



**Chongqing Changan Automobile
Company Limited**

2021 Annual Report

April 2022

Chapter 1 Important Notice, Contents, and Definitions

1. The Board of Directors (or the “Board”), the Supervisory Board as well as the directors, supervisors and senior managers of Chongqing Changan Automobile Co., Ltd. hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.
2. Zhu Huarong, the Company’s legal representative, Zhang Deyong, the Company’s Chief Financial Officer and Chen Jianfeng, the person-in-charge of the accounting organ hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.
3. Except the following directors, all the directors have attended the board meeting for reviewing this Report.

Name of the directors absent	Positions	Reasons for the absence	Name of the Trustees
Ye Wenhua	Director	Business trip	Zhang Bo
Zhou Kaiquan	Director	Business trip	Wang Jun

4. Any prospective description such as future business plans and development strategies in this Report shall not be considered as the Company’s commitment to investors. Investors and relevant persons shall be sufficiently mindful of risks, and undertake the difference in plans, predictions and commitment.
5. Section III “Management Discussion and Analysis” of this Report describes the possible risks and countermeasures of the Company, and investors shall pay attention to the relevant content.
6. The Board has approved a final dividend plan as follows: Based on 7,632,153,402 shares, a cash dividend of RMB 2.33 (tax included) per 10 shares is to be distributed to all shareholders, and 3 bonus shares for every 10 shares will be converted from the capital reserve.

This Report have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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Documents Available for Reference

- I. Financial statements carrying the signatures and seals of the Company's legal representative, the Chief Financial Officer, and the person-in-charge of the accounting organ.
- II. The 2021 Auditor's Report stamped by the accounting firm and signed and stamped by chartered accountants.
- III. During the reporting period, the original copies of all company documents and announcements publicly disclosed by the Company in *China Securities Journal*, *Securities Times*, *Securities Daily*, *Shanghai Securities News*, and *Hong Kong Commercial Daily*.
- IV. Annual Reports disclosed in other securities markets.

Definitions

Items	Refers to	Definitions
Changan Auto, Changan Automobile, the Company	Refers to	Chongqing Changan Automobile Co., Ltd.
CSG	Refers to	China South Industries Group Corporation, the Company's actual controller
China Changan	Refers to	China Changan Automobile Group Co., Ltd., formerly known as China South Industries Automobile Co., Ltd., a subsidiary company of CSG
Changan Industry	Refers to	Chongqing Changan Industry (Group) Co., Ltd., formerly known as Changan Automobile (Group) Co., Ltd., a subsidiary company of CSG
Nanjing Changan	Refers to	Nanjing Changan Automobile Co., Ltd., a subsidiary company of the Company
Hebei Changan	Refers to	Hebei Changan Automobile Co., Ltd., a subsidiary company of the Company
Hefei Changan	Refers to	Hefei Changan Automobile Co., Ltd., a subsidiary company of the Company
Changan Bus	Refers to	Baoding Changan Bus Co., Ltd., a subsidiary company of the Company
CIC	Refers to	Chongqing Changan Automobile International Sale Service Co., Ltd., a subsidiary company of the Company
Changan Ford	Refers to	Changan Ford Automobile Co., Ltd., a JV of the Company
Changan Mazda	Refers to	Changan Mazda Automobile Co., Ltd., a JV of the Company
CME	Refers to	Changan Mazda Engine Co., Ltd., a JV of the Company
Jiangling Holding	Refers to	Jiangling Holding Co., Ltd., an associate of the Company
Changan Finance	Refers to	Changan Automobile Financing Co., Ltd., an associate of the Company
CSG Finance	Refers to	China South Industries Group Finance Co., Ltd., a subsidiary company of South Industries
UPI	Refers to	United Prosperity Investment Co., Ltd., a subsidiary company of China Changan

