



Chongqing Changan Automobile Company Limited
2021 Semi-annual Report Financial Statements

August 2021

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	2021.6.30	2020.12.31
Current assets:		
Cash	47,721,342,242.91	32,001,775,600.07
Trading financial assets	195,349,598.73	204,254,400.00
Notes receivable	28,778,252,297.19	28,371,541,054.75
Accounts receivable	1,628,018,973.81	2,141,197,139.45
Prepayments	386,980,948.32	460,703,603.80
Other receivables	1,590,660,654.32	723,919,037.36
Inventories	4,089,490,661.31	5,967,516,230.57
Contract assets	1,479,108,607.55	1,450,031,414.61
Other current assets	1,059,255,213.36	1,568,711,870.61
Total current assets	86,928,459,197.50	72,889,650,351.22
Non-current assets:		
Long-term equity investments	11,571,676,934.12	12,109,089,795.67
Investment in other equity instruments	691,990,000.00	691,990,000.00
Investment properties	6,762,782.38	6,876,138.16
Fixed assets	23,289,621,403.41	24,298,402,558.49
Construction in progress	754,885,456.77	1,048,036,148.70
Right-of-use asset	68,982,797.00	
Intangible assets	4,141,087,463.87	4,433,771,236.26
Development expenditure	685,346,700.20	596,577,787.95
Goodwill	48,883,188.37	48,883,188.37
Long-term deferred expenses	12,303,868.61	10,642,512.51
Deferred tax assets	2,257,601,368.14	2,131,266,677.52
Total non-current assets	43,529,141,962.87	45,375,536,043.63

TOTAL ASSETS	130,457,601,160.37	118,265,186,394.85
Current liabilities:		
Short-term loans	552,000,000.00	578,000,000.00
Notes payable	27,186,257,508.96	17,574,014,553.46
Accounts payable	24,517,099,039.98	23,118,793,794.42
Contract liability	4,667,333,563.93	4,471,158,190.75
Payroll payable	2,132,013,116.53	2,015,868,366.57
Taxes payable	607,975,454.79	1,292,001,263.86
Other payables	3,643,263,561.28	4,475,215,625.98
Non-current liabilities within one year	328,905,578.01	100,000,000.00
Other current liabilities	6,688,307,507.13	5,842,758,104.08
Total current liabilities	70,323,155,330.61	59,467,809,899.12
Non-current liabilities:		
Long-term loans	654,300,000.00	955,300,000.00
Lease liability	26,430,150.16	
Long-term payables	207,811,375.66	261,260,928.70
Long-term payroll payable	38,679,134.87	41,634,000.00
Estimated liabilities	3,542,337,828.97	3,125,170,942.46
Deferred Revenue	1,260,920,806.57	818,398,430.21
Deferred tax liabilities	112,438,837.91	115,304,728.61
Total non-current liabilities	5,842,918,134.14	5,317,069,029.98
Total liabilities	76,166,073,464.75	64,784,878,929.10
Owners' equity (or Shareholders' equity):		
Share capital	5,439,591,574.00	5,363,396,174.00
Capital reserves	11,469,222,886.42	10,930,781,918.64
Other comprehensive income	100,241,005.41	78,420,720.78
Special reserves	76,873,092.46	40,847,443.41
Surplus reserves	2,681,698,087.00	2,681,698,087.00
Retained earnings	34,378,050,740.32	34,315,048,892.26
Equity attributable to owners	54,145,677,385.61	53,410,193,236.09
Minority interests	145,850,310.01	70,114,229.66
Total Owners' equity (or Shareholders' equity)	54,291,527,695.62	53,480,307,465.75
Liabilities and owners' equity (or shareholders' equity) in total	130,457,601,160.37	118,265,186,394.85

Legal person: Zhu Huarong

Chief financial officer: Zhang Deyong

The head of accounting department: Chen Jianfeng

2. Balance sheet

In RMB Yuan

Account	2021.6.30	2020.12.31
Current assets:		
Cash	39,359,211,333.65	25,238,014,025.38
Trading financial assets	163,778,100.00	180,929,400.00
Notes receivable	27,048,733,022.00	27,248,111,565.13

Accounts receivable	5,198,476,575.07	5,464,541,185.63
Prepayments	46,538,503.37	294,088,044.01
Other receivables	2,547,332,338.02	1,990,616,778.83
Inventories	2,258,720,911.74	4,332,579,774.46
Contract assets	933,593,869.30	941,046,613.60
Other current assets	658,687.55	322,467,261.74
Total current assets	77,557,043,340.70	66,012,394,648.78
Non-current assets:		
Long-term equity investments	15,568,378,568.08	15,911,304,527.87
Investment in other equity instruments	681,630,000.00	681,630,000.00
Fixed assets	17,518,367,432.00	18,282,163,718.91
Construction in progress	546,437,512.04	586,144,839.34
Right-of-use asset	65,971,266.98	
Intangible assets	2,946,491,055.75	3,166,081,547.59
Development expenditure	654,152,078.23	555,569,523.02
Long-term deferred expenses	9,131,889.88	7,470,626.86
Deferred tax assets	1,904,135,032.43	1,803,491,965.40
Total non-current assets	39,894,694,835.39	40,993,856,748.99
TOTAL ASSETS	117,451,738,176.09	107,006,251,397.77
Current liabilities:		
Short-term loans	510,000,000.00	510,000,000.00
Notes payable	24,003,015,056.60	14,600,240,612.86
accounts payable	18,528,961,362.63	18,770,044,628.44
Contract liability	4,023,516,395.94	3,885,522,883.33
Payroll payable	1,804,689,675.09	1,604,474,120.45
Taxes payable	395,274,764.10	1,045,768,022.62
Other payables	3,478,459,800.03	3,166,636,684.63
Non-current liabilities due within one year	301,000,000.00	100,000,000.00
Other current liabilities	5,804,606,576.64	5,235,294,795.79
Total current liabilities	58,849,523,631.03	48,917,981,748.12
Non-current liabilities:		
Long-term loans	654,300,000.00	955,300,000.00
Lease liability	62,699,737.43	
Long-term payables	147,525,746.26	187,142,303.66
Long-term payroll payable	18,953,292.97	21,657,000.00
Estimated liabilities	2,650,626,670.22	2,196,924,682.57
Deferred Revenue	150,000,000.00	150,000,000.00
Deferred tax liabilities	72,585,956.38	75,158,651.38
Total non-current liabilities	3,756,691,403.26	3,586,182,637.61
Total liabilities	62,606,215,034.29	52,504,164,385.73
Owners' equity (or Shareholders' equity):		
Share capital	5,439,591,574.00	5,363,396,174.00
Capital reserves	10,979,337,870.30	10,440,896,902.52

Other comprehensive income	159,954,052.00	159,954,052.00
Special reserves	16,479,840.77	7,505,438.57
Surplus reserves	2,681,698,087.00	2,681,698,087.00
Retained earnings	35,568,461,717.73	35,848,636,357.95
Total Owners' equity (or Shareholders' equity)	54,845,523,141.80	54,502,087,012.04
Liabilities and owners' equity (or shareholders' equity) in total	117,451,738,176.09	107,006,251,397.77

3. Consolidated Income Statement

In RMB Yuan

Account	Current Period	Prior Period
1.Total operating revenue	56,784,631,899.07	32,781,657,479.10
Less:Operating cost	48,086,677,229.21	29,578,074,559.16
Tax and surcharges	2,087,694,667.07	1,206,286,383.45
Operating expenses	2,146,115,312.19	1,270,716,006.91
General and administrative expenses	2,217,147,044.50	1,145,860,984.31
Research and development expenses	1,495,583,362.16	1,423,575,470.37
Financial expenses	-233,776,490.65	-98,218,545.38
Interest expense	26,372,186.29	20,373,153.36
Interest income	281,294,223.92	131,048,028.86
Add: Other income	106,783,041.12	
Investment income	327,872,465.08	3,000,803,663.99
Including: Investment income from associates and joint venture	250,708,951.37	-528,282,156.89
Gains from changes in fair value	15,734,698.73	1,753,674,697.00
Credit impairment loss	-3,486,242.35	-18,713,783.01
Asset impairment loss	-195,687,107.11	-212,828,953.71
Gain on disposal of assets	601,066,861.33	33,428,646.97
3.Operating profit	1,837,474,491.39	2,811,726,891.52
Add: Non-operating income	40,983,845.94	31,178,860.44
Less: Non-operating expenses	14,103,602.29	51,351,646.13
4.Total profit	1,864,354,735.04	2,791,554,105.83
Less: Income tax expense	59,373,446.09	189,931,296.64
5.Net profit	1,804,981,288.95	2,601,622,809.19
Classification by going concern		
Net profit from continuing operations	1,804,981,288.95	2,601,622,809.19

Net profit from discontinued operations		
Classification by ownership attribution		
Net profit attributable to owners	1,729,245,208.60	2,602,166,402.68
Minority interests	75,736,080.35	-543,593.49
6.Other comprehensive income, net of tax	21,820,284.63	6,766,939.37
Net after-tax net of other comprehensive income attributable to the parent company owner	21,820,284.63	6,766,939.37
Other comprehensive income that will be reclassified into profit or loss	21,820,284.63	6,766,939.37
Foreign currency financial statement translation difference	21,820,284.63	6,766,939.37
7.Total comprehensive income	1,826,801,573.58	2,608,389,748.56
Total comprehensive income attributable to owners	1,751,065,493.23	2,608,933,342.05
Total comprehensive income attributable to minority interest	75,736,080.35	-543,593.49
8.Earnings per share		
Basic earnings per share	0.32	0.54
Diluted earnings per share	Not applicable	Not applicable

4. Income Statement

In RMB Yuan

Account	Current Period	Prior Period
1.Operating revenue	52,828,405,180.72	29,758,919,897.37
Less: Operating cost	45,513,544,394.59	27,864,973,824.68
Tax and surcharges	1,525,114,802.32	762,021,502.79
Operating expenses	1,736,500,574.77	961,038,581.56
General and administrative expenses	1,878,247,754.81	715,649,867.54
Research and development expenses	1,298,099,887.53	1,380,814,145.22
Financial expenses	-204,613,231.91	-98,135,764.79
Interest expense	21,764,130.34	4,888,747.72
Interest income	236,842,142.30	110,304,548.86
Add: Other income		
Investment income	428,119,303.94	2,317,139,772.66
Including: Investment income from associates and joint venture	349,815,853.13	-430,245,711.08

Gains from changes in fair value	-17,151,300.00	-21,300,000.00
Credit impairment loss	-2,086,388.91	-16,528,225.28
Asset impairment loss	-213,509,747.87	-167,332,499.89
Gain on disposal of assets	4,920,912.69	-10,976,304.75
2.Operating profit	1,281,803,778.46	273,560,483.11
Add: Non-operating income	11,549,617.96	22,925,521.70
Less: Non-operating expenses	10,500,438.13	43,916,807.17
3.Total profit	1,282,852,958.29	252,569,197.64
Less: Income tax expense	-103,215,762.03	-85,786,079.95
4.Net profit	1,386,068,720.32	338,355,277.59
Net profit from continuing operations	1,386,068,720.32	338,355,277.59
Net profit from discontinued operations		
5.Other comprehensive income, net of tax		
6.Total comprehensive income	1,386,068,720.32	338,355,277.59
7.Earnings per share		
Basic earnings per share	0.25	0.07
Diluted earnings per share	Not applicable	Not applicable

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	63,916,698,589.71	39,547,166,284.75
Refunds of taxes	479,978,596.74	212,875,606.35
Cash received relating to other operating activities	1,798,083,078.94	1,460,594,720.28
Subtotal of cash inflows	66,194,760,265.39	41,220,636,611.38
Cash paid for goods and services	37,506,989,506.50	26,823,061,336.77
Cash paid to and on behalf of employees	3,273,064,979.18	2,602,751,432.93
Cash paid for all types of taxes	4,360,350,113.07	1,774,453,965.05
Cash paid relating to other operating activities	3,355,528,796.27	3,107,783,183.03
Subtotal of cash outflows	48,495,933,395.02	34,308,049,917.78
Net cash flows from operating activities	17,698,826,870.37	6,912,586,693.60

2.Cashflows from investing activities:		
Cash received from investment income	10,806,875.00	52,200,268.08
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	47,111,653.89	50,925,772.51
Cash received relating to other investing activities	300,000,000.00	2,401,804.55
Subtotal of cash inflows	357,918,528.89	105,527,845.14
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,022,801,871.76	1,240,508,778.71
Cash paid for acquisition of investments	1,000,000.00	13,494,996.00
Cash paid relating to other investing activities		104,231,229.20
Subtotal of cash outflows	1,023,801,871.76	1,358,235,003.91
Net cash flows from investing activities	-665,883,342.87	-1,252,707,158.77
3.Cash flows from financing activities:		
Absorb cash received from investment	507,461,364.00	-
Cash received from borrowing	20,000,000.00	1,661,945,472.30
Cash received relating to other financing activities	312,220,372.75	330,073,299.87
Subtotal of cash inflows	839,681,736.75	1,992,018,772.17
Cash repayments of borrowings	146,000,000.00	26,000,000.00
Cash paid for distribution of dividends or profits and interest expenses	1,690,977,626.11	14,711,837.52
Cash paid relating to other financing activities	418,592,802.69	141,928,386.47
Subtotal of cash outflows	2,255,570,428.80	182,640,223.99
Net cash flows from financing activities	-1,415,888,692.05	1,809,378,548.18
4.Effect of changes in exchange rate on cash	-3,619,293.07	-8,613,576.66
5.Net increase in cash and cash equivalents	15,613,435,542.38	7,460,644,506.35
Add: Opening balance of cash and cash equivalents	30,655,968,057.63	9,360,474,674.89
6.Closing balance of cash and cash equivalents	46,269,403,600.01	16,821,119,181.24

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	55,145,607,987.10	35,373,943,984.62
Cash received relating to other operating activities	1,092,865,948.69	307,884,774.24
Subtotal of cash inflows	56,238,473,935.79	35,681,828,758.86
Cash paid for goods and services	31,953,727,307.50	24,853,008,533.51
Cash paid to and on behalf of employees	2,404,181,310.34	1,869,061,222.17
Cash paid for all types of taxes	3,332,896,561.58	745,408,673.77
Cash paid relating to other operating activities	2,779,051,429.05	1,991,778,401.18
Subtotal of cash outflows	40,469,856,608.47	29,459,256,830.63
Net cash flows from operating activities	15,768,617,327.32	6,222,571,928.23
2.Cashflows from investing activities:		
Cash received from return on investments	12,015,208.33	56,622,717.45
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	7,594,323.89	93,034.76
Other cash received relating to investing activities	500,000,000.00	
Subtotal of cash inflows	519,609,532.22	56,715,752.21
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	883,493,763.31	992,736,013.34
Cash paid for acquisition of investments	1,000,000.00	186,108,581.00
Subtotal of cash outflows	884,493,763.31	1,178,844,594.34
Net cash flows from investing activities	-364,884,231.09	-1,122,128,842.13
3.Cash flows from financing activities:		
Absorb cash received from investment	507,461,364.00	-
Cash received from borrowings		1,500,000,000.00
Subtotal of cash inflows	507,461,364.00	1,500,000,000.00
Cash paid for debt repayment	100,000,000.00	
Cash paid for distribution of dividends or profits and interest expenses	1,689,755,862.22	3,676,533.11
Cash paid relating to other financing activities	31,241,289.74	
Subtotal of cash outflows	1,820,997,151.96	3,676,533.11
Net cash flows from financing activities	-1,313,535,787.96	1,496,323,466.89

4.Effect of changes in exchange rate on cash		
5.Net increase in cash and cash equivalents	14,090,197,308.27	6,596,766,552.99
Add: Opening balance of cash and cash equivalents	25,190,870,784.06	6,563,020,335.56
6.Closing balance of cash and cash equivalents	39,281,068,092.33	13,159,786,888.55

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	5,363,396,174.00	10,930,781,918.64		40,847,443.41	2,681,698,087.00		34,315,048,892.26	78,420,720.78	70,114,229.66	53,480,307,465.75
II. At beginning of year	5,363,396,174.00	10,930,781,918.64		40,847,443.41	2,681,698,087.00		34,315,048,892.26	78,420,720.78	70,114,229.66	53,480,307,465.75
III. Changes during the year	76,195,400.00	538,440,967.78		36,025,649.05			63,001,848.06	21,820,284.63	75,736,080.35	811,220,229.87
1. Total comprehensive income							1,729,245,208.60	21,820,284.63	75,736,080.35	1,826,801,573.58
2. Capital contributed by owners and capital decreases	76,195,400.00	538,440,967.78								614,636,367.78
The amount of share-based payment included in owner's equity	76,195,400.00	538,440,967.78								614,636,367.78
3. Distribution of profit							-1,666,243,360.54			-1,666,243,360.54
Distribution to owners							-1,666,243,360.54			-1,666,243,360.54
4. Special reserves				36,025,649.05						36,025,649.05
(1) Pick-up in current period				61,973,559.99						61,973,559.99
(2) Used in current period				-25,947,910.94						-25,947,910.94
IV. At end of current period	5,439,591,574.00	11,469,222,886.42		76,873,092.46	2,681,698,087.00		34,378,050,740.32	100,241,005.41	145,850,310.01	54,291,527,695.62

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	5,366,097,594.66		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										
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

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	5,363,396,174.00	10,440,896,902.52		7,505,438.57	2,681,698,087.00	35,848,636,357.95	159,954,052.00	54,502,087,012.04
II. At beginning of year	5,363,396,174.00	10,440,896,902.52		7,505,438.57	2,681,698,087.00	35,848,636,357.95	159,954,052.00	54,502,087,012.04
III. Changes during the year	76,195,400.00	538,440,967.78		8,974,402.20		-280,174,640.22		343,436,129.76
1. Total comprehensive income						1,386,068,720.32		1,386,068,720.32
2. Capital contributed by owners and capital decreases	76,195,400.00	538,440,967.78						614,636,367.78
The amount of share-based payment included in owner's equity	76,195,400.00	538,440,967.78						614,636,367.78
3. Distribution of profit						-1,666,243,360.54		-1,666,243,360.54
Distribution to owners						-1,666,243,360.54		-1,666,243,360.54
4. Special reserves				8,974,402.20				8,974,402.20
(1) Pick-up in current period				26,035,435.80				26,035,435.80
(2) Used in current period				-17,061,033.60				-17,061,033.60
IV. At end of current period	5,439,591,574.00	10,979,337,870.30		16,479,840.77	2,681,698,087.00	35,568,461,717.73	159,954,052.00	54,845,523,141.80

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	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								
3. Distribution of profit								
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

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, 2021, 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 1,175,623,127 shares with an equity ratio of 21.61%. 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 1,139,295,521 ordinary shares of the company, with a 20.90% shareholding ratio. China Changan and China South Group holds ordinary shares 2,314,918,648 in total with a shareholding ratio of 42.56%.

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 PREPERATION

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

The financial statements are presented on a going concern basis.

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

V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance with Accounting Standards for Business Enterprises

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

2. Accounting year

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

3. Functional currency

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

4. Business combination

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

Business combination involving entities under common control

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

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

Business combination involving entities not under common control

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

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

Goodwill is initially recognized and measured at cost, being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the Group's previously held equity interest in the

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

5. Consolidated financial statements

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

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

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

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

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

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

6. Joint venture arrangement classification and joint operation

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

Any joint venture shall recognize the following items related to its share of benefits in the joint operation and conduct accounting

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

7. Cash and cash equivalents

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

8. Foreign currency translation

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

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

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

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

9. Financial instruments

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

Recognition and derecognition

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

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

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

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

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

Classification and measurement of financial assets

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

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

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

Offsetting of financial instruments

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

Transfer of financial assets

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

financial asset.

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

10. Inventories

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

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

The Group applies a perpetual counting method of inventory.

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

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

11. Contract assets and contract liabilities

The group lists contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payments. The group presents the contract assets and contract liabilities under the same contract in net amount after offsetting each other.

Contract assets

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

The group's determination method and accounting treatment method of expected credit loss of contract assets are detailed in note V and 9.

