changan Mazda Automobile Engine Co., Ltd	11,597,486.28	22,279,051.96
Hainan Anxinxing Information Technology Co., Ltd.	-795,039.88	-775,195.24
Nanjing Chelai Travel Technology Co., Ltd.	-143,024.65	-238,955.00
Jiangling Holding Co., Ltd	-94,049,105.60	-236,679,161.41
Changan Mazda Automobile Co., Ltd	323,202,621.60	431,236,189.88
Chongqing Changan Kuayue Automobile Co., Ltd	27,957,230.96	39,038,877.69
Changan Suzuki Automobile Co., Ltd.	-114,234,986.00	-37,577,002.31
Changan Auto Finance Co., Ltd.	123,493,951.66	121,622,360.91
Changan Weilai New Energy Automobile Technology Co., Ltd.	-18,666,611.81	-16,493,522.92
Hunan Guoxin Semiconductor Technology Co., Ltd.	-126,648.85	-145,569.13
Jiangling Investment Co., Ltd.	34,848,792.52	
Chongqing Changan New Energy Automobile Technology Co., Ltd.	-153,230,307.40	

Nanjing Leading Equity Investment Partnership (Limited Partnership)	32.16	-12,002,888.70
Nanjing Leading Equity Investment Management Co., Ltd.	-93,594.67	
Total	-430,245,711.08	-78,048,193.41

XVIII. Additional information

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

In RMB Yuan

Items	Amount	Explanation
Profit and loss of non-current assets disposition	3,547,727,244.56	
Government subsidies counted in current profit and loss (except the government subsidies which are closely related with business events, and given certain amount according to national standards)	215,977,955.28	
In addition to the effective hedging business related to the normal business of the company, the gains and losses from changes in fair value arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and disposal of transactional financial assets, derivative finance, investment income from trading financial assets, trading financial liabilities, derivative financial liabilities and other debt investments	1,753,674,697.00	
Gains and losses from entrusted loans	6,884,080.21	
Interest on deferred payment of funds received from non - financial enterprises	21,549,119.75	
Other non-business incomings and outgoings except above-mentioned items	-20,172,785.69	
Less: amount influenced by income tax	293,310,943.88	
Amount influenced by minority shareholders' interest (after tax)	13,274,663.08	
Total	5,219,054,704.15	

Notes: Profit and loss of non-current assets disposition are mainly from the disposal of the equity of Chongqing Changan New Energy Automobile Technology Co., Ltd. and Changan PSA Peugeot Citroen Automobile Co., Ltd. held during the period.

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

☐ Applicable ☒ Not applicable

2. Return on equity and earnings per share

In RMB Yuan

Profit in report period	Weighted average return on equity	Earnings per share	
		Basic EPS	Basic EPS
Net profit belonging to the Company's common stockholders	5.74%	0.54	Not applicable
Net profit belonging to the Company's common stockholders after deducting non-recurring profit and loss	-5.75%	-0.54	Not applicable

3. Accounting data difference by domestic and foreign accounting standards

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

None

4. Others

☐ Applicable ☒ Not applicable

Chapter 10 Documents for Future Reference

Catalogue of Reference Files
<p>1、Semi-annual report with signature of legal representative;</p> <p>2、Financial statements, with the signatures and seals of legal representative, person in charge of accounting, and person in accounting agency;</p> <p>3、BOD resolutions and written confirmation documents signed by board members and senior executives;</p> <p>4、Written auditing opinions in form of resolution by the Board of Supervisors;</p> <p>5、All original copies of company documents and announcements disclosed in China Securities Journal, Securities Time, and Hong Kong Commercial Daily in reporting period.</p> <p>The company will provide the the abovementioned reference files timely when required by China Securities Regulatory Commission and Shenzhen Stock Exchange, and required by shareholders according to law and corporate regulations.</p>

Chairman and CEO: Zhu Huarong

Chongqing Changan Automobile Company Limited
August 31, 2020