Chapter 2 Company Profile and Main Financial Indexes

I. Basic Information

Stock abbreviation	Changan Automobile, Changan B	Stock Code	000625, 200625
Listed on	Shenzhen Stock Exchange		
Company name in Chinese	重庆长安汽车股份有限公司		
Chinese abbreviation	长安汽车		
Company name in English	Chongqing Changan Automobile Co., Ltd.		
Legal representative	Zhu Huarong		
Registered address	No. 260, East Jianxin Road Jiangbei District, Chongqing		
Post code of the registered address	400023		
Office address	No. 260, East Jianxin Road, Jiangbei District, Chongqing. Building T2, No. 2, Financial City, No. 61 Dongshengmen Road, Jiangbei District, Chongqing.		
Post code of the office address	400023		
Website	http://www.changan.com.cn		
E-mail address	cazqc@changan.com.cn		

II. Contact Information

	Secretary of the Board of Directors	Securities affairs representative
Name	Zhang Deyong, Li Jun	
Contact address	Building T2, No. 2, Financial City, No. 61 Dongshengmen Road, Jiangbei District, Chongqing	
TEL	023-67594008	
FAX	023-67866055	
E-mail address	cazqc@changan.com.cn	

III. Information Disclosure and Filing Site

Stock exchange website where this Report is disclosed	http://www.szse.cn
Media and website where this Report is disclosed	<i>China Securities, Journal, Securities Times, Securities Daily, Shanghai Securities News, Hong Kong Commercial Daily</i> and www.cninfo.com.cn
Place where this Report is lodged	Board Office of the Company

IV. Changes of Registration Information

Organization Code	9150000020286320X6
Changes in the main business since the Company's listing	Not applicable
Changes of controlling shareholder since incorporation (if any)	1. In December 2005, according to the restructuring program on automobile business, the Company's actual controller, CSG transferred all state-owned shares of Changan Automobile (Group) Company Limited ("Changan Group") as part of funding for China

	<p>South Industries Automobile Co., Ltd.. In March 2006, all shares held by Changan Group have been transferred to China South Industries Automobile Co., Ltd.. China South Industries Automobile Co., Ltd. became the majority shareholder of the Company, and Changan Group holds zero share since then.</p> <p>2. In July 2009, with the approval of State Administration for Industry and Commerce, “China South Industries Automobile Co., Ltd.” changed its name to “China Changan Automobile Group Co., Ltd.”. No change occurred in its property, ownership and control of the Company.</p> <p>3. In February 2019, “China Changan Automobile Group Co. Ltd.” changed its name to “China Changan Automobile Group Co., Ltd.” with the approval of Beijing Administration for Industry and Commerce. The company changed from a joint stock company to a limited liability company.</p>
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V. Other Relevant Information

The audit firm employed by the Company

Name	Ernst & Young Hua Ming LLP (Special General Partnership)
Office address	Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing, China
Accountants writing signatures	Qiao Chun, Yuan Yong

The independent sponsor employed by the Company to exercise constant supervision over the Company in the reporting period

Applicable Not applicable

Name	Office address	Sponsor representative	Supervision period
CITIC Securities Co., Ltd.	21st Floor, CITIC Securities Building, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	He Yang, Chen Shumian	October 26, 2020 - December 31, 2021

The independent financial advisor employed by the Company to exercise constant supervision over the Company in the reporting period

Applicable Not applicable

VI. Key Accounting Data and Financial Indexes

Does the Company need to retrospectively adjust or restate the accounting data of previous years?

Yes No

Reason: Changes in accounting policies

	2021	2020		YoY change (%)	2019	
		Original	Restated		Restated	Original
Operating revenue (RMB)	105,141,877,237.05	84,565,544,146.58	84,565,544,146.58	24.33%	70,595,245,133.28	70,595,245,133.28
Net profit attributable to shareholders of the Company (RMB)	3,552,463,320.03	3,324,251,164.16	3,324,251,164.16	6.87%	-2,646,719,356.53	-2,646,719,356.53
Net profit after deduction of non-recurring gains or losses attributable to shareholders of the Company (RMB)	1,652,771,338.77	-3,249,984,527.77	-3,249,984,527.77	150.85%	-4,762,446,597.61	-4,762,446,597.61
Net cash flow from operating activities (RMB)	22,971,723,210.84	10,675,953,479.24	10,675,953,479.24	115.17%	3,881,748,238.39	3,881,748,238.39
Basic earnings per share (RMB/share)	0.47	0.68	0.48	-2.08%	-0.55	-0.39
Diluted earnings per share (RMB/share)	0.46	non-applicable	non-applicable	-	non-applicable	non-applicable
Weighted average ROE (%)	6.53%	7.13%	7.13%	(0.60) ppts	-5.86%	-5.86%
	31 December 2021	31 December 2020		YoY change	31 December 2019	