Contractual liabilities

Contractual liabilities refer to the obligation to transfer goods or services to customers for the consideration received or receivable from customers, such as the amount received by the enterprise before transferring the promised goods or services.

12. Long-term equity investments

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

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

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

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

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

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

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

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 been transferred to the current income statement on settlement of the equity investment on the disposal proportion.

13. Investment property

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

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

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

14. Fixed assets

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

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

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

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

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

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

15. Construction in progress

The cost of construction in progress is determined according to the actual expenditure for the construction, including all necessary

construction expenditure incurred during the construction period, borrowing costs that should be capitalized before the construction reaches the condition for intended use and other relevant expenses.

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

16. Borrowing costs

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

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

The capitalization of borrowing costs 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.

17. Right of use assets

Recognition conditions of right to use assets

On the beginning date of the lease term, the Group recognizes the right to use assets for leases other than short-term leases and low

value asset leases.

The right of use assets are initially measured at cost. This cost includes:

- 1) Initial measurement amount of lease liabilities;
- 2) For the lease payment paid on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted;
- 3) Initial direct costs incurred;
- 4) The estimated costs incurred for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms.

Depreciation method of right of use assets

The group adopts the straight-line method for depreciation. If the group, as the lessee, can reasonably determine the ownership of the leased asset at the expiration of the lease term, depreciation shall be accrued within the remaining service life of the leased asset. If it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, depreciation shall be accrued within the shorter of the lease term and the remaining service life of the leased asset.

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

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

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

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

19. Research and development expenditures

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

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

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

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

20. Impairment of assets

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

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

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to

estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash flows generated by the asset group are independent of the cash flows from other assets or asset groups.

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

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

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

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. Revenue from contracts with customers

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

Contracts for the sale of goods

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

Provide service contract

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

Variable consideration

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

Warranty obligations

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

Principal/agent

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

25. Share based payment

Share based payment is divided into equity settled share based payment and cash settled share based payment. Equity settled share based payment refers to the transaction settled by the group with shares or other equity instruments as consideration for obtaining services.

Where equity settled share based payment is exchanged for services provided by employees, it shall be measured at the fair value of equity instruments granted to employees. If the right is exercisable immediately after the grant, it shall be included in the relevant costs or expenses according to the fair value on the date of grant, and the capital reserve shall be increased accordingly; If the right can only be exercised after completing the services in the waiting period or meeting the specified performance conditions, on each balance sheet date in the waiting period, based on the best estimate of the number of exercisable equity instruments, the services obtained in the current period shall be included in the relevant costs or expenses according to the fair value on the grant date, and the capital reserve shall be increased accordingly.

For the share based payment that fails to exercise due to non market conditions and / or service term conditions, no costs or expenses are recognized. If the market conditions or non exercisable conditions are specified in the share based payment agreement, no matter whether the market conditions or non exercisable conditions are met or not, as long as all other performance conditions and / or service term conditions are met, it is deemed to be exercisable.

If the terms of equity settled share based payment are modified, the services obtained shall be recognized at least according to the unmodified terms. In addition, the increase in the fair value of the granted equity instruments or the change beneficial to the employees on the modification date shall be recognized as the increase in the services obtained.

If the equity settled share based payment is cancelled, it shall be treated as accelerated exercise on the cancellation date, and the unrecognized amount shall be recognized immediately. If an employee or other party can choose to meet the non exercisable conditions but fails to meet them within the waiting period, it shall be treated as canceling the equity settled share based payment. However, if a new equity instrument is granted and it is determined that the granted new equity instrument is used to replace the cancelled equity instrument on the grant date of the new equity instrument, the granted alternative equity instrument shall be treated in the same way as the modification of the terms and conditions of the original equity instrument.

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. Lease liabilities

At the beginning of the lease term, the Group recognizes the present value of the unpaid lease payments as lease liabilities, except for short-term leases and low value asset leases. When calculating the present value of lease payments, the group adopts the interest rate embedded in the lease as the discount rate; If the interest rate embedded in the lease cannot be determined, the lessee's incremental loan interest rate shall be used as the discount rate. The group calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate and records it into the current profit and loss, unless otherwise specified, it is included into the cost of relevant assets. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profits and losses when they actually occur, unless otherwise specified to be included in the cost of relevant assets.

After the beginning date of the lease term, when the actual fixed payment amount changes, the expected payable amount of the guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, the evaluation results or actual exercise of the purchase option, renewal option or termination option change, The group remeasures the lease liabilities according to the present value of the changed lease payments.

29. Lease

Identification of leases

On the contract commencement date, the group evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or includes a lease. In order to determine whether the contract transfers the right to control the use of the identified assets within a certain period, the group evaluates whether the customers in the contract have the right to obtain almost all the economic benefits arising from the use of the identified assets during the use period, and have the right to dominate the use of the identified assets during the use period.

Identification of individual leases

If the contract contains multiple separate leases at the same time, the group will split the contract and conduct accounting treatment for each separate lease. If the following conditions are met at the same time, the right to use the identified assets constitutes a separate lease in the contract:

- (1) The lessee can profit from the use of the asset alone or in combination with other easily available resources;
- (2) The asset is not highly dependent or highly related to other assets in the contract.

Spin off of leased and non leased parts

If the contract includes both lease and non lease parts, the group, as the lessor and lessee, will split the lease and non lease parts for accounting treatment;

Evaluation of lease term

The lease term is the irrevocable period during which the group has the right to use the leased assets. The group has the option to renew the lease, that is, it has the option to renew the asset. If it is reasonably determined that the option will be exercised, the lease term also includes the period covered by the option to renew the lease. The group has the option to terminate the lease, that is, it has the option to terminate the lease of the asset, but it is reasonably determined that it will not exercise the option, and the lease term includes the period covered by the option to terminate the lease. If a major event or change occurs within the control of the group and affects whether the group reasonably determines that it will exercise the corresponding option, the group reassesses whether it reasonably determines that it will exercise the renewal option, the purchase option or not to exercise the termination option.

As lessee

For the general accounting treatment of the group as lessee, see notes V and 17 and notes V and 28.

Lease change

Lease change refers to the change of lease scope, lease consideration and lease term beyond the terms of the original contract, including increasing or terminating the use right of one or more leased assets, extending or shortening the lease term specified in the contract, etc.

If the lease changes and the following conditions are met at the same time, the group will treat the lease change as a separate lease for accounting treatment:

- (1) The lease change expands the lease scope by increasing the use right of one or more leased assets;
- (2) The increased consideration is equivalent to the amount of the separate price for most of the expansion of the lease scope adjusted according to the conditions of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the group redefines the lease term and discounts the changed lease payment at the revised discount rate to re measure the lease liability. When calculating the present value of the lease payment after the change, the group adopts the lease embedded interest rate during the remaining lease period as the discount rate; If the implicit interest rate of the lease for the remaining lease period cannot be determined, the group's incremental loan interest rate on the effective date of the lease change shall be used as the discount rate.

With regard to the impact of the above lease liability adjustment, the group makes accounting treatment according to the following circumstances:

- (1) If the lease scope is reduced or the lease term is shortened due to the lease change, the group reduces the book value of the right of use assets to reflect the partial or complete termination of the lease, and the relevant gains or losses of the partial or complete termination of the lease are included in the current profit and loss;
- (2) For other lease changes, the group adjusts the book value of the right to use assets accordingly.

Short term leases and low value asset leases

The Group recognizes the lease with a lease term of no more than 12 months and excluding the purchase option as a short-term lease on the beginning date of the lease term; Leases with insignificant value when a single leased asset is a new asset are recognized as low value asset leases. Where the group sublets or expects to sublet leased assets, the original lease is not recognized as a low value asset lease. The group does not recognize the right to use assets and lease liabilities for short-term leases and low value asset leases. In each period of the lease term, it shall be included in the relevant asset cost or current profit and loss according to the straight-line method.

As lessor

Leases that have substantially transferred almost all the risks and rewards related to the ownership of the leased assets on the lease commencement date are finance leases, except for operating leases.

As an operating lessor

The rental income from operating leases is recognized as the current profit and loss by the straight-line method in each period of the lease term, and the variable lease payments not included in the lease receipts are included in the current profit and loss when they actually occur.

30. Profit distribution

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

31. 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.

32. 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.

The Group measures equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or in the most advantageous market for the asset or liability when a principal market is

absent. The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other supporting information are available to measure fair value, giving priority to the use of relevant observable inputs, and using unobservable inputs only when observable inputs are unavailable or not feasible to obtain.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

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

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

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

33. 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:

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 anagement 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.

34. Changes in accounting policies and accounting estimates

(1) Changes in significant accounting policies

applicable not applicable

The new lease criteria will be implemented for the first time since 2021

On December 7, 2018, the Ministry of Finance revised and issued accounting standards for Business Enterprises No. 21 - leasing (CK [2018] No. 35). According to the requirements of the Ministry of finance, enterprises listed at home and abroad and enterprises listed abroad and preparing financial statements using international financial reporting standards or accounting standards for business enterprises shall be implemented as of January 1, 2019; Other enterprises that implement the accounting standards for business enterprises shall be implemented as of January 1, 2021. Due to the revision of the above accounting standards for business enterprises, the company needs to adjust the relevant accounting policies originally adopted.

According to the time specified by the Ministry of finance, the company will implement the new leasing standards from January 1, 2021.

The impact of the implementation of the new lease standards on the financial statements of 2021 is as follows:

Consolidated balance sheet

In RMB Yuan

Account	December 31, 2020	January 01, 2021	Adjustment
Current assets:			
Cash	32,001,775,600.07	32,001,775,600.07	
Transactional financial assets	204,254,400.00	204,254,400.00	
Notes receivable	28,371,541,054.75	28,371,541,054.75	
Accounts receivable	2,141,197,139.45	2,141,197,139.45	

Prepayments	460,703,603.80	460,703,603.80	
Other receivables	723,919,037.36	723,919,037.36	
Inventories	5,967,516,230.57	5,967,516,230.57	
Contract assets	1,450,031,414.61	1,450,031,414.61	
Other current assets	1,568,711,870.61	1,568,711,870.61	
Total current assets	72,889,650,351.22	72,889,650,351.22	
Non-current assets:			
Long-term equity investment	12,109,089,795.67	12,109,089,795.67	
Other equity investment	691,990,000.00	691,990,000.00	
Investment properties	6,876,138.16	6,876,138.16	
Fixed assets	24,298,402,558.49	24,298,402,558.49	
Construction in progress	1,048,036,148.70	1,048,036,148.70	
Right of use assets	-	55,231,380.07	55,231,380.07
Intangible assets	4,433,771,236.26	4,433,771,236.26	
Development expenditure	596,577,787.95	596,577,787.95	
Goodwill	48,883,188.37	48,883,188.37	
Long-term deferred expenses	10,642,512.51	10,642,512.51	
Deferred tax assets	2,131,266,677.52	2,131,266,677.52	
Total non-current assets	45,375,536,043.63	45,430,767,423.70	55,231,380.07
Total assets	118,265,186,394.85	118,320,417,774.92	55,231,380.07
Current liabilities:			
Short-term loans	578,000,000.00	578,000,000.00	
Notes payable	17,574,014,553.46	17,574,014,553.46	
Accounts payable	23,118,793,794.42	23,118,793,794.42	
Advances from customers			
Contract liabilities	4,471,158,190.75	4,471,158,190.75	
Payroll payable	2,015,868,366.57	2,015,868,366.57	
Taxes payable	1,292,001,263.86	1,292,001,263.86	
Other payables	4,475,215,625.98	4,475,215,625.98	
Non current liabilities due within one year	100,000,000.00	100,000,000.00	
Other current liabilities	5,842,758,104.08	5,842,758,104.08	
Total current liabilities	59,467,809,899.12	59,467,809,899.12	
Non-current liabilities:			

Long-term loans	955,300,000.00	955,300,000.00	
Lease liabilities	-	55,231,380.07	55,231,380.07
Long-term payable	261,260,928.70	261,260,928.70	
Long term payroll payable	41,634,000.00	41,634,000.00	
Estimated liabilities	3,125,170,942.46	3,125,170,942.46	
Deferred earnings	818,398,430.21	818,398,430.21	
Deferred tax liabilities	115,304,728.61	115,304,728.61	
Total non-current liabilities	5,317,069,029.98	5,372,300,410.05	55,231,380.07
Total liabilities	64,784,878,929.10	64,840,110,309.17	55,231,380.07
Owners' equity:			
Share capital	5,363,396,174.00	5,363,396,174.00	
Capital reserves	10,930,781,918.64	10,930,781,918.64	
Other Comprehensive Income	78,420,720.78	78,420,720.78	
Special reserves	40,847,443.41	40,847,443.41	
Surplus reserves	2,681,698,087.00	2,681,698,087.00	
Retained earnings	34,315,048,892.26	34,315,048,892.26	
Equity attributable to owners	53,410,193,236.09	53,410,193,236.09	
Minority interests	70,114,229.66	70,114,229.66	
Total equity	53,480,307,465.75	53,480,307,465.75	
Total liabilities and owener's equity	118,265,186,394.85	118,320,417,774.92	55,231,380.07

Balance sheet

In RMB Yuan

Account	December 31, 2020	January 01, 2021	Adjustment
Current assets:			
Cash	25,238,014,025.38	25,238,014,025.38	
Transactional financial assets	180,929,400.00	180,929,400.00	
Notes receivable	27,248,111,565.13	27,248,111,565.13	
Accounts receivable	5,464,541,185.63	5,464,541,185.63	
Prepayments	294,088,044.01	294,088,044.01	
Other receivables	1,990,616,778.83	1,990,616,778.83	
Inventories	4,332,579,774.46	4,332,579,774.46	
Contract assets	941,046,613.60	941,046,613.60	
Other current assets	322,467,261.74	322,467,261.74	

Total current assets	66,012,394,648.78	66,012,394,648.78	
Non-current assets:			
Long-term equity investments	15,911,304,527.87	15,911,304,527.87	
Other equity investment	681,630,000.00	681,630,000.00	
Fixed assets	18,282,163,718.91	18,282,163,718.91	
Construction in progress	586,144,839.34	586,144,839.34	
Right of use assets	-	52,544,645.37	52,544,645.37
Intangible assets	3,166,081,547.59	3,166,081,547.59	
Development expenditure	555,569,523.02	555,569,523.02	
Long-term deferred expenses	7,470,626.86	7,470,626.86	
Deferred tax assets	1,803,491,965.40	1,803,491,965.40	
Total non-current assets	40,993,856,748.99	41,046,401,394.36	52,544,645.37
Total assets	107,006,251,397.77	107,058,796,043.14	52,544,645.37
Current liabilities:			
Short-term loans	510,000,000.00	510,000,000.00	
Notes payable	14,600,240,612.86	14,600,240,612.86	
Accounts payable	18,770,044,628.44	18,770,044,628.44	
Advances from customers			
Contract liabilities	3,885,522,883.33	3,885,522,883.33	
Payroll payable	1,604,474,120.45	1,604,474,120.45	
Taxes payable	1,045,768,022.62	1,045,768,022.62	
Other payables	3,166,636,684.63	3,166,636,684.63	
Non current liabilities due within one year	100,000,000.00	100,000,000.00	
Other current liabilities	5,235,294,795.79	5,235,294,795.79	
Total current liabilities	48,917,981,748.12	48,917,981,748.12	
Non-current liabilities:			
Long-term loans	955,300,000.00	955,300,000.00	
Lease liabilities	-	52,544,645.37	52,544,645.37
Long-term payable	187,142,303.66	187,142,303.66	
Long term payroll payable	21,657,000.00	21,657,000.00	
Estimated liabilities	2,196,924,682.57	2,196,924,682.57	
Deferred earnings	150,000,000.00	150,000,000.00	
Deferred tax liabilities	75,158,651.38	75,158,651.38	

Total non-current liabilities	3,586,182,637.61	3,638,727,282.98	52,544,645.37
Total liabilities	52,504,164,385.73	52,556,709,031.10	52,544,645.37
Owners' equity:			
Share capital	5,363,396,174.00	5,363,396,174.00	
Capital reserves	10,440,896,902.52	10,440,896,902.52	
Other comprehensive income	159,954,052.00	159,954,052.00	
Special reserves	7,505,438.57	7,505,438.57	
Surplus reserves	2,681,698,087.00	2,681,698,087.00	
Retained earnings	35,848,636,357.95	35,848,636,357.95	
Total owners' equity	54,502,087,012.04	54,502,087,012.04	
Total liabilities and owners' equity	107,006,251,397.77	107,058,796,043.14	52,544,645.37

The company's government subsidy accounting policy is changed from the total amount method to the net amount method

√ applicable □ not applicable

Contents and reasons for changes in accounting policies	Procedures for examination and approval	Remarks
<p>In May 2017, the Ministry of Finance issued the notice on Issuing and revising the accounting standards for Business Enterprises No. 16 - government subsidies (CK [2017] No. 15), which revised the accounting standards for Business Enterprises No. 16 - government subsidies. According to the provisions of the revised accounting standards for Business Enterprises No. 16 - government subsidies, Government subsidies can be accounted by total amount method and net amount method. Before the change of accounting policy, the company adopts the total amount method for accounting of government subsidies.</p> <p>In order to make the company's accounting more accurately, objectively and fairly reflect the company's financial status and operating results, the company's government subsidy accounting policy is changed from the total amount method to the net amount method from January 1, 2021.</p>	<p>Adopted at the 16th meeting of the 8th board of directors of the company</p>	<p>The reclassification adjustment of the accounting policy change to different accounts will not have an impact on the company's net assets, net profit and cash flow</p>

Other instructions:

For this accounting policy change, the company needs to adopt the retroactive adjustment method for the government subsidies obtained before January 1, 2021, adjust the opening balance of relevant items in the financial statements and present the comparable data disclosed in the previous period according to the impact of the accounting policy change; The reclassification adjustment of the accounting policy change to different subjects will not have an impact on the company's net assets, net profit and cash flow, and will not damage the interests of the company and shareholders.

The main impact of the change in the accounting treatment method of government subsidies on the financial statements is as follows:

Consolidated balance sheet

Unit: Yuan

	Before accounting policy change	Reclassification of changes in accounting policies	After accounting policy change
	December 31, 2020		December 31, 2020
Assets:			
Fixed assets	26,436,757,696.96	-2,138,355,138.47	24,298,402,558.49
Intangible assets	4,946,035,052.46	-512,263,816.20	4,433,771,236.26
Liabilities:			
Deffered revenue	3,469,017,384.88	-2,650,618,954.67	818,398,430.21

Balance sheet

Unit: Yuan

	Before accounting policy change	Reclassification of changes in accounting policies	After accounting policy change
	December 31, 2020		December 31, 2020
Assets:			
Fixed assets	19,757,553,675.99	-1,475,389,957.08	18,282,163,718.91
Intangible assets	3,653,199,216.48	-487,117,668.89	3,166,081,547.59
Liabilities:			
Deffered revenue	2,112,507,625.97	-1,962,507,625.97	150,000,000.00

Consolidated income statement

	Before accounting policy change	Reclassification of changes in accounting policies	After accounting policy change
	1 st Half of 2020		1 st Half of 2020
Operating cost	29,734,615,697.63	-156,541,138.47	29,578,074,559.16
Selling expense	1,270,717,082.07	-1,075.16	1,270,716,006.91
G&A expense	1,164,152,772.91	-18,291,788.60	1,145,860,984.31
R&D expense	1,464,554,423.42	-40,978,953.05	1,423,575,470.37
Financial expense	-98,053,545.38	-165,000.00	-98,218,545.38
Other income	215,977,955.28	-215,977,955.28	-

Income statement

	Before accounting policy change	Reclassification of changes in accounting policies	After accounting policy change
	1 st Half of 2020		1 st Half of 2020
Operating cost	27,911,858,903.03	-46,885,078.35	27,864,973,824.68
Selling expense	961,039,656.72	-1,075.16	961,038,581.56
G&A expense	726,483,524.17	-10,833,656.63	715,649,867.54
Financial expense	-97,970,764.79	-165,000.00	-98,135,764.79
Other income	57,884,810.14	-57,884,810.14	

(2) Changes in significant accounting estimates

The provision proportion of staff education funds shall be changed from 1.5% to 5%

applicable not applicable

Contents and reasons for changes in accounting policies	Procedures for examination and approval	Time point of application	Remarks
<p>According to the notice of the Ministry of Finance and the State Administration of Taxation on the pre Tax Deduction Policy of enterprise employee education funds (CS [2018] No. 51), from January 1, 2018, the part of the enterprise's employee education expenditure that does not exceed 8% of the total wages and salaries is allowed to be deducted when calculating the taxable income of enterprise income tax; The excess part is allowed to be carried forward and deducted in subsequent tax years. The company's staff education fund has been subject to the withdrawal standard of 1.5%. In order to actively respond to the call of the CPC Central Committee to "implement the strategy of strengthening the country with talents", the human resources department of the company has created a learning organization, strengthened the training of human resources of the company, and encouraged employees to continuously improve their ability to perform their duties, the professional training allowance has been added to the employee salary structure. According to the calculation of the amount of annual professional training allowance, it is necessary to withdraw employee education funds according to 5% of the total annual salary, and the withdrawal proportion of employee education funds needs to be changed from 1.5% to 5%.</p>	<p>Adopted at the 16th meeting of the 8th board of directors of the company</p>	<p>Implemented from January 1, 2021</p>	<p>The proportion of employee education funds was changed from 1.5% to 5%, and the annual increase of employee education funds was about 96 million yuan.</p>

VI. TAXES

1. Main taxes and tax rates

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

2. Tax benefits

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

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

VII. Notes to the consolidated financial statements

1. Cash

In RMB Yuan

Item	Ending	Beginning
Cash	1,527.85	52,569.13

Cash at bank	46,269,402,072.16	30,655,915,488.50
Other cash	1,451,938,642.90	1,345,807,542.44
Total	47,721,342,242.91	32,001,775,600.07

As at 30 June 2021, the book value of restricted cash and cash equivalents is RMB 1,451,938,642.9, which was mainly restricted for the issuance of acceptance bill.