				(%)		
		Original	Restated	Restated	Original	Restated
Total assets (RMB)	135,404,623,479.63	120,915,805,349.52	118,265,186,394.86	14.49%	97,617,053,590.38	94,994,082,789.76
Net assets attributable to shareholders of the Company (RMB)	55,732,932,103.72	53,410,193,236.09	53,410,193,236.09	4.35%	44,028,312,743.66	44,028,312,743.66

Reasons for changes in accounting policies and corrections of accounting errors

In order to make the Company's accounting more accurate, objective and fair to reflect the Company's financial status and operating results, the Company's government subsidy accounting policy is changed from January 1, 2021, from the gross method to net method. For details, see *Announcement on Changes in Accounting Policies* (Announcement Number: 2021-43).

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

Yes No

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

Yes No

VII. The Differences between Chinese Accounting Standards and International Financial Reporting Standards

1. Differences in net profit and net asset attributable to shareholders in financial report disclosed in accordance with International Financial Reporting Standards and Chinese Accounting Standards

Applicable Not applicable

No difference during the reporting period.

2. Differences of net profit and net assets disclosed in financial reports prepared under Overseas Financial Reporting Standards and Chinese Accounting Standards

Applicable Not applicable

No difference during the reporting period.

3. Reasons for differences in accounting data under Chinese Accounting Standards and International Financial Reporting Standards

Applicable Not applicable

VIII. Key Financial Indexes of 2021 by Quarter

Unit: RMB

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenue	32,027,320,806.54	24,757,311,092.53	22,414,874,166.50	25,942,371,171.48
Net profit attributable to shareholders of the Company	853,585,805.31	875,659,403.29	1,263,000,422.10	560,217,689.33
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses	720,085,110.43	19,671,861.65	1,000,036,577.00	-87,022,210.31
Net cash flow from operating activities	7,236,025,541.31	10,462,801,329.06	4,976,530,974.21	296,365,366.26

Whether there are significant differences between the above-mentioned financial indexes or its total number and the relevant financial indexes disclosed in the Company's quarterly report and semi-annual report

Yes No

IX. Items and Amounts of Non-Recurring Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2021	2020	2019
Gains or losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	745,601,530.26	29,465,046.07	56,658,864.17
Government subsidies charged to current gains or losses (exclusive of government subsidies given in the Company's ordinary course of	1,335,952,105.80	797,901,407.24	1,537,625,620.93

business at fixed quotas or amounts as per the government's uniform standards)			
Gains or losses on fair-value changes on held for trading financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	42,078,804.00	2,035,390,665.86	889,154,888.69
Gains and losses on entrusted loans	6,959,316.00	13,768,160.42	6,771,226.43
Losses from business combination not under common control		-6,937,641.07	-
Gains from disposal of long-term equity investments		1,398,196,002.13	-
Gains from the remeasurement of the remaining equity at fair value after the loss of control		2,246,681,836.54	
Non-operating income and expense other than the above	90,085,373.52	-27,519,486.75	-135,258,766.14
Deferred payment interest on funds charged to non-financial corporations	11,853,260.69	17,795,918.37	28,553,488.65
Minus: Influenced Amount of Income Tax	196,630,848.39	-91,514,483.25	250,459,302.04
Non-controlling interests effects (after tax)	136,207,560.62	22,020,700.13	17,318,779.61
Total	1,899,691,981.26	6,574,235,691.93	2,115,727,241.08

Particulars about other gains and losses that meet the definition of non-recurring gain/loss

Applicable Not applicable

No such cases for the reporting period.

Explanation of why the Company reclassifies recurrent gain/loss as an Extraordinary gain/loss item listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gain/Loss Items

Applicable Not applicable

No such cases for the reporting period.

Chapter 3 Management Discussion and Analysis

I. Industry Overview in 2021

1. The industry analysis

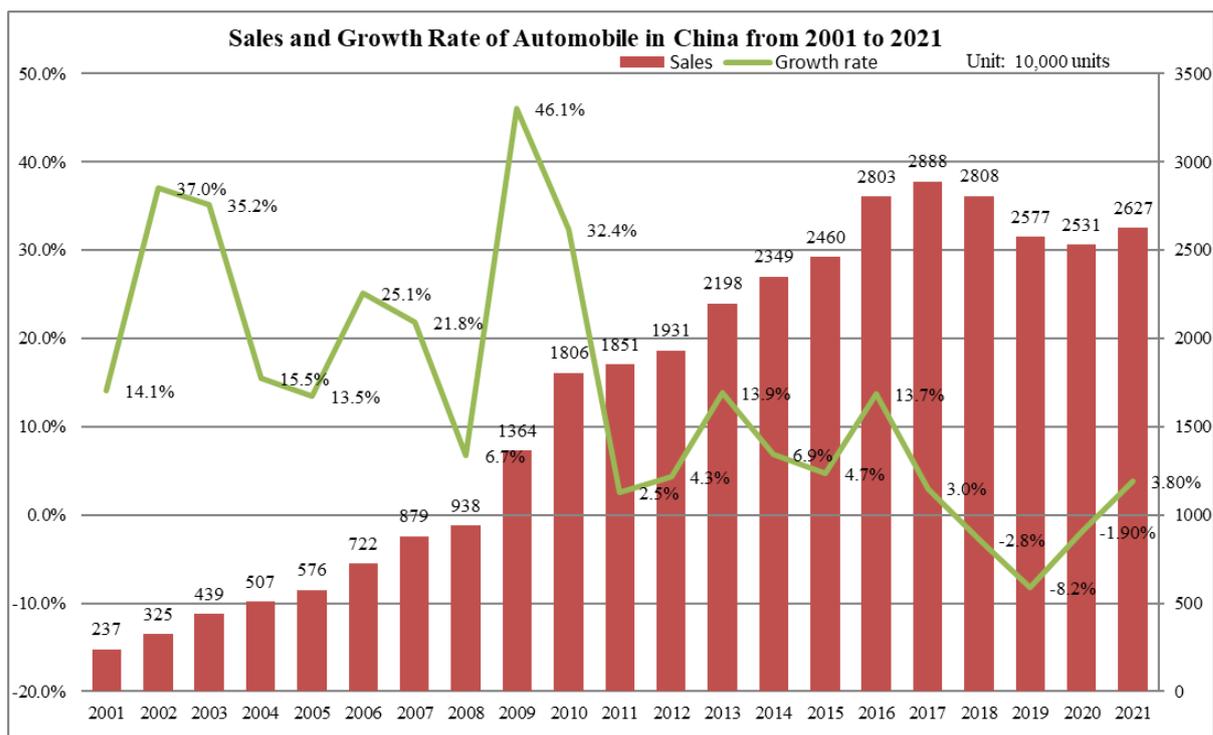
In 2021, the auto industry carried forward Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era under the central Party and State Council leadership despite complicated and difficult situations such as the ongoing COVID-19 in the world and shortages of automotive chip supply. Committed to the new development philosophy, the auto industry maintained stable production and sales throughout the year with increasing momentum through hard work and determination to overcome challenges, ending the three-year downturn since 2018. Rapid growth in new energy vehicles drove a significant increase in Chinese brand passenger vehicles, showing resilience and momentum of development. The automobile industry has made new outcomes in the first year of the “14th Five-Year Plan”. The details are as follows.

In 2021, the cumulative production and sales of the auto industry reached 26.082 million and 26.275 million units, up by 3.4% and 3.8% year-on-year, respectively. The sales marked the first positive growth in the past four years with the biggest production and sales volume in the world for the 13th consecutive year. Due to chip shortages and other factors, the auto market showed initial growth and turned downward. The sales volume in the first four months maintained year-on-year growth and continued to decline from March. The year-on-year growth rate has turned negative since May, and the decline in the fourth quarter gradually narrowed.