As at 30 June 2021, the cash at bank oversea is equivalent to RMB 235,680,963.02.

2. Transactional financial assets

Item	Ending	Beginning
Equity instrument investment	163,778,100.00	180,929,400.00
Derivative financial assets	31,571,498.73	23,325,000.00
Total	195,349,598.73	204,254,400.00

As of June 30, 2021, the trading financial assets measured at fair value are 33.63 million ordinary shares of Southwest Securities Co., Ltd. held by the group (December 31, 2020: 33.63 million shares), which are derivative The financial assets are USD forward contracts signed by the Group.

3. Notes receivable

(1) Classification of notes receivable

In RMB Yuan

Type	Ending	Beginning
Commercial acceptance bill	10,306,950,933.39	11,456,829,106.12
Bank acceptance bill	18,471,301,363.80	16,914,711,948.63
Total	28,778,252,297.19	28,371,541,054.75

(2) The notes receivable pledged as follows:

Type	Ending	Beginning
Commercial acceptance bill	1,483,417,460.00	1,707,332,200.00
Bank acceptance bill	7,349,990,936.62	5,613,218,260.00
Total	8,833,408,396.62	7,320,550,460.00

The bank acceptance bill of the above amount has been pledged for the notereceivable on 30 June 2021 and 31 December 2020.

(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			270,434,540.00	
Bank acceptance bill	949,918,527.77		4,823,033,140.36	

Total	949,918,527.77	-	5,093,467,680.36	-
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4. Accounts receivable

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

In RMB Yuan

Aging	Ending	Beginning
Within 1 year	1,394,235,410.26	1,801,562,183.50
1 to 2 years	134,148,970.29	371,018,064.79
2 to 3 years	145,670,057.07	60,086,826.22
Over 3 years	146,505,259.25	98,021,103.16
Total	1,820,559,696.87	2,330,688,177.67
Less: Provision	-192,540,723.06	-189,491,038.22
Total	1,628,018,973.81	2,141,197,139.45

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

	Beginning balance	Addition		Deduction		Ending balance
		Provision	Other	Reversal	Write-off	
2021	189,491,038.22	3,800,652.77	-	328,968.23	421,999.70	192,540,723.06
2020	84,152,474.01	105,402,877.08		28,657.87	35,655.00	189,491,038.22

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

Item	Ending			
	Balance		Provision	
	Amount	(%)	Amount	(%)
Individually analyzed for provision	979,976,822.07	53.83	129,173,108.92	13.18
Accounts receivable analyzed as groups for provision	840,582,874.80	46.17	63,367,614.14	7.54
Total	1,820,559,696.87	100.00	192,540,723.06	10.58

Item	Beginning			
	Balance		Provision	
	Amount	(%)	Amount	(%)

Individually analyzed for provision	1,739,103,610.26	74.62	129,549,853.46	7.45
Accounts receivable analyzed as groups for provision	591,584,567.41	25.38	59,941,184.76	10.13
Total	2,330,688,177.67	100.00	189,491,038.22	8.13

(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	591,845,162.46	0.11	679,611.16	380,624,542.70	0.43	1,629,902.59
1 to 2 years	118,272,067.87	7.93	9,383,375.27	114,659,032.16	12.32	14,121,441.41
2 to 3 years	78,770,757.00	28.64	22,561,115.16	52,003,007.12	40.07	20,836,462.37
Over 3 years	51,694,887.47	59.47	30,743,512.55	44,297,985.43	52.72	23,353,378.39
Total	840,582,874.80	7.54	63,367,614.14	591,584,567.41	10.13	59,941,184.76

(5)As at June 30, 2021, accounts receivable from Top 5 clients amounted to RMB 1,021,176,665.33, accounted for 56.09% of the total accounts receivable (December 31, 2020: RMB 1,427,737,884.48, accounted for 61.26% of the total amount).

(6) As of June 30, 2021, the Group has no accounts receivable that are derecognized as the transfer of financial assets (December 31, 2020: Nil).

5. Prepayments

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

In RMB Yuan

Aging	Ending		Beginning	
	Amount	%	Amount	%
Within 1 year	366,494,907.99	94.71	399,060,385.64	86.61
1 to 2 years	16,331,905.80	4.22	25,223,574.66	5.48
2 to 3 years	4,154,134.53	1.07	36,342,451.32	7.89
Over 3 years		-	77,192.18	0.02
Total	386,980,948.32	100.00	460,703,603.80	100.00

(2)As at 30 June 2021, the total amount of the top five prepayments was RMB 241,900,175.75, accounting for 62.51% of the total amount of prepayments (2020: RMB 346,863,258.58, accounting for 75.29%).

6. Other receivables

In RMB Yuan

	Ending	Beginning
Dividend receivable	854,896,010.57	
Other receivables	735,764,643.75	723,919,037.36
Total	1,590,660,654.32	723,919,037.36

Dividend receivable

In RMB Yuan

	Beginning	Increase in this period	Decrease in this period	Ending	Reasons for non-recovery	Whether the relevant funds are impaired
Dividends receivable within one year of age		858,326,010.57	3,430,000.00	854,896,010.57	Dividend distribution has not yet arrived	No
Dividends receivable aged over one year						
Total		858,326,010.57	3,430,000.00	854,896,010.57	--	--

Other receivables

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

	Ending	Beginning
Within 1 year	519,087,230.11	331,458,596.48
1 to 2 years	27,392,882.62	129,964,617.73
2 to 3 years	180,111,464.00	194,978,317.34
Over 3 years	21,003,965.64	79,338,758.60
Total	747,595,542.37	735,740,290.15
Provision	-11,830,898.62	-11,821,252.79
Total	735,764,643.75	723,919,037.36

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

Nature	Ending	Beginning
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New energy subsidy	251,906,995.80	517,224,182.80
Reserve	107,800.00	18,868,220.28
New energy points	333,838,264.00	
Other	149,911,583.95	187,826,634.28
Total	735,764,643.75	723,919,037.36

(3) In 2021, 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	269,269.46	42,082.56	11,509,900.77	11,821,252.79
Changes due to the opening balance				
- Transfer to Stage 2				
- Transfer to Stage 3				
- Turn back Stage 2				
- Turn back Stage 1				
Provision	17,904.92	3,500.00	-	21,404.92
Reversal	-6,847.11	-	-	-6,847.11
Write-off	-		-4,911.98	-4,911.98
Ending balance	280,327.27	45,582.56	11,504,988.79	11,830,898.62

(4) 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
Opening balance	291,182.01	111,686,526.12	13,616,375.98	125,594,084.11
Impact of applying the new revenue standard	-	-111,066,213.00	-1,572,800.00	-112,639,013.00
Balance at the beginning of the year adjusted in accordance with the new income standards	291,182.01	620,313.12	12,043,575.98	12,955,071.11
Changes due to the opening balance				
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	-534,931.90	534,931.90	-

- Turn back Stage 2	-	-	-	-
- Turn back Stage 1	-	-	-	-
Provision	-	-	4,323,884.00	4,323,884.00
Reversal	-21,912.55	-43,298.66	-1,889,832.11	-1,955,043.32
Write-off	-	-	-3,502,659.00	-3,502,659.00
Closing balance	269,269.46	42,082.56	11,509,900.77	11,821,252.79

(5) As at June 30, 2021, top five debtors of other receivables are as follows:

Debtors	Amount	Aging	Proportion of total other receivables (%)
First	195,200,000.00	Within 6 months	26.11
Second	124,312,677.99	Over 3 years	16.63
Third	74,416,240.80	2-3 years	9.95
Fourth	64,274,400.00	Within 6 months	8.60
Fifth	48,350,040.00	Within 6 months	6.47
Total	506,553,358.79		67.76

As at 31 December 2020, top five debtors of other receivables are as follows:

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

(6) As of June 30, 2021, the Group has no other receivables derecognized as financial asset transfers. (December 31, 2020: Nil).

7. Inventory

(1) Classification of inventory

In RMB Yuan

Item	Ending			Beginning		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	634,930,742.70	325,895,639.25	309,035,103.45	774,157,630.94	361,595,043.64	412,562,587.30

Work in transit	210,173,876.01	-	210,173,876.01	221,894,049.90	-	221,894,049.90
Work in progress	874,015,158.82	112,982,816.41	761,032,342.41	870,386,230.20	74,926,608.94	795,459,621.26
Commodity stock	2,868,488,344.57	85,280,664.70	2,783,207,679.87	4,703,486,357.31	214,237,621.88	4,489,248,735.43
Revolving materials	-	-	-	18,085,079.75	-	18,085,079.75
Spare parts	26,041,659.57	-	26,041,659.57	30,266,156.93	-	30,266,156.93
Total	4,613,649,781.67	524,159,120.36	4,089,490,661.31	6,618,275,505.03	650,759,274.46	5,967,516,230.57

(2) Provision for inventory

In RMB Yuan

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	361,595,043.64	603,445.32	29,090.72	36,273,758.99	325,895,639.25
Work in progress	74,926,608.94	70,374,567.96	657,556.57	31,660,803.92	112,982,816.41
Commodity stock	214,237,621.88	5,639,246.20	419,862.72	134,176,340.66	85,280,664.70
Total	650,759,274.46	76,617,259.48	1,106,510.01	202,110,903.57	524,159,120.36

8. Contract assets

(1) Classification of Contract assets

In RMB Yuan

Item	Ending			Beginning		
	Balance	Provision for impairment	Net value	Balance	Provision for impairment	Net value
Contract assets	1,591,314,764.43	112,206,156.88	1,479,108,607.55	1,584,180,347.49	134,148,932.88	1,450,031,414.61
Total	1,591,314,764.43	112,206,156.88	1,479,108,607.55	1,584,180,347.49	134,148,932.88	1,450,031,414.61

(2) Current contract assets provision for impairment

In RMB Yuan

	Beginning balance	Provision for this year	Deduction		Ending balance
			Reversal	Write-off	
2021	134,148,932.88		20,192,776.00	1,750,000.00	112,206,156.88

9. Other current assets

In RMB Yuan

Item	Ending	Beginning
Accrual input tax	639,879,161.18	847,632,683.61

Entrusted Loan	-	300,000,000.00
Others	419,376,052.18	421,079,187.00
Total	1,059,255,213.36	1,568,711,870.61

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	8,090,000.00	208,090,000.00		Unlisted equity instruments
China South Industry Group Finance Co., Ltd.	160,099,200.00	317,120,000.00	70,204,197.65	Unlisted equity instruments
Guoqi (Beijing) Intelligent Network Association Automotive Research Institute Co., Ltd.	3,900,000.00	53,900,000.00		Unlisted equity instruments
Guoqi Automobile Power Cell Research Co., Ltd.	13,680,000.00	53,680,000.00		Unlisted equity instruments
China North Industries Group Financial Leasing Co., Ltd.	4,648,000.00	35,200,000.00		Unlisted equity instruments
Zhong Fa Lian Investment Co., Ltd.		21,000,000.00		Unlisted equity instruments
CAERI(Beijing) automobile Lightweight Technology Research Institution Co., Ltd.	-	3,000,000.00	-	Unlisted equity instruments
Total	190,417,200.00	691,990,000.00	70,204,197.65	

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.	1,791,533,495.17		362,952,450.03					2,154,485,945.20	
Changan Mazda Automobile Co., Ltd.	1,995,998,622.28		280,357,717.64		719,500,000.00			1,556,856,339.92	
Changan Mazda Engine Co., Ltd.	832,869,256.44		15,721,810.83					848,591,067.27	
Nanchang Jiangling Holding Co., Ltd.	1,545,807,633.84		78,245,997.25					1,624,053,631.09	
Associates									
Chongqing Changan Kuayue Automobile Co., Ltd.	237,736,134.21		4,994,618.02		3,430,000.00			239,300,752.23	
Chongqing Changan Kuayue Automobile Sales Co., Ltd. (note1)			-					-	
Beijing Fang'an crescent taxi Co., Ltd. (note1)			-					-	
Changan Automobile Financing Co.,Ltd	2,337,849,374.75		129,697,153.59		65,191,812.92			2,402,354,715.42	
Hainan Anxixing Information Technology Co., Ltd.	2,316,052.92		-1,009,343.24					1,306,709.68	
Nanjing Chelai Travel Technology Co., Ltd.	1,192,605.27		-134,310.36					1,058,294.91	
Hunan Guoxin Semiconductor Technology Co., Ltd.	25,373,809.47		-514,689.73					24,859,119.74	

Nanjing Leading Equity Investment Partnership	999,636,607.63		-33,139.50					999,603,468.13	
Nanjing Leading Equity Investment Management Co., Ltd.	1,262,180.39		-64,190.89					1,197,989.50	
Jiangling Holdings Co., Ltd.	201,736,644.25		-48,302,837.53					153,433,806.72	
Chongqing Changan New Energy Automobile Technology Co., Ltd.	1,991,016,135.19		-571,646,859.78					1,419,369,275.41	
Anhe (Chongqing) Equity Investment Fund Management Co., Ltd.	1,518,177.47		-420,086.71					1,098,090.76	
Hangzhou Chelizi Intelligent Technology Co., Ltd.	9,692,964.92		-26,284.37					9,666,680.55	
Beijing Wutong Chelian Technology Co., Ltd. (note1)			-					-	
Pakistan Master Automobile Co., Ltd.	33,550,101.47		1,644,573.96					35,194,675.43	
Zhongqi Chuangzhi Technology Co., Ltd.	100,000,000.00		-753,627.84					99,246,372.16	
Total	12,109,089,795.67		250,708,951.37		788,121,812.92			11,571,676,934.12	--

Note1: As at June 30, 2021, the Group is not responsible for extra loss from Chongqing Changan Kuayue Automobile Sales Co., Ltd., Beijing Fang'an crescent taxi Co., Ltd. and Beijing Wutong Chelian Technology Co., Ltd. Therefore, when excess losses of these three associates occurred, the Group just reduced its correspondent long-term equity investment to zero, and did not recognize contingent liabilities accordingly.

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	3,173,961.84	113,355.78		3,287,317.62
Buildings	3,173,961.84	113,355.78		3,287,317.62
III. Net Value				
Buildings				
IV. Impairment Provision	6,876,138.16	-113,355.78		6,762,782.38
Buildings	6,876,138.16	-113,355.78		6,762,782.38

13. Fixed assets

	Beginning	Ending (Restated)
Fixed assets	23,289,607,252.47	24,298,402,558.49
Fixed assets cleanup	14,150.94	
total	23,289,621,403.41	24,298,402,558.49

Fixed assets

In RMB Yuan

Item	Beginning (Restated)	Addition	Deduction	Ending
I. Original cost	46,580,586,336.46	901,183,927.26	483,839,940.04	46,997,930,323.68
Buildings	11,091,180,455.31	4,481,251.79	260,089,092.93	10,835,572,614.17
Machinery	25,112,728,137.98	601,737,167.12	41,683,465.58	25,672,781,839.52
Vehicles	1,375,868,861.24	289,715,972.94	142,850,963.04	1,522,733,871.14
Other Equipments	9,000,808,881.93	5,249,535.41	39,216,418.49	8,966,841,998.85
II. Accumulated depreciation	20,593,765,688.59	1,515,838,567.70	189,745,792.17	21,919,858,464.12
Buildings	2,504,726,565.55	167,241,162.91	111,108,816.44	2,560,858,912.02
Machinery	12,955,993,422.16	829,455,742.37	1,590,874.24	13,783,858,290.29
Vehicles	651,778,015.76	63,110,890.19	76,347,995.59	638,540,910.36

Other Equipments	4,481,267,685.12	456,030,772.23	698,105.90	4,936,600,351.45
III. Net Value	25,986,820,647.87	-614,654,640.44	294,094,147.87	25,078,071,859.56
Buildings	8,586,453,889.76	-162,759,911.12	148,980,276.49	8,274,713,702.15
Machinery	12,156,734,715.82	-227,718,575.25	40,092,591.34	11,888,923,549.23
Vehicles	724,090,845.48	226,605,082.75	66,502,967.45	884,192,960.78
Other Equipments	4,519,541,196.81	-450,781,236.82	38,518,312.59	4,030,241,647.40
IV. Impairment Provision	1,688,418,089.38	133,683,760.35	33,637,242.64	1,788,464,607.09
Buildings	100,051,106.88		5,388,281.83	94,662,825.05
Machinery	1,233,285,296.24	86,259,889.66	1,326,953.89	1,318,218,232.01
Vehicles	124,040,034.61		26,922,006.92	97,118,027.69
Other Equipments	231,041,651.65	47,423,870.69		278,465,522.34
V. Book Value	24,298,402,558.49	-748,338,400.79	260,456,905.23	23,289,607,252.47
Buildings	8,486,402,782.88	-162,759,911.12	143,591,994.66	8,180,050,877.10
Machinery	10,923,449,419.58	-313,978,464.91	38,765,637.45	10,570,705,317.22
Vehicles	600,050,810.87	226,605,082.75	39,580,960.53	787,074,933.09
Other Equipments	4,288,499,545.16	-498,205,107.51	38,518,312.59	3,751,776,125.06

Fixed assets cleanup

Item	Beginning book value	Ending book value	Reasons for transfer to cleanup
mechanical equipment		14,150.94	Scrapped and not disposed of
total		14,150.94	—— ———

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	36,382,238.86		36,382,238.86	17,743,577.36		17,743,577.36
Car production equipment	91,492,887.79		91,492,887.79	88,814,216.88		88,814,216.88
Engine project	126,742,173.61		126,742,173.61	146,394,397.19		146,394,397.19
Vehicle research institution	45,893,419.11		45,893,419.11	38,021,494.37		38,021,494.37

Vehicle moulds	212,278,534.70	21,532,971.11	190,745,563.59	241,611,437.44	21,532,971.11	220,078,466.33
Hefei Vehicle Project	3,507,161.30		3,507,161.30	336,334.75		336,334.75
Others	309,942,000.52	49,819,988.01	260,122,012.51	586,467,649.83	49,819,988.01	536,647,661.82
Total	826,238,415.89	71,352,959.12	754,885,456.77	1,119,389,107.82	71,352,959.12	1,048,036,148.70

(2) Movement of major construction in progress projects

In RMB Yuan

Item	Beginning	Addition	Transferred to fixed assets	Deduction	Ending
Vehicle production equipment	17,743,577.36	83,690,096.66	65,051,435.16		36,382,238.86
Car production equipment	88,814,216.88	3,937,246.56	1,258,575.65		91,492,887.79
Engine project	146,394,397.19	146,594,617.30	166,246,840.88		126,742,173.61
Vehicle research institution	38,021,494.37	54,977,877.12	47,105,952.38		45,893,419.11
Vehicle moulds	220,078,466.33	30,012,254.41	59,345,157.15		190,745,563.59
Hefei Vehicle Project	336,334.75	3,170,826.55			3,507,161.30
Others	536,647,661.82	281,873,689.58	558,399,338.89		260,122,012.51
Total	1,048,036,148.70	604,256,608.18	897,407,300.11		754,885,456.77

(3) Provision for impairment of construction in progress

On June 30, 2021, the balance of impairment provision for construction in progress was RMB 71,352,959.12. There was no accrued or resold amount in the current year. (As of December 31, 2020, the amount of impairment provision for construction in progress was RMB 71,352,959.12).