Despite the chip shortages and rising prices of raw materials, passenger vehicle production and sales reached 21.408 million and 21.482 million units respectively, up by 7.1% and 6.5% year-on-year. The production and sales of passenger vehicles also ended the three-year downward trend since 2018, and were better than the industry overall. Across the industry, sedan sales reached 9.934 million units, a year-on-year increase of 7.1% and 0.6 percentage points higher than the passenger vehicle industry; SUV sales volume continued to exceed that of sedans, reaching 10.101 million units, a year-on-year increase of 6.8%. As China switched to the VI emission standard with customers waiting to see the effect of the new policy of light-truck licensing and registration, and the slowdown in investment growth of the real estate and infrastructure industries, the production and sales of commercial vehicles declined in 2021, standing at 4.674 million and 4.793 million, down by 10.7% and 6.6% year-on-year, respectively.

New energy vehicles showed outstanding performance with rapid sales growth. Thanks to favorable new energy vehicle policies, rising product supply, and a higher level of consumer recognition, the production and sales of NEVs reached 3.545 million and 3.521 million in 2021, up by 150% year-on-year. It was the highlight of the automotive industry in 2021. The sales of new energy passenger vehicles reached 3.334 million units, a year-on-year increase of 167.5%, far better than the overall passenger vehicle market. The production and sales of pure electric passenger vehicles exceeded 2.7 million units. Meanwhile, the market share of new energy passenger vehicles went up from 6.6% at the end of 2020 to 15.5%, about 1.5 times higher than last year. New energy passenger vehicles drove the growth of the passenger vehicle market and even supported the positive growth of the auto market against supply chain crises such as chip shortages. With suitable positioning of products in the market and an accurate understanding of consumer demand, some traditional manufacturers did well in market segments such as the new energy mini car and galvanized the market segment in turn. There were leading players in the NEV market that set the standard for the industry with diverse product portfolios and different technological and technical strengths. Startups with internet genes showed unique competitive edges with brand-new products, services, and experiences to attract consumers.

The market share of narrow-sense passenger vehicles of Chinese brands climbed to a historical high. In 2021, the narrow-sense PV market was affected by continuous chip shortages, but homegrown Chinese brands suffered less than the joint venture brands with differentiated product positioning and more flexible mechanisms. Moreover, Chinese brands seized the opportunity of NEV development, rolling out EV/PHEV products. Not only did they benefit from the trend of drastic NEV growth, but also increased the market share of Chinese brands. In 2021, the cumulative sales volume of narrow-sense Chinese brand PV was 9.366 million units, a year-on-year increase of 25.2%. The market share increased by 6.6 percentage points to 44.2% compared with 2020, a record high for Chinese brands in the narrow-sense PV market since 2017 and a U-turn from the continuous decline since 2018.



Source: China Automobile Industry Newsletter of Production & Sales and other industry information released from the China Association of Automobile Manufacturers.

2. Changan Auto's performance

In 2021, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Changan Automobile implemented the new development concept starting from the new development stage. We created a new development dynamic with "steadfast reform, innovation and breakthrough, digital-driven development, and efficiency enhancement" as the keys. We carried forward the Third Business Venture-Innovation and Entrepreneurship Program, pursued high-quality development, and worked hard to build our ecology of the auto industry. Thus, we gradually strengthened our position in the industry and development quality, off to a good start in the "14th Five-Year Plan".

Facing repeating outbreaks of COVID-19, chip supply shortages, electricity consumption restrictions and industrial production restrictions, and profound changes in the auto industry against the backdrop of unprecedented changes in a century, Changan Automobile made arduous efforts on operation quality with stronger marketing and sales capability for better scale, market share, and profits. Our sales volume reached 2.301 million, 14.8% higher than 2020, and the market share increased by 0.8 percentage points year-on-year, ranked fourth again among automobile groups. We sold 1.755 million units of homegrown brands, a year-on-year increase of 16.7%, second in the industry. We ranked second among narrow-sense Chinese brand PV manufacturers, and narrowed the gap between us and the industry-first by 63.7% compared with 2020. We marked the Centenary of the CPC with excellent results!