15. Right-of-use asset

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
I. Original cost	55,231,380.07	25,976,026.62	-	81,207,406.69
Buildings	55,231,380.07	25,976,026.62	-	81,207,406.69
Machinery	-	-	-	-
Vehicles	-	-	-	-
Other Equipments	-	-	-	-
II. Accumulated depreciation	-	12,224,609.69	-	12,224,609.69
Buildings	-	12,224,609.69	-	12,224,609.69
Machinery	-	-	-	-
Vehicles	-	-	-	-

Other Equipments	-	-	-	-
III. Impairment Provision	-	-	-	-
Buildings	-	-	-	-
Machinery	-	-	-	-
Vehicles	-	-	-	-
Other Equipments	-	-	-	-
IV. Book Value	55,231,380.07	13,751,416.93	-	68,982,797.00
Buildings	55,231,380.07	13,751,416.93	-	68,982,797.00
Machinery	-	-	-	-
Vehicles	-	-	-	-
Other Equipments	-	-	-	-

16. Intangible assets

Details of intangible assets

In RMB Yuan

Item	Beginning(Restated)	Addition	Deduction	Ending
I. Original cost	10,917,473,478.80	339,529,907.86	128,420,006.92	11,128,583,379.74
Land use rights	2,296,172,277.67	9,222.24	128,415,191.11	2,167,766,308.80
Software use rights	587,986,774.18	11,233,173.00	480.66	599,219,466.52
Trademark use rights	211,770,000.00	-	-	211,770,000.00
Non-patent technology	7,821,544,426.95	328,287,512.62	4,335.15	8,149,827,604.42
II. Accumulated amortization	6,076,168,982.33	545,011,292.13	47,902,992.09	6,573,277,282.37
Land use rights	399,281,544.39	22,762,390.62	47,902,992.09	374,140,942.92
Software use rights	564,106,714.47	10,745,497.13	-	574,852,211.60
Trademark use rights	205,936,666.62	5,833,333.38	-	211,770,000.00
Non-patent technology	4,906,844,056.85	505,670,071.00	-	5,412,514,127.85
III. Net value	4,841,304,496.47	-205,481,384.27	80,517,014.83	4,555,306,097.37
Land use rights	1,896,890,733.28	-22,753,168.38	80,512,199.02	1,793,625,365.88
Software use rights	23,880,059.71	487,675.87	480.66	24,367,254.92
Trademark use rights	5,833,333.38	-5,833,333.38	-	-

Non-patent technology	2,914,700,370.10	-177,382,558.38	4,335.15	2,737,313,476.57
IV. Impairment provision	407,533,260.21	6,685,373.29	-	414,218,633.50
Land use rights	-	-	-	-
Software use rights	23,617,923.17	-	-	23,617,923.17
Trademark use rights	-	-	-	-
Non-patent technology	383,915,337.04	6,685,373.29	-	390,600,710.33
V. Book value	4,433,771,236.26	-212,166,757.56	80,517,014.83	4,141,087,463.87
Land use rights	1,896,890,733.28	-22,753,168.38	80,512,199.02	1,793,625,365.88
Software use rights	262,136.54	487,675.87	480.66	749,331.75
Trademark use rights	5,833,333.38	-5,833,333.38	-	-
Non-patent technology	2,530,785,033.06	-184,067,931.67	4,335.15	2,346,712,766.24

As at 30 June 2021, the intangible assets from internal research and development account for 56.67% of total intangible assets (On December 31, 2020: 49.25%).

17. Development expenditure

In RMB Yuan

Item	Beginning	Addition	Deduction		Ending
			Included in current profit and loss	Recognized as intangible assets	
Automobile Development	596,577,787.95	464,549,611.05	57,123,680.65	318,657,018.15	685,346,700.20
Total	596,577,787.95	464,549,611.05	57,123,680.65	318,657,018.15	685,346,700.20

18. Goodwill

In RMB Yuan

Investee	Beginning	Addition	Deduction	Ending	Impairment provision
Hebei Changan Automobile Co., Ltd	9,804,394.00			9,804,394.00	
Nanjing Changan Automobile Co., Ltd					73,465,335.00
Avita Technology (Chongqing) Co., Ltd. (Note)	39,078,794.37			39,078,794.37	
Total	48,883,188.37			48,883,188.37	73,465,335.00

Note: In May 2021, Changan Weilai New Energy Automobile Technology Co., Ltd. was renamed Avita Technology (Chongqing) Co., Ltd.

19. Long-term deferred expenses

In RMB Yuan

Item	Beginning	Addition	Amortization	Ending
Long-term deferred expenses	10,642,512.51	4,332,235.91	2,670,879.81	12,303,868.61
Total	10,642,512.51	4,332,235.91	2,670,879.81	12,303,868.61

20. 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	347,918,271.33	340,410,466.42
Accrued expenses and contingent liabilities	1,253,365,334.20	1,116,879,367.85
Unpaid tech development expense and advertisement expense	145,832,004.03	127,040,348.39
Deferred income	445,156,840.73	426,639,099.35
Unpaid salary and bonus and others	65,328,917.85	120,297,395.51
Subtotal	2,257,601,368.14	2,131,266,677.52
Deferred tax liabilities:		
Changes in fair value of financial assets	56,138,136.57	57,473,856.77
Fair value adjustment of business combination not under the same control	35,049,656.72	36,579,827.23
Others	21,251,044.62	21,251,044.61
Subtotal	112,438,837.91	115,304,728.61

21. Short-term loans

In RMB Yuan

Item	Ending	Beginning
Pledge loans	42,000,000.00	48,000,000.00
Credit loans	510,000,000.00	530,000,000.00
Total	552,000,000.00	578,000,000.00

22. Notes payable

In RMB Yuan

Item	Ending	Beginning
Commercial acceptance bill	1,519,474,680.26	4,562,217,151.91
Bank acceptance bill	25,666,782,828.70	13,011,797,401.55
Total	27,186,257,508.96	17,574,014,553.46

23. Accounts payable

In RMB Yuan

Item	Ending	Beginning
Accounts payable	24,517,099,039.98	23,118,793,794.42
total	24,517,099,039.98	23,118,793,794.42

24. Contract liabilities

In RMB Yuan

Item	Ending	Beginning
Advance payment	4,010,308,455.47	3,779,593,859.42
Pre-collected service fee	657,025,108.46	691,564,331.33
total	4,667,333,563.93	4,471,158,190.75

25. Payroll payable

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Short term salary benefits	1,920,693,265.47	3,001,383,119.45	2,923,032,138.81	1,999,044,246.11
Defined contribution plans	91,080,101.10	271,504,207.89	233,686,767.21	128,897,541.78
Early retirement benefits and others	4,095,000.00	4,074,520.29	4,098,191.65	4,071,328.64
Total	2,015,868,366.57	3,276,961,847.63	3,160,817,097.67	2,132,013,116.53

Short term salary benefits as follows:

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Salary, bonus, allowance and subsidy	1,575,687,212.16	2,398,327,611.58	2,269,105,356.23	1,704,909,467.51
Employee benefit	50,451,868.33	98,391,685.48	142,873,400.27	5,970,153.54
Social insurance	30,045,657.36	204,372,539.67	180,290,176.01	54,128,021.02
Housing accumulation fund	74,632,036.37	179,622,026.91	207,608,244.34	46,645,818.94
Labor fund and employee education fund	189,876,491.25	120,669,255.81	123,154,961.96	187,390,785.10

Total	1,920,693,265.47	3,001,383,119.45	2,923,032,138.81	1,999,044,246.11
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Defined contribution plans as follows:

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Basic retirement security	82,228,882.36	263,829,857.58	227,513,471.99	118,545,267.95
Unemployment insurance	8,851,218.74	7,674,350.31	6,173,295.22	10,352,273.83
Total	91,080,101.10	271,504,207.89	233,686,767.21	128,897,541.78

26. Taxes payable

In RMB Yuan

Item	Ending	Beginning
Value-added tax	167,086,045.25	441,502,809.12
Consumption tax	294,962,007.83	730,908,794.38
Corporate income tax	83,016,728.51	60,154,873.22
City maintenance and construction tax, education additional expenses	47,516,876.35	35,664,425.85
Others	15,393,796.85	23,770,361.29
Total	607,975,454.79	1,292,001,263.86

27. Other payables

Item	Ending	Beginning
Dividend payable	1,020,630.53	-
Other payables	3,642,242,930.75	4,475,215,625.98
合计	3,643,263,561.28	4,475,215,625.98

Dividend payable

In RMB Yuan

Item	Ending	Beginning
Interest on long-term borrowings with interest payments due	765,630.50	-
Interest payable on short-term loans	255,000.03	-
Total	1,020,630.53	-

Other payables

In RMB Yuan

Item	Ending	Beginning
Deposits of dealer and supplier	228,521,330.55	190,379,159.39

Maintenance fees	169,945,555.78	213,623,566.01
Advertising fees	369,622,352.21	642,353,999.96
Warehousing and transport fees	465,422,386.27	120,627,263.12
Receipt of land and plant disposal fees in advance	-	1,000,000,000.00
Purchase and construction of fixed assets, intangible assets and project deposits	1,545,914,933.06	1,627,340,431.42
Others	862,816,372.88	680,891,206.08
Total	3,642,242,930.75	4,475,215,625.98

28. Estimated liabilities

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
product quality assurance	2,555,699,406.23	847,110,447.51	358,249,314.82	3,044,560,538.92
Supplier compensation	569,471,536.23		71,694,246.18	497,777,290.05
Total	3,125,170,942.46	847,110,447.51	429,943,561.00	3,542,337,828.97

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	11,813,851.75	25,513,787.11
Accrued transportation fee	603,870,538.29	646,608,569.79
Accrued maintenance fee	42,280,512.39	56,717,786.02
Accrued technology transfer and development fee	344,806,939.80	78,382,904.18
Accrued commercial discount payable	3,302,801,566.29	3,661,553,908.15
Accrued market development expense	845,726,993.02	475,834,141.44
Accrued rental fee	79,887,270.52	82,867,604.56
Accrued fuel consumption negative points fee	1,311,033,458.49	674,762,264.15
Others	146,086,376.58	140,517,138.68
Total	6,688,307,507.13	5,842,758,104.08

30. Long term loan

In RMB Yuan

Item	Ending	Beginning
Credit loan	955,300,000.00	1,055,300,000.00
Including: long-term loans due within one year	301,000,000.00	100,000,000.00
Net Long term loan	654,300,000.00	955,300,000.00

31. Lease liability

In RMB Yuan

Item	Ending	Beginning
Lease liability	54,335,728.17	55,231,380.07
Including: lease liabilities due within one year	27,905,578.01	
Net Lease liability	26,430,150.16	55,231,380.07

32. Long-term payables

Item	Ending	Beginning
Special payables	207,811,375.66	261,260,928.70
Total	207,811,375.66	261,260,928.70

Special payables

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Nanjing Chang'an Demolition Compensation Fund	55,350,709.40			55,350,709.40
Intelligent manufacturing project	131,865,237.97	9,701,500.00	26,795,751.25	114,770,986.72
Lightweight design of automobile structure	6,914,468.49	1,310,000.00	7,815,489.10	408,979.39
Others	67,130,512.84	1,885,857.00	31,735,669.69	37,280,700.15
Total	261,260,928.70	12,897,357.00	66,346,910.04	207,811,375.66

33. Deferred income

30 June, 2021

In RMB Yuan

Item	Beginning (Restated)	Addition	Deduction	Ending
Government grants related to assets	154,000,000.00	147,672,725.87	143,531,402.87	158,141,323.00

Government grants related to income	664,398,430.21	599,765,955.14	161,384,901.78	1,102,779,483.57
Total	818,398,430.21	747,438,681.01	304,916,304.65	1,260,920,806.57

As at 30 June 2021, details of liabilities related to government grants are as follows:

In RMB Yuan

Item	Beginning (Restated)	Addition	Deduction	Ending
Related to assets	154,000,000.00	147,672,725.87	143,531,402.87	158,141,323.00
Production and construction subsidies	-	135,448,745.57	127,307,422.57	8,141,323.00
R&D technology subsidies	4,000,000.00	5,052,195.96	9,052,195.96	-
Other government subsidies	150,000,000.00	7,171,784.34	7,171,784.34	150,000,000.00
Related to income	664,398,430.21	599,765,955.14	161,384,901.78	1,102,779,483.57
R&D technology subsidies	408,299,844.41	599,000,000.00	98,207,401.80	909,092,442.61
Other government subsidies	256,098,585.80	765,955.14	63,177,499.98	193,687,040.96
Total	818,398,430.21	747,438,681.01	304,916,304.65	1,260,920,806.57

34. Share capital

In RMB Yuan

		Beginning	Current movement					Ending
			Issuance of shares	Stock dividend	Transfer of reserve to common shares	others	Subtotal	
I.	Restricted shares							
1	State-owned legal person holdings	283,138,318						283,138,318
2	Other domestic holdings	244,917,965	76,195,400			-244,899,065	-168,703,665	76,214,300
3	Foreign shareholding	32,710,280				-32,710,280	-32,710,280	-
	Total restricted shares	560,766,563	76,195,400			-277,609,345	-201,413,945	359,352,618
II.	Unrestricted shares							

1	RMB ordinary shares	3,900,643,469				277,609,345	277,609,345	4,178,252,814
2	Domestically listed foreign shares	901,986,142						901,986,142
Total unrestricted shares		4,802,629,611				277,609,345	277,609,345	5,080,238,956
III.	Total shares	5,363,396,174	76,195,400			-	76,195,400	5,439,591,574

35. Capital reserves

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Share premium	10,364,453,940.59	430,822,567.78		10,795,276,508.37
Share-based payment		107,618,400.00		107,618,400.00
Capital reserve transferred arising from the old standards	44,496,899.00			44,496,899.00
Equity investment preparation	17,015,985.20			17,015,985.20
Others	504,815,093.85			504,815,093.85
Total	10,930,781,918.64	538,440,967.78		11,469,222,886.42

36. Other comprehensive income

In RMB Yuan

	2020.12.31	Increase or decrease	2021.6.30
Remeasure the net liabilities or changes in net assets of defined benefit plans	1,222,000.00		1,222,000.00
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
Changes in the fair value of other equity instrument investments	161,854,620.00		161,854,620.00
Translation differences of foreign currency financial statements	-82,567,831.22	21,820,284.63	-60,747,546.59
Total	78,420,720.78	21,820,284.63	100,241,005.41

37. Surplus reserves

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Statutory surplus	2,681,698,087.00			2,681,698,087.00
Total	2,681,698,087.00			2,681,698,087.00

38. Retained earnings

In RMB Yuan

Item	Amount
Retained earnings at beginning of year	34,315,048,892.26
Add: Net profit belong to parent company	1,729,245,208.60
Less: Dividends payable on ordinary shares	1,666,243,360.54
Retained earnings at the end	34,378,050,740.32

39. Operating revenue and cost

In RMB Yuan

	Report period		Same period of last year (Restated)	
	Revenue	Cost	Revenue	Cost
Main business	55,859,466,497.39	47,581,200,934.60	32,014,959,151.44	29,196,996,395.37
Other business	925,165,401.68	505,476,294.61	766,698,327.66	381,078,163.79
Total	56,784,631,899.07	48,086,677,229.21	32,781,657,479.10	29,578,074,559.16

40. Tax and surcharges

In RMB Yuan

Item	Report period	Same period of last year
Consumption tax	1,599,192,250.70	954,339,591.94
City maintenance and construction tax	196,961,006.14	79,821,375.83
Education additional expenses	134,489,938.43	50,469,342.13
Others	157,051,471.80	121,656,073.55
Total	2,087,694,667.07	1,206,286,383.45

41. Operating expenses

In RMB Yuan

Item	Report period	Same period of last year (Restated)
Payroll and welfare	240,101,135.80	204,419,163.59
Promotional advertising fees and sales service fees	1,662,488,840.31	863,454,318.26
Transportation expenses	168,961,271.58	110,198,692.55
Travelling expenses	30,394,898.13	21,867,777.56
Package expenses	14,493,447.37	4,637,273.00

Administrative expenses	1,834,879.56	1,929,938.37
Consulting fee	5,542,562.49	993,897.25
Training fee	1,834,814.74	1,557,051.04
Others	20,463,462.21	61,657,895.29
Total	2,146,115,312.19	1,270,716,006.91

42. General and administrative expenses

In RMB Yuan

Item	Report period	Same period of last year (Restated)
Payroll and welfare	1,216,671,339.99	710,197,732.15
Administrative expenses	4,131,070.43	1,813,546.15
Depreciation and amortization	117,765,985.28	133,684,029.10
Miscellaneous service charges	5,262,718.15	11,389,441.25
Traffic and travelling expenses	27,865,566.05	19,024,299.22
Entertainment expenses	851,087.95	450,275.19
New energy credit fee	636,271,194.34	
Others	208,328,082.31	269,301,661.25
Total	2,217,147,044.50	1,145,860,984.31

43. Research and development expenses

Item	Report period	Same period of last year (Restated)
Wages and benefits	592,150,357.04	519,844,836.98
Material fee	70,981,081.39	58,974,839.13
Subcontract fee	147,374,115.88	171,587,497.89
Travel research fee	12,194,021.56	10,103,859.15
Test fee	35,455,478.77	43,007,880.00
Depreciation and amortization	607,589,508.63	580,661,427.53
other fee	29,838,798.89	39,395,129.69
Total	1,495,583,362.16	1,423,575,470.37

44. Financial expenses

In RMB Yuan

Item	Report period	Same period of last year (Restated)
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Interest expense	26,372,186.29	20,373,153.36
Less: interest income	281,294,223.92	131,048,028.86
Exchange gain or loss	8,533,687.86	4,908,537.21
Others	12,611,859.12	7,547,792.91
Total	-233,776,490.65	-98,218,545.38

45. Assets disposal income

In RMB Yuan

Item	Report period	Same period of last year	Included in 2021 non-recurring gains and losses
Fixed assets disposal income	119,487,419.99	33,428,646.97	119,487,419.99
Intangible assets disposal income	481,579,441.34		481,579,441.34
Total	601,066,861.33	33,428,646.97	601,066,861.33

46. Impairment loss on assets

In RMB Yuan

Item	Report period	Same period of last year
Loss of inventory fall	75,510,749.47	207,237,744.91
Fixed asset impairment loss	133,683,760.35	1,004,872.80
Intangible asset impairment loss	6,685,373.29	-
Contract asset impairment loss	-20,192,776.00	4,586,336.00
Total	195,687,107.11	212,828,953.71

47. Credit impairment loss

Item	Report period	Same period of last year
Bad debt losses on accounts receivable	3,471,684.54	18,590,707.11
Bad debt losses on other receivables	14,557.81	123,075.90
Total	3,486,242.35	18,713,783.01

48. Changes in fair value gains and losses

Sources of income from changes in fair value	Report period	Same period of last year
Transactional financial assets	15,734,698.73	1,753,674,697.00
Total	15,734,698.73	1,753,674,697.00

49. Investment income

In RMB Yuan

Item	Report period	Same period of last year
1.Long-term equity investment income under equity method	250,708,951.37	-528,282,156.89
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	77,163,513.71	6,884,080.21
Total	327,872,465.08	3,000,803,663.99

50. Other income

In RMB Yuan

Item	Report period	Same period of last year (Restated)	Explain
Industry Support Subsidies	106,783,041.12		Related to income
Total	106,783,041.12		--

51. Non-operating income

In RMB Yuan

Item	Report period	Same period of last year
Fines and others	40,983,845.94	31,178,860.44
Total	40,983,845.94	31,178,860.44

52. Non-operating expenses

In RMB Yuan

Item	Report period	Same period of last year
Donation	10,500,000.00	16,759,250.00
Fines and late fees	559.05	130,851.84
Others	3,603,043.24	34,461,544.29
Total	14,103,602.29	51,351,646.13

53. Income tax expenses

In RMB Yuan

Item	Report period	Same period of last year
Current income tax expense	188,574,027.41	26,707,074.55
Deferred income tax adjustment	-129,200,581.32	163,224,222.09
Total	59,373,446.09	189,931,296.64

54. Notes to cash flow statement

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

In RMB Yuan

Item	Amount
Interest income	287,599,749.93
Government grants related to operating activities	973,828,265.22
Others	536,655,063.79
Total	1,798,083,078.94

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

In RMB Yuan

Item	Amount
Selling expenses	1,705,305,653.87
Administrative expenses	833,833,985.36
R&D expensess	579,603,711.64
Others	236,785,445.40
Total	3,355,528,796.27

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

In RMB Yuan

Item	Amount
Recover the loan of Jiangling Holdings	300,000,000.00
Total	300,000,000.00

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

In RMB Yuan

Item	Amount
Redemption of the deposit for acceptance	312,220,372.75
Total	312,220,372.75

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

Item	Amount
Payment of acceptance billsother	418,351,512.95
Others	241,289.74

Total	418,592,802.69
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55. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

In RMB Yuan

Supplementary information	Current Amount	Prior-period Amount
1. Cash flow relating to operating activities calculated by adjusting the net profit		
Net profit	1,804,981,288.95	2,601,622,809.19
Add: credit impairment loss	3,486,242.35	18,713,783.01
Add: provision for assets impairment	195,687,107.11	212,828,953.71
Depreciation of fixed assets, oil and gas assets, productive biological assets	1,515,838,567.70	1,341,780,516.22
Amortization of right-of-use assets	12,224,609.69	
Amortization of intangible assets	545,011,292.13	514,642,717.04
Amortization of long-term deferred expense	2,670,879.81	2,725,128.43
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets(with "-" for gains)	-601,066,861.33	-33,428,646.97
Loss of fair value change (revenue is marked with "-")	-15,734,698.73	-1,753,674,697.00
Financial expense(with "-" for gains)	26,372,186.29	20,373,153.36
Investment loss(with "-" for gains)	-327,872,465.08	-3,000,803,663.99
Decrease in deferred tax assets(with "-" for gains)	-126,334,690.62	-97,937,262.08
Increase in deferred tax debts(with "-" for gains)	-2,865,890.70	261,161,484.17
Decrease in inventory(with "-" for gains)	1,878,025,569.26	-664,950,981.62
Decrease in operating receivables(with "-" for gains)	-206,172,573.97	4,982,533,829.23
Increase in operating payables(with "-" for gains)	12,987,653,627.02	2,756,790,261.85
Others	6,922,680.49	-249,790,690.95
Net cash flows from operating activities	17,698,826,870.37	6,912,586,693.60
2. Investment and financing activities involving no cash incomings / outgoings		
3. Movement of cash and cash equivalents		
Ending balance of cash equivalents	46,269,403,600.01	16,821,119,181.24
Less: beginning balance of cash equivalents	30,655,968,057.63	9,360,474,674.89
Net increase in cash and cash equivalents	15,613,435,542.38	7,460,644,506.35

(2) Cash and cash equivalents

In RMB Yuan

Item	Ending balance	Beginning balance
I. Cash		
Including: Cash on hand	1,527.85	52,569.13
Bank deposits that can be readily used	46,269,402,072.16	30,655,915,488.50
II. Ending balance of cash and cash equivalents	46,269,403,600.01	30,655,968,057.63

VIII. The change of consolidation scope

1. Business combination not under the Same Control

Applicable Not Applicable

2. Combination under the same control

Applicable Not Applicable

3. Counter purchase

Applicable Not Applicable

4. Disposing subsidiary

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

Applicable Not Applicable

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

Applicable Not Applicable

5. Change of consolidation scope due to other reasons

(1) Newly established subsidiary companies during the reporting period

Applicable Not Applicable

(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

Applicable Not Applicable

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	-	95.62
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 Automobile Co. Ltd.	Chongqing	Chongqing	R&D	2,900	100.00	-
Chongqing Changan Europe Design Academy Co., Ltd.	Turin, Italy	Turin, Italy	R&D	EUR1,738.36	100.00	-
Changan United Kingdom R&D Center Co., Ltd.	Nottingham, United Kingdom	Nottingham, United Kingdom	R&D	GBP2,639	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	JPY1,000	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	-
Changan Automobile Investment (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Sales	23,525	100.00	-
Hangzhou Changan Yixing Technology Co., Ltd.	Hangzhou	Hangzhou	Lease	500	100.00	-
Hefei Changan Yixing Technology Co., Ltd.	Hefei	Hefei	Lease	500	100.00	-
Nanjing Changan Connected Car Technology Co., Ltd.	Nanjing	Nanjing	Lease	500	100.00	-

Nanjing Changan New Energy Automobile Sales & Service Co., Ltd.	Nanjing	Nanjing	Sales	5,000	100.00	-
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 Kaicheng Automobile Technology Co., Ltd.	Chongqing	Chongqing	Sales	100,000	83.64	-
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 Lingyao 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	-
Avita Technology (Chongqing) Co., Ltd. (Note 3)	Nanjing	Nanjing	Manufacturing	28,800	95.38	-
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	227,500	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.

Note 3: Changan Weilai New Energy Automobile Technology Co., Ltd. was renamed Avita Technology (Chongqing) Co., Ltd. in May 2021.

As at June 30, 2021, the Group has no subsidiaries with important minority interests.

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

Applicable Not applicable

3. Stakes in joint ventures and associates

Company name	Main operating place	Registered place	Nature of business	Registered capital (ten thousand)	Total proportion of shareholders (%)		Accounting treatment
					Direct	Inderect	
I. Joint ventures							
Changan Ford Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD24,100	50.00	-	Equity
Changan Mazda Automobile Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD11,097	50.00	-	Equity
Changan Mazda Engine Co., Ltd. (Note 1)	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD20,996	50.00	-	Equity
Jiangling Investment Co., Ltd.	Nanchang	Nanchang	Manufacture and sale of automobiles, 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 and agricultural cars and components. Technical advisory services for automobile	300	34.30	-	Equity
Beijing Fang'an Taxi Co., Ltd.	Beijing	Beijing	For the car loan business	2,698	22.24	-	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	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	Beijing	Beijing	Technology development,	39,799	-	49.00	Equity

Technology Co., Ltd.			technical consulting, technical services, technology transfer				
Anhe (Chongqing) Equity Investment Fund Management Co., Ltd.	Chongqing	Chongqing	Equity investment management	1,000	-	25.00	Equity
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Hangzhou	Hangzhou	Car travel service	630	-	20.00	Equity
Pakistan Master Motors Co., Ltd.	Lahore, Pakistan	Lahore, Pakistan	Manufacture and sale of automobiles, and components	PKR75,000		30.00	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 and related services	976,000	16.39	-	Equity
Nanjing Leading Equity Investment Management Co., Ltd.	Nanjing	Nanjing	Private equity investment fund management and related services	1,000	15.00	-	Equity
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Chongqing	Chongqing	Sales	20,223	48.95	-	Equity
Zhongqi Chuangzhi Technology Co., Ltd.	Nanjing	Nanjing	R&D	1,600,000	3.125	-	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

2021.6.30	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		47,721,342,242.91	
Transactional financial assets	195,349,598.73		
Notes receivable		28,778,252,297.19	
Accounts receivable		1,628,018,973.81	
Other receivables		1,590,660,654.32	
Other current assets		86,887.50	
Investment in other equity			691,990,000.00

instruments			
Total	195,349,598.73	79,718,361,055.73	691,990,000.00

In RMB Yuan

2020.12.31	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	-	32,001,775,600.07	-
Transactional financial assets	204,254,400.00	-	-
Notes receivable	-	28,371,541,054.75	-
Accounts receivable	-	2,141,197,139.45	-
Other receivables	-	723,919,037.36	-
Other current assets	-	317,063,888.99	-
Investment in other equity instruments	-	-	691,990,000.00
Total	204,254,400.00	63,555,496,720.62	691,990,000.00

Financial liabilities

In RMB Yuan

	2021.6.30	2020.12.31
Short-term loans	552,000,000.00	578,000,000.00
Notes payable	27,186,257,508.96	17,574,014,553.46
Accounts payable	24,517,099,039.98	23,118,793,794.42
Other payables	3,643,263,561.28	4,475,215,625.98
Long-term loan	654,300,000.00	955,300,000.00
Non current liabilities due within one year	328,905,578.01	100,000,000.00
Total	56,881,825,688.23	46,801,323,973.86

2. Transfer of financial assets

The transferred financial assets that entirely derecognized but continuing involved

As at June 30, 2021, the book value of the bank acceptance bill that the Group has endorsed to the supplier to settle accounts payable is RMB 949,918,527.77 (December 31, 2020: RMB 5,093,467,680.36). On June 30, 2021, 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 2021, 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 faces risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and price risk). The main financial instruments of the Group include monetary funds, equity investments, loans, bills receivable, accounts receivable, bills payable, accounts payable, etc. The risks associated with these financial instruments and the risk management strategies adopted by the Group to reduce these risks are described below.

The Group has formulated risk management policies to identify and analyze the risks faced by the Group, set appropriate risk acceptance levels and design corresponding internal control procedures to monitor the Group's risk levels. The Group will periodically re-examine these risk management policies and related internal control systems to adapt to changes in market conditions or the Group 's operating activities. The internal audit department also regularly and irregularly checks whether the implementation of the internal control system complies with the risk management policy.

Credit risk

The Group only deals with recognized and reputable customers. In accordance with the Group's policy, a credit review is required for all customers who require credit transactions. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group does not face significant bad debt risk. For transactions that are not settled with the relevant business unit's bookkeeping standard currency, the Group does not provide credit transaction conditions unless specifically approved by the Group's credit control department.

Since the counterparties of monetary funds and bank acceptance receivables are reputable banks with higher credit ratings, these financial instruments have lower credit risk.

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

Since the Group only trades with approved and reputable customers, there is no need for collateral. Credit risk is centralized and managed according to customers. As at the balance sheet date, the Group has a specific concentration of credit risks. 56.09% of the Group's accounts receivable (December 31, 2020:61.26%) originated from the top five customers with the balance of accounts receivable. The Group does not hold any collateral or other credit enhancements for the balance of accounts receivable.

Judgment criteria for significant increase in credit risk

The group evaluates on each balance sheet date whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition. In determining whether credit risk has increased significantly since the initial recognition, the group considers that reasonable and evidence-based information can be obtained without unnecessary additional cost or effort, including qualitative and quantitative analysis based on the group's historical data, external credit risk ratings and forward-looking information. Based on a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the group compares the default risk of financial instruments on the balance sheet date with the default risk on the initial confirmation date to determine the change of default risk of financial instruments during their expected duration.

When one or more of the following quantitative or qualitative criteria are triggered, the group believes that the credit risk of financial instruments has significantly increased:

- the quantitative criterion is that the default probability of the remaining duration on the report date increases by more than a certain percentage compared with the initial confirmation;
- qualitative criteria mainly include material adverse changes in the operating or financial situation of the debtor, early warning customer list, etc.;

Definition of assets that have incurred credit impairment

In order to determine whether credit impairment occurs, the group adopts a definition standard consistent with the internal credit risk management objectives for relevant financial instruments, and considers both quantitative and qualitative indicators. The group mainly takes the following factors into consideration when evaluating whether the debtor has credit impairment:

- significant financial difficulties of the issuer or debtor;
- debtor breaches the contract, such as default or overdue payment of interest or principal;
- the creditor gives the debtor concessions that the debtor would not have made under any other circumstances for economic or contractual reasons related to the debtor's financial difficulties;
- the debtor is likely to go bankrupt or undergo other financial restructuring;
- the financial difficulties of the issuer or debtor result in the disappearance of an active market for the financial asset;
- purchase or source a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

The credit impairment of financial assets may be caused by the joint action of multiple events, but not by events that can be identified separately.

A parameter for measuring expected credit losses

According to whether the credit risk has significantly increased and whether the credit impairment has occurred, the group measures the impairment provision for different assets with the expected credit loss of 12 months or the whole duration respectively. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The group takes into account the quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method and types of collateral, repayment method, etc.) to establish default probability, default loss rate and default risk exposure models.

The relevant definition is as follows:

- probability of default is the probability that the debtor will not be able to meet its repayment obligations in the next 12 months or throughout the remaining period. The default probability of the group is adjusted based on the results of the historical credit loss model and forward-looking information is added to reflect the default probability of the debtor in the current macroeconomic environment.
- the default loss rate refers to the group's expectation of the extent of losses from default risk exposure. Default loss rates also vary depending on the type of counterparty, the type and priority of recourse, and the collateral. The default loss rate is the percentage of the risk exposure loss at the time of default, calculated on the basis of the next 12 months or the whole duration;
- default exposure is the amount that should be paid to the group at the time of default over the next 12 months or throughout the remaining duration.

The assessment of a significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. Through the analysis of historical data, the group identifies the key economic indicators that affect the credit risks and expected credit losses of each business type.

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 2021, 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, 2021, 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 2021. 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
2021.6.30			
Shanghai- Transactional financial assets	163,778,100.00	5%	6,960,569.25
Shanghai- Transactional financial assets	163,778,100.00	-5%	(6,960,569.25)
2020.12.31			
Shanghai- Available for sale	180,929,400.00	5%	7,689,499.50
Shanghai- Available for sale	180,929,400.00	-5%	(7,689,499.50)

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 2020 and 30, June 2021.

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

	30 June 2021	31 December 2020
Leverage ratio	58.38%	54.78%

XI. Disclosure of fair value

1. Assets and liabilities measured at fair value

June 30, 2021

In RMB Yuan

	Input measured at fair value			Total
	Quoted price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The third level)	

Trading financial assets - equity instrument investment	163,778,100.00			163,778,100.00
Trading financial assets - derivative financial assets		31,571,498.73		31,571,498.73
Other equity instruments			691,990,000.00	691,990,000.00
Total	163,778,100.00	31,571,498.73	691,990,000.00	887,339,598.73

December 31, 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
Trading financial assets - equity instrument investment	180,929,400.00			180,929,400.00
Trading financial assets - derivative financial assets		23,325,000.00		23,325,000.00
Other equity instruments			691,990,000.00	691,990,000.00
Total	180,929,400.00	23,325,000.00	691,990,000.00	896,244,400.00

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, 2021 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	18.78%	18.78%

The Final controlling party is China South Industries Group corporation

2. Subsidiaries

See subsidiaries in IX (1) . 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

Related parties	Relationship
Anhui Wanyou Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Bazhong Wanyou Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Chengdu Huachuan electric Decoration Co., Ltd	Controlled by the same ultimate holding company
Chengdu Ningjiang Zhaohe Auto Parts Co., Ltd	Controlled by the same ultimate holding company
Chengdu Wanyou Trading Co., Ltd	Controlled by the same ultimate holding company
Chengdu Wanyou Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Chengdu Wanyou Automobile Trade Service Co., Ltd	Controlled by the same ultimate holding company
Chengdu Wanyou Xiangyu Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Guizhou Wanyou Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Harbin Dong'an Automobile Power Co., Ltd	Controlled by the same ultimate holding company
Harbin Dong'an Automobile Engine Manufacturing Co., Ltd	Controlled by the same ultimate holding company
Hafei Automobile Co., Ltd	Controlled by the same ultimate holding company
Hunan Tianyan Machinery Co., Ltd	Controlled by the same ultimate holding company
Jiangsu Wanyou Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Luzhou Wanyou Automobile Service Co., Ltd	Controlled by the same ultimate holding company
Southern Faurecia Auto Parts Co., Ltd	Controlled by the same ultimate holding company

Related parties	Relationship
Southern Trina Chassis System Co., Ltd	Controlled by the same ultimate holding company
Nanfang Yingte Air Conditioning Co., Ltd	Controlled by the same ultimate holding company
Panzhuhua Wanyou Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Sichuan Jian'an Industry Co., Ltd	Controlled by the same ultimate holding company
Sichuan Ningjiang Shanchuan Machinery Co., Ltd	Controlled by the same ultimate holding company
Wanyou Automobile Investment Co., Ltd	Controlled by the same ultimate holding company
Ya'an Wanyou Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Yunnan Wanyou Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Yunnan Xiangyu Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
China Ordnance Equipment Group Finance Leasing Co., Ltd	Controlled by the same ultimate holding company
China Changan Automobile Group Hefei Investment Co., Ltd	Controlled by the same ultimate holding company
China Changan Automobile Group Tianjin Sales Co., Ltd	Controlled by the same ultimate holding company
Chongqing Anfu Automobile Marketing Co., Ltd	Controlled by the same ultimate holding company
Chongqing Qingshan Industry Co., Ltd	Controlled by the same ultimate holding company
Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Chongqing Wanyou Economic Development Co., Ltd	Controlled by the same ultimate holding company
Chongqing Wanyou zunda Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Chongqing Chang'an Minsheng Boyu Transportation Co., Ltd	Controlled by the same ultimate holding company
Chongqing Chang'an Minsheng Logistics Co., Ltd	Controlled by the same ultimate holding company
Beijing Beiji Electromechanical Industry Co., Ltd	Controlled by the same ultimate holding company
Ordnance Equipment Group Finance Co., Ltd	Controlled by the same ultimate holding company
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd	Controlled by the same ultimate holding company
Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd	Controlled by the same ultimate holding company
Chengdu Lingchuan vehicle fuel tank Co., Ltd	Controlled by the same ultimate holding company
Chengdu Lingchuan special industry Co., Ltd	Controlled by the same ultimate holding company
Chengdu Wanyou filter Co., Ltd	Controlled by the same ultimate holding company
Hubei Huazhong Marelli Automobile Lighting Co., Ltd	Controlled by the same ultimate holding company
Hubei Xiaogan Huazhong lamp Co., Ltd	Controlled by the same ultimate holding company
Yunnan Xiyi Industry Co., Ltd	Controlled by the same ultimate holding company
China Ordnance Equipment Group commercial factoring Co., Ltd	Controlled by the same ultimate holding company
Chongqing Dajiang Jiexin Forging Co., Ltd	Controlled by the same ultimate holding company

Related parties	Relationship
Chongqing Dajiang Yuqiang plastic products Co., Ltd	Controlled by the same ultimate holding company
Chongqing Jialing Yimin special equipment Co., Ltd	Controlled by the same ultimate holding company
Chongqing Jianshe vehicle air conditioner Co., Ltd	Controlled by the same ultimate holding company
Chongqing construction industry (Group) Co., Ltd	Controlled by the same ultimate holding company
Chongqing Jianshe electromechanical Co., Ltd	Controlled by the same ultimate holding company
Chongqing Jianshe Tongda Industrial Co., Ltd	Controlled by the same ultimate holding company
Chongqing naishite Steering System Co., Ltd	Controlled by the same ultimate holding company
Chongqing Shangshang Auto Parts Co., Ltd	Controlled by the same ultimate holding company
Chongqing Qingshan transmission Sales Co., Ltd	Controlled by the same ultimate holding company
Chongqing Xiyi automobile connecting rod Co., Ltd	Controlled by the same ultimate holding company
Chongqing Yihong engineering plastic products Co., Ltd	Controlled by the same ultimate holding company
Chongqing Changrong Machinery Co., Ltd	Controlled by the same ultimate holding company
Chongqing Chang'an industry (Group) Co., Ltd	Controlled by the same ultimate holding company
Chongqing Chang'an Property Management Co., Ltd	Controlled by the same ultimate holding company
Chongqing Chang'an Construction Engineering Co., Ltd	Controlled by the same ultimate holding company
Chongqing changfengjiquan Machinery Co., Ltd	Controlled by the same ultimate holding company
Chongqing Dajiang Xinda Vehicle Co., Ltd	Controlled by the same ultimate holding company
Chongqing Automobile Air Conditioner Co., Ltd	Controlled by the same ultimate holding company
China Ordnance Equipment Group Information Center Co., Ltd	Controlled by the same ultimate holding company
Harbin Botong Auto Parts Manufacturing Co., Ltd	Controlled by the same ultimate holding company
Chongqing Wanyou Automobile Sales Service Co., Ltd	Controlled by the same ultimate holding company
Chongqing Chang'an Real Estate Development Co., Ltd	Controlled by the same ultimate holding company
Hunan Tianyan Machinery Co., Ltd	Controlled by the same ultimate holding company
Chongqing Qingshan transmission branch of China Chang'an Automobile Group Co., Ltd	Controlled by the same ultimate holding company
Chongqing Chang'an Intelligent Industrial Technology Service Co., Ltd	Controlled by the same ultimate holding company
Beijing zhongbing insurance brokerage Co., Ltd	Participated by the Ultimate holding company
Lear Chang'an (Chongqing) Automotive System Co., Ltd	Participated by the Ultimate holding company
United Automotive Electronics (Chongqing) Co., Ltd	Participated by the Ultimate holding company
Nattiefu transmission system (Chongqing) Co., Ltd	Participated by the Ultimate holding company
Tiannak Lingchuan (Chongqing) exhaust system Co., Ltd	Participated by the Ultimate holding company
Changan Laisi (Chongqing) robot intelligent equipment Co., Ltd	Participated by the Ultimate holding company
Chongqing Dajiang Dongyang plastic products Co., Ltd	Participated by the Ultimate holding company

Related parties	Relationship
Chongqing Dajiang National Precision Machinery Manufacturing Co., Ltd	Participated by the Ultimate holding company
Chongqing Dajiang Yapu Auto Parts Co., Ltd	Participated by the Ultimate holding company
Chongqing Jianshe han'ang automobile thermal management system Co., Ltd	Participated by the Ultimate holding company
Chongqing Lingchuan auto parts manufacturing technology Co., Ltd	Participated by the Ultimate holding company
Hangzhou Lingxing Yuexiang Auto Service Co.,Ltd.	Companies in which the company participates
Chongqing Lingxing Yuexiang Auto Service Co.,Ltd.	Companies in which the company participates
Nanjing Lingxing Yuexiang Auto Service Co.,Ltd.	Companies in which the company participates
Nanjing Lingxing Technology Co., Ltd.	Companies in which the company participates

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.	Procurement of parts	186,186.55	927,979.42	no	4,825,291.25
Jiangling Holdings Co., Ltd.	Accept labor	737,706.14	-	Yes	-
Changan Auto Finance Co., Ltd.	Accept labor	8,153,781.57	-	Yes	-
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Purchasing parts and accepting labor services	82,033,905.11	2,399,850,764.74	no	292,316,059.70
Beijing Wutong Auto Union Technology Co., Ltd.	Procurement of parts	38,062,628.50	147,613,717.79	no	-
China Changan Automobile Group Co., Ltd.	Accept labor	60,000.00	144,000.00	no	-
Anhui Wanyou Automobile Sales Service Co., Ltd.	Accept labor	626,024.86	-	Yes	-
Bazhong Wanyou Automobile Sales Service Co., Ltd.	Accept labor	73,330.36	478,580.09	no	41,138.48
Chengdu Huachuan Denso Co., Ltd.	Procurement of parts	227,227,857.41	502,466,557.95	no	196,376,880.72
Chengdu Ningjiang Showa Auto Parts Co., Ltd.	Procurement of parts	39,951,396.48	108,331,759.70	no	43,467,720.96
Chengdu Wanyou Trading Co., Ltd.	Accept labor	12,164.16	27,077.76	no	10,555.36
Chengdu Wanyou Automobile	Accept labor	3,584,234.21	1,341,241.20	Yes	411,726.27

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Trading Service Co., Ltd.					
Chengdu Wanyou Xiangyu Automobile Sales Service Co., Ltd.	Accept labor	5,262,969.51	6,703,371.11	no	426,011.37
Guizhou Wanyou Automobile Sales Service Co., Ltd	Receiving labor services	6,240,583.45	6,858,415.10	no	655,606.26
Harbin Dong'an Automobile Power Co., Ltd	Purchase parts and accept labor services	417,231,892.67	1,241,851,454.36	no	451,467,256.21
Harbin Dong'an Automobile Engine Manufacturing Co., Ltd	Purchase parts and accept labor services	855,901,689.16	1,785,311,733.08	no	417,266,451.54
Hunan Tianyan Machinery Co., Ltd	Purchase parts	52,452,744.77	147,364,410.44	no	-
Jiangsu Wanyou Automobile Sales Service Co., Ltd	Receiving labor services	651,038.61	-	yes	-
Luzhou Wanyou Automobile Service Co., Ltd	Receiving labor services	380,083.72	399,270.46	no	84,600.36
Southern Faurecia Auto Parts Co., Ltd	Purchase parts	280,222,308.44	644,078,017.73	no	200,998,771.72
Southern Trina Chassis System Co., Ltd	Purchase parts	486,779,984.60	1,094,768,445.52	no	307,409,807.58
Nanfang Yingte Air Conditioning Co., Ltd	Purchase parts	200,511,859.90	574,223,645.64	no	173,331,986.97
Panzhuhua Wanyou Automobile Sales Service Co., Ltd	Receiving labor services	263,159.87	385,838.81	no	90,562.92
Sichuan Jian'an Industry Co., Ltd	Purchase parts and accept labor services	483,719,852.19	988,075,762.67	no	300,829,143.28
Sichuan Ningjiang Shanchuan Machinery Co., Ltd	Purchase parts	171,000,224.81	293,408,089.81	no	97,803,118.73
Ya'an Wanyou Automobile Sales Service Co., Ltd	Receiving labor services	908,456.37	1,499,709.94	no	112,581.31
Yunnan Wanyou Automobile Sales Service Co., Ltd	Receiving labor services	10,743,446.13	6,262,106.30	yes	780,899.66
Yunnan Xiangyu Automobile Sales Service Co., Ltd	Receiving labor services	132,323.01	279,630.10	no	79,915.55
China Changan Automobile Group Hefei Investment Co., Ltd	Receiving labor services	951,991.17	3,053,118.54	no	-

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
China Changan Automobile Group Tianjin Sales Co., Ltd	Receiving labor services	111,409.95	108,982.12	yes	6,413.27
Chongqing Qingshan Industry Co., Ltd	Purchase parts	2,700,637,434.06	7,681,122,851.57	no	1,091,053,146.70
Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd	Receiving labor services	1,721,447.53	2,669,006.00	no	274,639.05
Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd	Receiving labor services	1,092,633.98	2,179,485.87	no	160,585.36
Chongqing Wanyou Economic Development Co., Ltd	Purchase parts and accept labor services	369,796,951.53	1,453,044,496.47	no	571,494,801.82
Chongqing Chang'an Minsheng Logistics Co., Ltd	Receiving labor services	1,388,787,441.14	3,331,269,090.79	no	865,998,486.41
Beijing Beiji Electromechanical Industry Co., Ltd	Purchase parts	2,086.86	59,716.13	no	262,158.45
Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd	Purchase parts	6,216,741.79	16,967,785.97	no	6,983,371.89
Chengdu Lingchuan vehicle fuel tank Co., Ltd	Purchase parts	17,816,531.05	23,366,990.69	no	4,856,159.30
Chengdu Wanyou filter Co., Ltd	Purchase parts	84,479,587.54	175,733,820.97	no	47,326,318.61
Hubei Huazhong Marelli Automobile Lighting Co., Ltd	Purchase parts	465,100,075.04	1,126,272,042.36	no	379,667,416.38
Hubei Xiaogan Huazhong lamp Co., Ltd	Purchase parts	61,893,517.73	125,580,259.51	no	38,549,124.98
Yunnan Xiyi Industry Co., Ltd	Purchase parts	59,269,771.21	128,715,201.65	no	31,247,072.00
Chongqing Dajiang Jiexin Forging Co., Ltd	Purchase parts	3,022,294.47	6,787,819.45	no	1,330,537.16
Chongqing Dajiang Yuqiang plastic products Co., Ltd	Purchase parts	88,514,947.10	225,185,238.08	no	60,582,775.09
Chongqing Jianshe vehicle air conditioner Co., Ltd	Purchase parts	105,174,591.95	213,479,120.66	no	50,801,423.79
Chongqing construction industry (Group) Co., Ltd	Purchase parts	780,297.42	-	yes	-
Chongqing Jianshe Tongda	Purchase parts	19,335,699.51	51,931,758.76	no	15,227,209.83

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Industrial Co., Ltd					
Chongqing naishite Steering System Co., Ltd	Purchase parts	378,981,317.38	1,066,811,652.49	no	303,123,612.34
Chongqing Shangshang Auto Parts Co., Ltd	Purchase parts	51,123,910.13	72,340,990.16	no	18,227,944.17
Chongqing Qingshan transmission Sales Co., Ltd	Purchase parts	10,226,693.15	14,676,995.45	no	3,951,626.52
Chongqing Yihong engineering plastic products Co., Ltd	Purchase parts	8,668,811.99	8,199,641.64	yes	1,785,587.35
Chongqing Changrong Machinery Co., Ltd	Purchase parts	108,378,855.15	245,547,746.51	no	68,484,512.99
Chongqing Chang'an industry (Group) Co., Ltd	Receiving labor services	4,811,062.11	12,102,747.55	no	2,646,670.74
Chongqing Chang'an Property Management Co., Ltd	Receiving labor services	1,911,249.38	4,832,804.57	no	2,933,009.46
Beijing zhongbing insurance brokerage Co., Ltd	Receiving labor services	5,554.42	-	yes	-
Lear Chang'an (Chongqing) Automotive System Co., Ltd	Purchase parts	297,535,098.14	493,898,477.76	no	-
United Automotive Electronics (Chongqing) Co., Ltd	Purchase parts and accept labor services	237,298,829.56	392,609,121.15	no	-
Nattiefu transmission system (Chongqing) Co., Ltd	Purchase parts	192,065,903.94	545,323,644.38	no	-
Tiannak Lingchuan (Chongqing) exhaust system Co., Ltd	Purchase parts	29,000,980.23	82,294,567.39	no	-
Changan Laisi (Chongqing) robot intelligent equipment Co., Ltd	Purchase parts	601,568.93	-	yes	-
Chongqing Dajiang Dongyang plastic products Co., Ltd	Purchase parts	4,831,358.42	12,651,598.49	no	-
Chongqing Dajiang National Precision Machinery Manufacturing Co., Ltd	Purchase parts	135,836,367.95	351,149,247.22	no	-
Chongqing Dajiang Yapu Auto Parts Co., Ltd	Purchase parts	176,074,670.02	390,144,450.41	no	-

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Chongqing Jianshe han'ang automobile thermal management system Co., Ltd	Purchase parts	117,174,891.64	245,765,891.44	no	-
Chongqing Lingchuan auto parts manufacturing technology Co., Ltd	Purchase parts	61,042,625.94	106,376,934.96	no	-
Chongqing Anfu Automobile Marketing Co., Ltd	Purchase parts	-	-	no	43,818.58
Chongqing Xiyi automobile connecting rod Co., Ltd	Purchase parts	-	-	no	- 1,571.72
Chongqing changfengjiquan Machinery Co., Ltd	Purchase parts	-	17,055.52	no	39,562.52
Hangzhou chelizi Intelligent Technology Co., Ltd	Purchase parts	-	59,723.88	no	32,858.40
Chengdu Lingchuan special industry Co., Ltd	Purchase parts	-	120,274.55	no	-
Chongqing Chang'an Intelligent Industrial Technology Service Co., Ltd	Receiving labor services	-	764,520.00	no	-
Total:		10,563,387,032.07	28,565,866,450.83	-	6,055,875,357.64

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

(2) Goods sold and services offered

In RMB Yuan

Related parties	Nature of the transaction	Current amount	Prior-period Amount
Changan Ford Motor Co., Ltd	Sales of materials and parts	1,855,571.93	743,941.88
Chang'an Mazda Automobile Co., Ltd	Selling parts	-	4,036,655.18
Chang'an Auto Finance Co., Ltd	Financial service fee	235,922,452.68	-
Hainan anxinxing Information Technology Co., Ltd	Sales channel usage fee	180,405.38	-
Chongqing Chang'an Kuayue Vehicle Co., Ltd	Engine sales and test fees	25,113,180.83	137,603.78
Chongqing Chang'an New Energy Vehicle Technology Co., Ltd	Sales of complete vehicles and parts	1,507,513,718.25	972,051,413.45
Anhui Wanyou Automobile Sales Service Co., Ltd	Sales of complete vehicles and parts	94,893,670.51	-

Related parties	Nature of the transaction	Current amount	Prior-period Amount
Chengdu Huachuan electric Decoration Co., Ltd	Training fee	51,886.79	-
Chengdu Wanyou Automobile Sales Service Co., Ltd	Sales of materials and parts	34,563.77	-196,660.99
Chengdu Wanyou Automobile Trade Service Co., Ltd	Sales of complete vehicles and parts	316,249,425.28	190,745,183.84
Chengdu Wanyou Xiangyu Automobile Sales Service Co., Ltd	Sales of complete vehicles and parts	794,544,935.13	514,114,179.34
Guizhou Wanyou Automobile Sales Service Co., Ltd	Sales of complete vehicles and parts	588,046,422.66	370,715,806.38
Harbin Dong'an Automobile Power Co., Ltd	Sales of materials and parts	15,930.30	31,887.37
Harbin Dong'an Automobile Engine Manufacturing Co., Ltd	Sales of materials and parts	31,522,892.41	23,028,367.10
Jiangsu Wanyou Automobile Sales Service Co., Ltd	Sales of complete vehicles and parts	104,011,720.99	-
Luzhou Wanyou Automobile Service Co., Ltd	Sales of materials and parts	519,692.06	284,227.69
Panzhuhua Wanyou Automobile Sales Service Co., Ltd	Sales of materials and parts	263,050.52	144,054.09
Sichuan Ningjiang Shanchuan Machinery Co., Ltd	Training fee	51,886.79	305,799.06
Wanyou Automobile Investment Co., Ltd	Sales of complete vehicles	349,917,081.21	264,690,859.01
Ya'an Wanyou Automobile Sales Service Co., Ltd	Sales of materials and parts	655,115.77	252,146.29
Yunnan Wanyou Automobile Sales Service Co., Ltd	Sales of complete vehicles and parts	671,843,881.62	437,318,866.83
Yunnan Xiangyu Automobile Sales Service Co., Ltd	Sales of complete vehicles and parts	46,605,045.84	43,517,953.51
China Ordnance Equipment Group Finance Leasing Co., Ltd	service charge	47,547.17	77,547.17
China Changan Automobile Group Hefei Investment Co., Ltd	Sales of complete vehicles and parts	41,156,064.45	66,969,966.54
China Changan Automobile Group Tianjin Sales Co., Ltd	Sales of complete vehicles and parts	137,135,092.41	62,075,372.58
Chongqing Anfu Automobile Marketing Co., Ltd	Sales of complete vehicles and parts	6,189,380.58	7,627,054.89
Chongqing Qingshan Industry Co., Ltd	Sales of materials and parts	35,512,076.07	1,579,125.47
Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd	Sales of materials and parts	1,161,570.19	347,013.72
Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd	Sales of materials and parts	697,236.79	496,623.26
Chongqing Wanyou Economic Development Co., Ltd	Sales of complete vehicles and parts	1,049,808,179.31	695,050,958.14
Chongqing Wanyou zunda Automobile Sales Service Co., Ltd	Sales of materials and parts	206,745,318.62	131,579,690.10

Related parties	Nature of the transaction	Current amount	Prior-period Amount
Chongqing Chang'an Minsheng Boyu Transportation Co., Ltd	Sales of complete vehicles	85,818,614.19	-
Chongqing Chang'an Minsheng Logistics Co., Ltd	Sales of materials and parts	928,663.27	507,924.04
Chengdu Lingchuan vehicle fuel tank Co., Ltd	Sales of materials and parts	938,476.80	1,668,185.97
Yunnan Xiyi Industry Co., Ltd	Sales of materials and parts	2,746,914.24	2,559,166.80
China Ordnance Equipment Group commercial factoring Co., Ltd	service charge	84,853.12	-
Chongqing Dajiang Yuqiang plastic products Co., Ltd	Sales of materials and parts	-716,798.50	558,413.01
Chongqing construction industry (Group) Co., Ltd	Sales of materials and parts	171,959.13	-
Tiannak Lingchuan (Chongqing) exhaust system Co., Ltd	Sales of materials and parts	6,228,241.00	-
Chongqing Dajiang Dongyang plastic products Co., Ltd	Sales of materials and parts	1,181,692.00	-
Chongqing Dajiang National Precision Machinery Manufacturing Co., Ltd	Outsourcing processing	10,746.64	-
Chongqing Lingchuan auto parts manufacturing technology Co., Ltd	Sales of materials and parts	9,518,232.82	-
Bazhong Wanyou Automobile Sales Service Co., Ltd. (note)	Selling parts		183,115.86
Total		6,355,176,591.02	3,793,202,441.36

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

Note: Bazhong Wanyou Automobile Sales Service Co., Ltd. was cancelled in December 2020.

(3) Related-party leasing

Rent assets to related parties

In RMB Yuan

Lessee	Type of leased assets	Report period Amount	Same period of last period Amount
Nanjing LingHang Technology Co., Ltd	vehicle	45,919,893.28	-
Chongqing Wanyou Economic Development Co., Ltd	House and land	321,100.92	-
Chongqing Chang'an industry (Group) Co., Ltd	House	3,283,373.71	3,283,373.71
Chongqing Chang'an New Energy Vehicle Technology Co., Ltd	Housing and land	7,154,813.00	2,098,588.40
Chongqing Chang'an New Energy Vehicle Technology Co., Ltd	Battery Workshop	2,674,583.15	1,175,045.73

Chongqing Chang'an Minsheng Logistics Co., Ltd	House	356,642.49	601,461.41
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Rent assets from related parties

In RMB Yuan

Lessor	Type of leased assets	Report period Amount	Same period of last period Amount
Chongqing Chang'an Minsheng Logistics Co., Ltd	Land	251,047.99	-

(4) Other related transactions

Integrated service charges

In RMB Yuan

Related parties	Nature of the transaction	Report period Amount	Same period of last period Amount
Changan Industries (Group) Co. Ltd	Payment of land rental fees	8,592,223.08	13,960,191.76
	Payment of building rental fees	1,197,968.00	2,129,622.09
	Payment of utilities	34,902,256.18	62,495,905.46
	Others	1,234,867.44	4,286,872.15
Total		45,927,314.70	82,872,591.46

Purchase of project materials

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Chongqing Chang'an Construction Engineering Co., Ltd	1,266,884.27	66,354,530.30
Chongqing Chang'an Minsheng Logistics Co., Ltd	-	1,646,984.15
Chongqing Chang'an industry (Group) Co., Ltd	-	17,522.13
Changan Laisi (Chongqing) robot intelligent equipment Co., Ltd	5,616,000.00	-
Total	6,882,884.27	68,019,036.58

Staff expenses for technical supporting

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Chang'an Mazda Automobile Co., Ltd	5,349,433.96	7,021,656.61

Changan Ford Motor Co., Ltd	8,106,439.00	9,057,020.82
Chongqing Chang'an New Energy Vehicle Technology Co., Ltd	1,223,495.73	-
Chongqing Shangshang Auto Parts Co., Ltd	53,900.00	-
Total	14,733,268.69	16,078,677.43

Technology development service charges

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Chongqing Changan Kuayue Automobile Co., Ltd.	2,558,531.66	-
Total	2,558,531.66	-

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

Related party monetary funds

In RMB Yuan

Related parties	Ending Amount	Beginning Amount
China South Industries Group Finance Co., Ltd	10,922,189,438.89	10,772,951,856.71
Changan Automobile Finance Co., Ltd	7,500,000,000.00	7,500,000,000.00

In 2021, the annual interest rate of deposits deposited with related parties is 0.35% - 3.5%, and the term is 0-12 months.

Borrowing

Short-term borrowing

In RMB Yuan

Related parties	Ending Amount	Beginning Amount
China South Industries Group Finance Co., Ltd	542,000,000.00	578,000,000.00

Interest income of deferred payment

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Wanyou Automobile Investment Co., Ltd	15,340.71	18,756.64
Chengdu Wanyou Xiangyu Automobile Sales Service Co., Ltd	50,616.82	624,381.42

Chengdu Wanyou Automobile Trade Service Co., Ltd	58,781.86	165,392.98
Yunnan Wanyou Automobile Sales Service Co., Ltd	31,071.82	54,715.93
Guizhou Wanyou Automobile Sales Service Co., Ltd	70,417.82	200,337.69
Anhui Wanyou Automobile Sales Service Co., Ltd	1,862.83	-
Jiangsu Wanyou Automobile Sales Service Co., Ltd	199.12	-
Chongqing Wanyou Economic Development Co., Ltd	21,953.77	81,141.59
China Changan Automobile Group Hefei Investment Co., Ltd	-	20,224.78
Total	250,244.75	1,164,951.03

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	Wanyou Automobile Investment Co., Ltd	2,403,100,000.00	-	1,504,200,000.00	-
Notes receivable	Harbin Dong'an Automobile Engine Manufacturing Co., Ltd	13,906,726.16	-	13,328,173.30	-
Notes receivable	Chongqing Qingshan Industry Co., Ltd	18,172,017.52	-	734,400.00	-
Notes receivable	Chongqing Chang'an New Energy Vehicle Technology Co., Ltd	201,044,380.78	-	-	-
Notes receivable	Chongqing Chang'an Minsheng Boyu Transportation Co., Ltd	82,905,296.62	-	-	-
Notes receivable	Chongqing naishite Steering System Co., Ltd	5,276,297.45	-	-	-
Subtotal		2,724,404,718.53	-	1,518,262,573.30	-
Account receivable	Chongqing Chang'an New Energy Vehicle Technology Co., Ltd	736,280,330.10	-	1,228,074,856.50	-
Account receivable	Jiangling Holdings Limited	38,503,076.15	-	39,964,487.77	-
Account receivable	Chongqing Chang'an Minsheng Logistics Co., Ltd	32,063,098.53	-	31,376,144.03	-
Account receivable	Yunnan Wanyou Automobile Sales Service Co., Ltd	-	-	1,707,391.53	-
Account receivable	Changan Ford Motor Co., Ltd	1,171,333.10	-	9,727,086.90	-
Account receivable	Harbin Dong'an Automobile Engine Manufacturing Co., Ltd	4,909,080.39	-	845,087.33	-

Account receivable	Chongqing Chang'an industry (Group) Co., Ltd	4,149,202.09	-	701,659.69	-
Account receivable	Chang'an Auto Finance Co., Ltd	40,235,849.06	-	54,885,984.97	-
Account receivable	Chang'an Mazda Engine Co., Ltd	-	-	156,000.00	-
Account receivable	Chang'an Mazda Automobile Co., Ltd	-	-	5,435,063.14	-
Account receivable	Harbin Dong'an Automobile Power Co., Ltd	-	-	180.00	-
Account receivable	Chongqing Chang'an Kuayue Vehicle Co., Ltd	28,375,009.64	-	7,978,148.98	-
Account receivable	Chongqing Qingshan Industry Co., Ltd	7,671,044.75	-	8,611,202.87	-
Account receivable	Hainan anxinxing Information Technology Co., Ltd	-	-	602,542.27	-
Account receivable	Guangxi Wanyou Automobile Sales Service Co., Ltd	-	-	997.60	-
Account receivable	Chongqing Wanyou Economic Development Co., Ltd	8,407.96	-	-	-
Account receivable	Pakistan master Automobile Co., Ltd	-	-	82,290,540.22	-
Account receivable	Nanjing LingHang Technology Co., Ltd	15,320,988.07	-	340,260.00	-
Account receivable	Chengdu Huachuan electric Decoration Co., Ltd	55,000.00	-	-	-
Account receivable	Sichuan Ningjiang Shanchuan Machinery Co., Ltd	55,000.00	-	-	-
Account receivable	Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd	3,486.65	-	-	-
Account receivable	Tiannak Lingchuan (Chongqing) exhaust system Co., Ltd	0.03	-	-	-
Subtotal		908,800,906.52	-	1,472,697,633.80	-
Other receivable	Changan Ford Motor Co., Ltd	124,312,677.99	-	124,312,677.99	-
Other receivable	Hafei Automobile Co., Ltd	1,500,000.00	-	1,500,000.00	-
Other receivable	Chongqing Chang'an industry (Group) Co., Ltd	1,157,446.69	-	1,157,446.69	-
Other receivable	Chongqing Chang'an Minsheng Logistics Co., Ltd	-	-	53.44	-
Other receivable	Ordnance Equipment Group Finance Co., Ltd	189,834.99	-	-	-
Other receivable	Nanjing LingHang Technology Co., Ltd	325,742.37	-	-	-
Subtotal		127,485,702.04	-	126,970,178.12	-
Advanced payment	Chongqing Chang'an New Energy Vehicle Technology Co., Ltd	-	-	24,243,930.61	-
Advanced payment	Beijing Wutong car Link Technology Co., Ltd.	29,975,990.00	-	-	-
Advanced payment	Chongqing Shangshang Auto Parts Co., Ltd	450,971.62	-	-	-

Advanced payment	Beijing zhongbing insurance brokerage Co., Ltd	149,528.99	-	-	-
Subtotal		30,576,490.61	-	24,243,930.61	-

Accounts payable to related parties of listed companies

In RMB Yuan

Items	Related parties	Ending balance	Beginning balance
Notes payable	Harbin Dong'an Automobile Power Co., Ltd	259,520,000.00	544,530,000.00
Notes payable	Chongqing Qingshan Industry Co., Ltd	1,399,280,000.00	916,880,000.00
Notes payable	Harbin Dong'an Automobile Engine Manufacturing Co., Ltd	404,480,000.00	352,810,000.00
Notes payable	Chongqing naishite Steering System Co., Ltd	520,190,000.00	312,130,000.00
Notes payable	Chongqing Chang'an Minsheng Logistics Co., Ltd	250,023,552.96	324,235,180.29
Notes payable	Chongqing Chang'an New Energy Vehicle Technology Co., Ltd	-	123,346,500.00
Notes payable	Chongqing Dajiang Yapu Auto Parts Co., Ltd	211,860,000.00	114,770,000.00
Notes payable	Nanfang Yingte Air Conditioning Co., Ltd	142,170,000.00	94,190,000.00
Notes payable	Chongqing Dajiang Yuqiang plastic products Co., Ltd	120,730,000.00	65,391,200.00
Notes payable	Chongqing Jianshe han'ang automobile thermal management system Co., Ltd	150,420,000.00	56,980,000.00
Notes payable	Chongqing Jianshe vehicle air conditioner Co., Ltd	111,870,000.00	53,170,000.00
Notes payable	Hunan Tianyan Machinery Co., Ltd	-	51,370,000.00
Notes payable	Chongqing Chang'an Construction Engineering Co., Ltd	767,305.52	38,994,143.00
Notes payable	Sichuan Ningjiang Shanchuan Machinery Co., Ltd	67,486,248.47	42,045,906.61
Notes payable	Hubei Huazhong Marelli Automobile Lighting Co., Ltd	91,520,000.00	31,870,000.00
Notes payable	Southern Faurecia Auto Parts Co., Ltd	61,130,000.00	30,780,000.00
Notes payable	Chengdu Wanyou filter Co., Ltd	47,180,000.00	28,600,000.00
Notes payable	Chengdu Ningjiang Zhaohe Auto Parts Co., Ltd	40,500,000.00	28,230,000.00
Notes payable	Nattiefu transmission system (Chongqing) Co., Ltd	39,550,000.00	23,860,000.00
Notes payable	Chongqing Shangshang Auto Parts Co., Ltd	43,466,629.00	18,890,000.00
Notes payable	Sichuan Jian'an Industry Co., Ltd	3,800,000.00	12,140,000.00
Notes payable	Tiannak Lingchuan (Chongqing) exhaust system Co., Ltd	20,390,000.00	11,930,000.00
Notes payable	Chongqing Jianshe Tongda Industrial Co., Ltd	18,705,736.67	10,900,000.00
Notes payable	Hubei Xiaogan Huazhong lamp Co., Ltd	25,170,000.00	26,147,000.00
Notes payable	Chongqing Dajiang National Precision Machinery Manufacturing Co., Ltd	-	8,353,982.41
Notes payable	China Ordnance Equipment Group commercial factoring Co., Ltd	-	27,249,816.78

Notes payable	Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd	7,460,000.00	5,000,000.00
Notes payable	Changan Laisi (Chongqing) robot intelligent equipment Co., Ltd	7,676,918.80	3,786,991.22
Notes payable	Chongqing Yihong engineering plastic products Co., Ltd	6,270,000.00	1,680,000.00
Notes payable	Chengdu Huachuan electric Decoration Co., Ltd	540,000.00	1,640,000.00
Notes payable	Chongqing Dajiang Jiexin Forging Co., Ltd	4,160,000.00	1,600,000.00
Notes payable	Southern Trina Chassis System Co., Ltd	17,334,679.90	1,499,287.93
Notes payable	Chongqing Chang'an industry (Group) Co., Ltd	-	300,927.73
Notes payable	Chengdu Lingchuan vehicle fuel tank Co., Ltd	460,000.00	300,000.00
Notes payable	Hunan Tianyan Machinery Co., Ltd	72,130,000.00	-
Notes payable	Chongqing Lingchuan auto parts manufacturing technology Co., Ltd	57,320,000.00	-
Subtotal		4,203,561,071.32	3,365,600,935.97
Account payable	Chongqing Chang'an New Energy Vehicle Technology Co., Ltd	52,031,428.78	987,249,301.69
Account payable	Chongqing naishite Steering System Co., Ltd	245,934,525.61	364,038,471.33
Account payable	Hubei Huazhong Marelli Automobile Lighting Co., Ltd	112,829,767.44	271,361,040.92
Account payable	Harbin Dong'an Automobile Power Co., Ltd	189,282,871.82	234,873,913.36
Account payable	Southern Trina Chassis System Co., Ltd	159,960,405.59	202,699,198.08
Account payable	Harbin Dong'an Automobile Engine Manufacturing Co., Ltd	281,347,099.78	191,107,786.37
Account payable	Southern Faurecia Auto Parts Co., Ltd	72,649,895.67	152,146,995.28
Account payable	Chongqing Dajiang Yapu Auto Parts Co., Ltd	123,599,875.88	136,564,042.17
Account payable	Chongqing Wanyou Economic Development Co., Ltd	201,948,357.38	127,374,868.86
Account payable	Nanfang Yingte Air Conditioning Co., Ltd	58,361,434.58	114,805,252.76
Account payable	Chongqing Qingshan Industry Co., Ltd	337,977,278.42	368,373,870.72
Account payable	Chongqing Jianshe han'ang automobile thermal management system Co., Ltd	35,791,386.99	53,945,823.59
Account payable	Nattiefu transmission system (Chongqing) Co., Ltd	69,302,599.61	53,653,386.24
Account payable	Chongqing Dajiang Yuqiang plastic products Co., Ltd	28,567,138.34	51,429,508.22
Account payable	Hunan Tianyan Machinery Co., Ltd	-	50,453,258.24
Account payable	Sichuan Jian'an Industry Co., Ltd	71,708,489.46	50,389,382.79
Account payable	Chongqing Changrong Machinery Co., Ltd	30,573,614.53	48,567,677.78
Account payable	Beijing Wutong car Link Technology Co., Ltd.	6,971,232.46	47,721,286.97
Account payable	Chongqing Jianshe vehicle air conditioner Co., Ltd	33,589,015.28	43,541,607.75
Account payable	Chengdu Wanyou filter Co., Ltd	26,074,471.58	30,381,478.06
Account payable	Chengdu Ningjiang Zhaohe Auto Parts Co., Ltd	23,000,826.16	29,379,141.06
Account payable	Hubei Xiaogan Huazhong lamp Co., Ltd	14,821,763.03	23,952,436.29

Account payable	Chongqing Jianshe Tongda Industrial Co., Ltd	12,318,489.57	18,670,315.51
Account payable	Chongqing Shangshang Auto Parts Co., Ltd	18,201,057.32	17,656,884.93
Account payable	Chongqing Lingchuan auto parts manufacturing technology Co., Ltd	16,432,330.63	16,059,572.01
Account payable	Sichuan Ningjiang Shanchuan Machinery Co., Ltd	39,515,304.59	13,521,751.49
Account payable	Chongqing Dajiang National Precision Machinery Manufacturing Co., Ltd	81,538,927.51	10,018,647.24
Account payable	Chengdu Huachuan electric Decoration Co., Ltd	34,890,405.22	8,868,392.58
Account payable	Chengdu Lingchuan vehicle fuel tank Co., Ltd	9,987,763.62	7,442,927.94
Account payable	Chongqing Chang'an Minsheng Logistics Co., Ltd	12,027,722.29	7,310,129.55
Account payable	Chongqing Qingshan transmission Sales Co., Ltd	1,209,940.57	6,290,936.01
Account payable	Chongqing Chang'an Kuayue Vehicle Co., Ltd	-	5,293,918.44
Account payable	Tiannak Lingchuan (Chongqing) exhaust system Co., Ltd	4,951,692.02	4,232,993.94
Account payable	Changan Ford Motor Co., Ltd	5,408.00	4,032,752.22
Account payable	Chongqing Dajiang Dongyang plastic products Co., Ltd	1,508,839.61	3,947,873.64
Account payable	Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd	1,338,643.63	1,891,153.38
Account payable	Chongqing Yihong engineering plastic products Co., Ltd	3,360,302.42	1,864,973.67
Account payable	United Automotive Electronics (Chongqing) Co., Ltd	28,486,425.51	1,505,015.86
Account payable	Yunnan Xiyi Industry Co., Ltd	18,459,331.52	1,423,406.29
Account payable	Chongqing Dajiang Jiexin Forging Co., Ltd	569,159.21	1,313,966.45
Account payable	Chongqing Chang'an industry (Group) Co., Ltd	406,949.37	1,014,734.86
Account payable	Hafei Automobile Co., Ltd	-	949,114.25
Account payable	Chongqing construction industry (Group) Co., Ltd	652,729.33	671,241.27
Account payable	Hangzhou chelizi Intelligent Technology Co., Ltd	-	655,287.41
Account payable	Chengdu Lingchuan special industry Co., Ltd	129,362.01	620,006.72
Account payable	Chongqing Automobile Air Conditioner Co., Ltd	-	205,041.51
Account payable	Chongqing Jialing Yimin special equipment Co., Ltd	104,496.50	104,496.50
Account payable	Jiangling Holdings Limited	102,373.73	37,532,873.73
Account payable	Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd	83,175.03	83,175.03
Account payable	Chongqing Dajiang Xinda Vehicle Co., Ltd	-	56,251.08
Account payable	Chongqing Jianshe electromechanical Co., Ltd	47,265.91	-
Account payable	Lear Chang'an (Chongqing) Automotive System Co., Ltd	145,108,428.53	21,514,578.32
Account payable	Chongqing Xiyi automobile connecting rod Co., Ltd	38,422.14	38,422.14
Account payable	Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd	-	37,211.40

Account payable	Chongqing changfengjiquan Machinery Co., Ltd	-	34,113.46
Account payable	Chongqing Qingshan transmission branch of China Chang'an Automobile Group Co., Ltd	804.09	-
Account payable	Hunan Tianyan Machinery Co., Ltd	37,594,859.84	-
Account payable	China Ordnance Equipment Group commercial factoring Co., Ltd	4,369,459.54	-
Account payable	Changan Laisi (Chongqing) robot intelligent equipment Co., Ltd	72,172.88	-
Subtotal		2,649,835,720.53	3,828,871,887.36
Contract liabilities	Chongqing Wanyou Economic Development Co., Ltd	148,426,701.76	136,922,319.01
Contract liabilities	Chengdu Wanyou Xiangyu Automobile Sales Service Co., Ltd	81,105,670.79	72,155,192.54
Contract liabilities	Guizhou Wanyou Automobile Sales Service Co., Ltd	54,810,358.25	58,030,319.57
Contract liabilities	Chengdu Wanyou Automobile Trade Service Co., Ltd	50,110,735.42	35,971,849.65
Contract liabilities	Wanyou Automobile Investment Co., Ltd	18,062,746.34	31,469,102.13
Contract liabilities	China Changan Automobile Group Tianjin Sales Co., Ltd	17,269,095.70	27,823,192.54
Contract liabilities	China Changan Automobile Group Hefei Investment Co., Ltd	10,273.00	26,160,180.06
Contract liabilities	Yunnan Wanyou Automobile Sales Service Co., Ltd	42,007,728.91	4,100,481.79
Contract liabilities	Chang'an Mazda Engine Co., Ltd	3,256,185.92	3,232,425.34
Contract liabilities	Chongqing Qingshan Industry Co., Ltd	-	1.57
Contract liabilities	Yunnan Xiangyu Automobile Sales Service Co., Ltd	4,327,712.43	1,402,879.67
Contract liabilities	Hafei Automobile Co., Ltd	670,500.00	670,500.00
Contract liabilities	Chongqing Anfu Automobile Marketing Co., Ltd	73,268.00	492,268.00
Contract liabilities	Bazhong Wanyou Automobile Sales Service Co., Ltd	50,426.48	50,426.48
Contract liabilities	Chongqing Wanyou Xingjian Automobile Sales Service Co., Ltd	50,160.44	48,381.98
Contract liabilities	Hainan anxinxing Information Technology Co., Ltd	40,775.60	40,775.60
Contract liabilities	Chongqing Jianshe han'ang automobile thermal management system Co., Ltd	15,752.76	15,752.76
Contract liabilities	Panzhuhua Wanyou Automobile Sales Service Co., Ltd	554.47	14,218.43
Contract liabilities	Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd	43,449.69	13,806.65
Contract liabilities	Chongqing Shangshang Auto Parts Co., Ltd	12,979.98	3,980.00
Contract liabilities	China Ordnance Equipment Group commercial factoring Co., Ltd	1,841.34	3,639.52
Contract liabilities	Luzhou Wanyou Automobile Service Co., Ltd	6,206.06	2.67
Contract liabilities	Jiangling Holdings Limited	-	6,854,200.00
Contract liabilities	Chengdu Wanyou Automobile Sales Service Co., Ltd	81,942.94	-
Contract liabilities	Chongqing Wanyou zunda Automobile Sales Service Co., Ltd	9,629,851.77	8,387,067.42
Contract liabilities	Pakistan master Automobile Co., Ltd	-	6,141,961.92
Contract liabilities	Changan Ford Motor Co., Ltd	46,157.30	-

Contract liabilities	Chang'an Mazda Automobile Co., Ltd	1,423,660.83	-
Contract liabilities	Anhui Wanyou Automobile Sales Service Co., Ltd	25,168,466.63	-
Contract liabilities	Jiangsu Wanyou Automobile Sales Service Co., Ltd	12,819,023.45	-
Contract liabilities	Ya'an Wanyou Automobile Sales Service Co., Ltd	17,613.00	-
Contract liabilities	Chongqing Chang'an Minsheng Boyu Transportation Co., Ltd	446,426.62	-
Subtotal		469,986,265.88	420,004,925.30
Other payables	Chongqing Chang'an Minsheng Logistics Co., Ltd	482,105,970.60	121,088,638.71
Other payables	Chongqing Chang'an New Energy Vehicle Technology Co., Ltd	166,436,033.46	36,316,848.55
Other payables	Changan Laisi (Chongqing) robot intelligent equipment Co., Ltd	16,298,837.60	12,128,160.74
Other payables	Chongqing Chang'an Construction Engineering Co., Ltd	3,215,622.10	6,988,672.23
Other payables	Changan Ford Motor Co., Ltd	-	5,303,266.52
Other payables	United Automotive Electronics (Chongqing) Co., Ltd	54,059.20	1,870,640.08
Other payables	Chongqing Chang'an Property Management Co., Ltd	1,535,707.67	1,466,516.00
Other payables	Chengdu Lingchuan special industry Co., Ltd	-	791,056.30
Other payables	Chongqing Dajiang National Precision Machinery Manufacturing Co., Ltd	-	624,370.54
Other payables	Nattiefu transmission system (Chongqing) Co., Ltd	37,516.00	468,761.43
Other payables	Chengdu Wanyou filter Co., Ltd	245,164.97	452,863.89
Other payables	Harbin Dong'an Automobile Engine Manufacturing Co., Ltd	680,363.17	381,252.08
Other payables	Chongqing Wanyou Economic Development Co., Ltd	48,715.47	269,950.17
Other payables	Southern Faurecia Auto Parts Co., Ltd	-	260,755.41
Other payables	Chengdu Huachuan electric Decoration Co., Ltd	10,810.91	253,402.50
Other payables	Chengdu Wanyou Automobile Trade Service Co., Ltd	-	208,688.90
Other payables	Southern Trina Chassis System Co., Ltd	-	206,361.95
Other payables	Nanfang Yingte Air Conditioning Co., Ltd	-	192,165.58
Other payables	Chongqing Shangshang Auto Parts Co., Ltd	3,164.00	109,671.82
Other payables	Chongqing Anfu Automobile Marketing Co., Ltd	-	100,000.00
Other payables	Chongqing Changrong Machinery Co., Ltd	-	84,901.15
Other payables	Chongqing naishite Steering System Co., Ltd	-	79,552.00
Other payables	Chongqing Qingshan Industry Co., Ltd	-	8,634,212.55
Other payables	Yunnan Wanyou Automobile Sales Service Co., Ltd	60,475.62	56,370.87
Other payables	Chongqing Dajiang Xinda Vehicle Co., Ltd	-	50,000.00
Other payables	Sichuan Jian'an Industry Co., Ltd	73,512.79	49,913.90
Other payables	Sichuan Ningjiang Shanchuan Machinery Co., Ltd	-	40,594.89

Other payables	Chongqing Jianshe han'ang automobile thermal management system Co., Ltd	-	27,387.18
Other payables	Panzhuhua Wanyou Automobile Sales Service Co., Ltd	18,789.74	20,360.82
Other payables	Hubei Xiaogan Huazhong lamp Co., Ltd	-	13,560.00
Other payables	Chongqing Jianshe vehicle air conditioner Co., Ltd	-	10,975.69
Other payables	Chongqing Dajiang Yapu Auto Parts Co., Ltd	-	8,588.36
Other payables	Yunnan Xiyi Industry Co., Ltd	6,985.09	5,306.34
Other payables	Ya'an Wanyou Automobile Sales Service Co., Ltd	12,510.77	4,927.58
Other payables	Chengdu Lingchuan vehicle fuel tank Co., Ltd	-	4,079.47
Other payables	Luzhou Wanyou Automobile Service Co., Ltd	4,401.13	4,050.22
Other payables	Chongqing Wanyou Ducheng Automobile Sales Service Co., Ltd	22,916.81	2,539.14
Other payables	Guizhou Wanyou Automobile Sales Service Co., Ltd	130,413.04	9,011.83
Other payables	China Changan Automobile Group Tianjin Sales Co., Ltd	16,553.40	1,178.52
Other payables	Chengdu Wanyou Trading Co., Ltd	2,432.90	46.00
Other payables	Chongqing Chang'an Kuayue Vehicle Co., Ltd	-	160,487,855.00
Other payables	Chongqing Chang'an industry (Group) Co., Ltd	2,002,319.91	1,812,834.47
Other payables	Harbin Dong'an Automobile Power Co., Ltd	160,098.40	-
Other payables	Chongqing Wanyou zunda Automobile Sales Service Co., Ltd	800,000.00	150,000.00
Other payables	China Chang'an Automobile Group Co., Ltd	60,000.00	90,000.00
Other payables	Anhui Wanyou Automobile Sales Service Co., Ltd	96,895.96	-
Other payables	Hunan Tianyan Machinery Co., Ltd	73,178.80	-
Other payables	Jiangsu Wanyou Automobile Sales Service Co., Ltd	500,000.00	-
Other payables	Jiangling Holdings Limited	833,607.94	-
Total		675,547,057.45	361,130,289.38

XIII. Share-based payments

1. General information

Applicable Non-applicable

Unit: share currency: RMB

Total amount of equity instruments granted by the company in the current period	76,195,400
Total amount of equity instruments exercised by the company in the current period	
Total amount of various equity instruments expired in the current period of the company	
The scope of exercise price of stock options issued by the company at the end of the period and the remaining term of the contract	No

The scope of exercise price of other equity instruments issued at the end of the period and the remaining term of the contract	No
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Other instructions

During the signing of the agreement and the payment of funds after the grant date, 33 incentive objects gave up their subscription of 1,900,800 shares of their corresponding restricted shares for personal reasons. Therefore, the actual grant objects of the company's A-share restricted shares for the first time were 1247, and the actual grant amount for the first time was 76,195,400 shares.

2. Equity settled share based payment

Applicable Non-applicable

Unit: Yuan currency: RMB

Determination method of fair value of equity instruments on the grant date	Market price method model calculation
Basis for determining the number of exercisable equity instruments	Based on the best estimate of the number of exercisable equity instruments, the relevant expenses and costs are calculated according to the fair value of the equity instruments on the grant date
Reasons for significant differences between the current estimate and the previous estimate	No
Cumulative amount of equity settled share based payment included in capital reserve	107,618,400.00
Total recognized expenses of equity settled share based payment in the current period	107,618,400.00

Other instructions

None

3. Cash settled share based payment

applicable not applicable

4. Modification and termination of share based payment

applicable not applicable

5. Other

applicable not applicable

XIV. Commitments and Contingencies

1. Significant commitments

Investment commitment

By June 30, 2021, the group has no investment commitment that has been signed but not yet fully fulfilled.

2. Contingencies

By June 30, 2021, 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	4,108,837,120.27	3,773,918,017.07
1 to 2 years	55,434,711.32	554,825,636.86
2 to 3 years	321,652,418.74	532,765,988.27
Over 3 years	808,112,167.80	696,515,785.09
Total	5,294,036,418.13	5,558,025,427.29
Bad debt provision	-95,559,843.06	-93,484,241.66
	5,198,476,575.07	5,464,541,185.63

(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
2021.06.30	93,484,241.66	2,370,624.80	295,023.40	95,559,843.06
2020.12.31	22,709,502.59	70,774,739.07		93,484,241.66

(3) Disclosure of accounts receivable

In RMB Yuan

Items	Ending			
	Book balance		Provision for bad-debts	
	Amount	(%)	Amount	(%)
Individual assessment of credit expected loss	4,969,823,921.58	93.88	77,639,076.15	1.56

and provision for bad debts				
Assess bad debt provision for expected credit expected loss according to credit risk characteristics combination	324,212,496.55	6.12	17,920,766.91	5.53
Total	5,294,036,418.13	100.00	95,559,843.06	1.81

Items	Ending			
	Book balance		Provision for bad-debts	
	Amount	(%)	Amount	(%)
Individual assessment of credit expected loss and provision for bad debts	5,428,359,709.78	97.67	77,639,076.15	1.43
Assess bad debt provision for expected credit expected loss according to credit risk characteristics combination	129,665,717.51	2.33	15,845,165.51	12.22
Total	5,558,025,427.29	100.00	93,484,241.66	1.68

(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	287,847,271.78	0.05	154,598.66	90,538,481.62	0.40	361,940.43
1 to 2 years	657,143.38	9.97	65,500.04	3,695,660.30	4.14	152,979.49
2 to 3 years				26.00	7.15	1.86
Over 3 years	35,708,081.39	49.57	17,700,668.21	35,431,549.59	43.27	15,330,243.73
Total	324,212,496.55	5.53	17,920,766.91	129,665,717.51	12.22	15,845,165.51

(5) As of June 30, 2021, the top five accounts receivable totaled RMB 3,275,776,960.75, accounting for 61.88% of the total accounts receivable (As of December 31, 2020, the top five accounts receivable totaled RMB4,296,350,189.29, Accounting for 77.30% of the total accounts receivable).

(6) As of June 30, 2021, the Group has no accounts receivable that are derecognized as the transfer of financial assets (December 31, 2020: None)

2. Other receivables

(1)The aging analysis is as follow:

In RMB Yuan

Account receivable age	Ending	Beginning
Dividends receivable	854,896,010.57	
Other receivables	1,692,436,327.45	1,990,616,778.83
Total	2,547,332,338.02	1,990,616,778.83

Dividends receivable

In RMB Yuan

Items	Beginning	Increase	Decrease	Ending	Reasons	Whether Bad-debt provision
Dividends receivable within one year		858,326,010.57	3,430,000.00	854,896,010.57	Dividend distribution has not been received	No
Dividends receivable aged more than one year						
Total		858,326,010.57	3,430,000.00	854,896,010.57	--	--

(1)The aging analysis is as follow:

receivable age	Ending	Beginning
Within 1 year	1,553,896,813.79	1,853,275,788.49
1 to 2 years	667,993.80	4,330,562.67
2 to 3 years	125,217,030.43	125,479,863.46
Over 3 years	19,819,561.73	14,684,849.00
Total	1,699,601,399.75	1,997,771,063.62
Bad debt provision	-7,165,072.30	-7,154,284.79
	1,692,436,327.45	1,990,616,778.83

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

Items	Ending	Beginning
Subsidy	177,490,755.00	404,133,442.00
Internal transactions	860,000,000.00	1,200,000,000.00
Petty cash		15,906,758.91

Asset disposal funds		3,984,842.15
New energy points	333,838,264.00	
Other	321,107,308.45	366,591,735.77
Total	1,692,436,327.45	1,990,616,778.83

(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 2021):

	The first stage Expected credit losses in the next 12 months	The second stage Expected credit loss for the entire life (Single evaluation)	The third stage Expected credit loss for the entire life (Group evaluation)	Total
Balance at the end of the previous year	269,269.46	42,082.56	6,842,932.77	7,154,284.79
Balance on January 1, 2021				
--Transfer to the second				
--Transfer to the third stage				
--Turn back to the second				
--Turn back to the first stage				
Current provision	17,634.62			17,634.62
Current return	-6,847.11			-6,847.11
Ending balance	280,056.97	42,082.56	6,842,932.77	7,165,072.30

(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 2020):

	The first stage Expected credit losses in the next 12 months	The second stage Expected credit loss for the entire life (Single evaluation)	The third stage Expected credit loss for the entire life (Group evaluation)	Total
Balance on January 1, 2020	291,182.01	111,643,227.46	2,850,000.87	114,784,410.34
Changes in accounting policies	-	-111,066,213.00	-	-111,066,213.00
Balance on January 1, 2020 after adjustment	291,182.01	577,014.46	2,850,000.87	3,718,197.34
Balance on January 1, 2020				
--Transfer to the second stage	-	-	-	-
--Transfer to the third stage	-	-534,931.90	534,931.90	-
--Turn back to the second stage	-	-	-	-

--Turn back to the first stage	-	-	-	-
Current provision	-	-	3,458,000.00	3,458,000.00
Current return	-21,912.55	-	-	-21,912.55
Termination confirmation	-	-	-	-
Write off this year	-	-	-	-
Others	-	-	-	-
Ending balance	269,269.46	42,082.56	6,842,932.77	7,154,284.79

(5) As of June 30, 2021, 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	860,000,000.00	Within 1 year	50.60
Second place	195,200,000.00	Within 1 year	11.49
Third place	124,312,677.99	Within 3 years	7.31
Fourth place	113,875,000.00	Within 1 year	6.70
Fifth place	64,274,400.00	Within 1 year	3.78
Total	1,357,662,077.99	-	79.88

(6) As of June 30, 2021, the Group had no other receivables derecognized as financial asset transfers (December 31, 2020: 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	1,791,533,495.17		362,952,450.03					2,154,485,945.20	
Changan Mazda Automobile Co.,Ltd.	1,995,998,622.28		280,357,717.64		719,500,000.00			1,556,856,339.92	
Changan Ford Mazda Engine Co., Ltd.	832,869,256.44		15,721,810.83					848,591,067.27	
Jiangling Investment Co., Ltd.	1,545,807,633.84		78,245,997.25					1,624,053,631.09	
2、 Associated Enterprises									
Chongqing Changan Kuayue Automobile Co., Ltd	237,736,134.21		4,994,618.02		3,430,000.00			239,300,752.23	
Chongqing Changan Kuayue Automobile Marketing Co., Ltd.			-					-	
Beijing Fang'an Xinyue taxi Co., Ltd			-					-	
Chongqing Auto Finance Co., Ltd.	2,337,849,374.75		129,697,153.59		65,191,812.92			2,402,354,715.42	
Hainan Anxinxing Information Technology Co., Ltd.	2,316,052.92		-1,009,343.24					1,306,709.68	
Nanjing Chelai Travel Technology Co., Ltd.	1,192,605.27		-134,310.36					1,058,294.91	
Hunan Guoxin Semiconductor Technology Co., Ltd.	25,373,809.47		-514,689.73					24,859,119.74	

Nanjing Leading Equity Investment Partnership	999,636,607.63		-33,139.50					999,603,468.13	
Nanjing Lingxing Equity Investment Management Co., Ltd.	1,262,180.39		-64,190.89					1,197,989.50	
Jiangling Holding Co., Ltd.	201,736,644.25		-48,302,837.53					153,433,806.72	
Chongqing Changan New Energy Automobile Technology Co., Ltd.	1,042,156,607.05		-471,341,755.14					570,814,851.91	
Zhongqi Chuangzhi Technology Co., Ltd	100,000,000.00		-753,627.84					99,246,372.16	
3、Subsidiaries									
Nanjing Chang'an Automobile Co., Ltd	422,533,259.00							422,533,259.00	
Chongqing Chang'an Automobile International Sales Service Co., Ltd	13,068,581.00							13,068,581.00	
Chongqing Chang'an Automobile Customer Service Co., Ltd	29,700,000.00							29,700,000.00	
Chongqing Chang'an chelian Technology Co., Ltd	88,500,000.00							88,500,000.00	
Chongqing Chang'an Special Purpose Vehicle Co., Ltd	2,500,000.00							2,500,000.00	
Chongqing Chang'an European Design Center Co., Ltd	155,469,913.50							155,469,913.50	
Chongqing Chang'an New Energy Vehicle Co., Ltd	-							-	-49,194,195.00
Changan Automobile UK R & D Center Co., Ltd	250,093,850.95							250,093,850.95	
Beijing Chang'an Automobile	1,000,000.00							1,000,000.00	

Engineering Technology Research Co., Ltd									
Chang'an Japan Design Center Co., Ltd	1,396,370.15							1,396,370.15	
Chang'an American R & D Center Co., Ltd	10,243,460.00							10,243,460.00	
Hefei Changan Automobile Co., Ltd	1,535,367,765.23							1,535,367,765.23	
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	
Chang'an Automobile Investment (Shenzhen) Co., Ltd	235,248,871.00							235,248,871.00	
Nanjing Chang'an new energy vehicle sales Service Co., Ltd	50,000,000.00							50,000,000.00	
Fuzhou Fuqing Chang'an New Energy Vehicle Sales Co., Ltd	2,000,000.00							2,000,000.00	
Xiamen Chang'an new energy vehicle sales Service Co., Ltd	2,000,000.00							2,000,000.00	
Guangzhou Chang'an new energy vehicle sales Service Co., Ltd	4,000,000.00							4,000,000.00	
Chongqing lingyao Automobile Co., Ltd	594,949,059.30							594,949,059.30	
Chongqing chehemei Technology Co., Ltd	10,000,000.00							10,000,000.00	
Chongqing Chang'an Kaicheng Automobile Technology Co., Ltd	976,475,558.18							976,475,558.18	

Chongqing Chang'an Automobile Software Technology Co., Ltd	99,000,000.00							99,000,000.00	
Avatar Technology (Chongqing) Co., Ltd. (Note 1)	58,461,669.77	95,380,000.00						153,841,669.77	
Total	15,911,304,527.87	95,380,000.00	349,815,853.13		788,121,812.92			15,568,378,568.08	-49,194,195.00

Note 1: the former Chang'an Weilai New Energy Vehicle Technology Co., Ltd. was renamed avatar Technology (Chongqing) Co., Ltd. in May 2021.

4. Operating revenue and cost

In RMB Yuan

	Report period		Same period of last year	
	Revenue	Cost	Revenue	Cost
Main business	49,511,486,065.29	43,920,794,847.39	28,058,352,585.87	26,554,901,003.12
Other business	3,316,919,115.43	1,592,749,547.20	1,700,567,311.50	1,310,072,821.56
Total	52,828,405,180.72	45,513,544,394.59	29,758,919,897.37	27,864,973,824.68

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	349,815,853.13	-430,245,711.08
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	78,303,450.81	11,056,250.03
Total	428,119,303.94	2,317,139,772.66

(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 Motor Co., Ltd	362,952,450.03	-570,006,507.40
Chang'an Mazda Engine Co., Ltd	15,721,810.83	11,597,486.28
Hainan anxinxing Information Technology Co., Ltd	-1,009,343.24	-795,039.88
Nanjing chelai Travel Technology Co., Ltd	-134,310.36	-143,024.65
Jiangling Holdings Limited	-48,302,837.53	-94,049,105.60
Chang'an Mazda Automobile Co., Ltd	280,357,717.64	323,202,621.60
Chongqing Chang'an Kuayue Vehicle Co., Ltd	4,994,618.02	27,957,230.96
Changan Peugeot Citroen Automobile Co., Ltd		-114,234,986.00
Chang'an Auto Finance Co., Ltd	129,697,153.59	123,493,951.66
Avita Technology (Chongqing) Co., Ltd		-18,666,611.81
Hunan Guoxin Semiconductor Technology Co., Ltd	-514,689.73	-126,648.85
Nanchang Jiangling Investment Co., Ltd	78,245,997.25	34,848,792.52
Chongqing Chang'an New Energy Vehicle Technology Co.,	-471,341,755.14	-153,230,307.40

Ltd		
Nanjing linghang equity investment partnership (limited partnership)	-33,139.50	32.16
Nanjing LingHang Equity Investment Management Co., Ltd	-64,190.89	-93,594.67
Zhongqi Chuangzhi Technology Co., Ltd	-753,627.84	
Total	349,815,853.13	-430,245,711.08

XVIII. Additional information

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

In RMB Yuan

Items	Amount
Profit and loss of non-current assets disposition	601,066,861.33
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)	517,107,352.50
Gains and losses from entrusted loans	6,959,316.06
Profit and loss from changes in fair value (excluding hedge accounting)	15,734,698.73
Other non-business incomings and outgoings except above-mentioned items	26,880,243.65
Interest on deferred payment of funds received from non - financial enterprises	17,542,698.15
Less: amount influenced by income tax	-88,222,076.78
Amount influenced by minority shareholders' interest (after tax)	-107,580,857.12
Total	989,488,236.52

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.

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	3.22%	0.32	Not applicable
Net profit belonging to the Company's common stockholders after deducting non-recurring profit and loss	1.38%	0.14	Not applicable

The group's presentation of return on net assets and earnings per share is in accordance with the preparation rules for information disclosure of companies offering securities to the public No. 9 - Calculation and disclosure of return on net assets and earnings per share (revised in 2010) of the CSRC.

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