3. Industrial policies

(1) NEV financial subsidies

On December 31st 2021, four ministries including the Ministry of Finance issued the Notice on the Financial Subsidy Policy for Promotion and Application of New Energy Vehicles in 2022. In 2022, the current technical index system, framework and threshold requirements for subsidies will not change. For NEVs for non-public transport, subsidies will be reduced by 30% on the 2021 base and subsidies for NEVs for public transport will be reduced by 20%. By December 31st 2022, the subsidy policy for purchasing NEVs will terminate with no subsidies for vehicles registered afterwards.

Manufacturers can adjust the product portfolio in a consistent way and improve profitability per unit with unchanged subsidy technical index and stable and predictable rhythm of subsidy phasing out. The phasing out and termination of subsidies will increase pressure of operation.

(2) Dual credit policy

In February 2021, the Ministry of Industry and Information Technology (MIIT) issued the Notice on the Management of Corporate Average Fuel Consumption and New Energy Vehicle Credits for Passenger Vehicle Companies in 2020. First, off-cycle

technologies/devices are included in the fuel consumption calculation. Exemption of 0.15 liters, 0.1 liters, and 0.15 liters (0.05 liters for 12 volts) in fuel consumption calculation per 100 kilometers will be given to vehicles with off-cycle technologies such as start-stop, gear shift indicator, braking energy recuperation technologies. Second, enterprises can use NEV credits produced in 2021 to offset the negative credits generated in 2020.

The two policy measures alleviated the imbalance between the supply and demand of positive and negative credits due to the COVID-19, and eased the credit pressure on manufacturers.

(3) Lifting the joint venture shareholding restrictions

On December 27, 2021, the National Development and Reform Commission issued the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2021). Starting from January 1, 2022, China will remove the foreign ownership limits in passenger vehicle manufacturing and the restrictions on foreign companies from establishing two joint ventures.

After the Chinese government lifted the joint venture shareholding restrictions, the market competition that determines business survival will become fiercer with faster pace of mergers/reorganizations. The rapid development of new technologies such as electrification and intelligence and new business models such as the sharing business may have a greater impact on joint venture companies.

(4) Auto data security

In August 2021, five departments including the Cyberspace Administration of China issued the Several Provisions on the Management of Automobile Data Security (for Trial Implementation). It stipulates that automobile data processors should act upon principles such as "in-car processing", "no collection by default", "proper precision" and "desensitization" to reduce the disorderly collection and abuse of vehicle data. Processors dealing with important data should store the important data in China in accordance with the law and strengthen the protection of such data.

This regulation puts stricter requirements on information collection outside and in cars for auto manufacturers.

4. Major laws and regulations

(1) Market access

As the automobile market develops in China, mandatory standards and technical regulations are needed for the legal management of auto products. China is also developing management system for automobile product certification in line with the time. Under the new round of technological revolution and industrial transformation, the strategic direction of the auto industry is with intelligent connected vehicles (ICV). Therefore, while the access system for traditional vehicles is improving, the automotive authorities are also doing research to promote the access system for ICVs.

(2) Standards

(A).In December 2020 and February 2021, the Vehicle Event Data Recorder System (GB 39732-2020) and the Steering System of motor vehicles-Basic requirement (GB 17675-2021) were released respectively, and they will be enforced on January 1st, 2022.

According to GB 39732-2020, a vehicle event data recorder system records the vehicle motion status for cause analysis and liability determination after accidents. Steering System of motor vehicles-Basic requirement specifies the definitions of terms, technical requirements, and test methods for automotive steering systems. Compared with the previous version of GB 17675-1999, the new standard comprehensively considers various vehicle types and steering systems to revise the scope of application and technical requirements while adding requirements such as electromagnetic compatibility and functional security of steering system electronic control units, and failure alerts.

The changes are clear requirements on the new electrification and intelligence technology of automobiles. Manufacturers must meet the corresponding requirements when developing new technologies, which will lead to larger investment in R&D. The costs of the vehicle will also increase, but the security and reliability of vehicles will be greatly improved.

(B).In February 2021, the mandatory national standard Fuel Consumption Limits for Passenger Vehicles (GB19578-2021) was released, which stipulates the limits and test methods for fuel consumption of passenger vehicles. The evaluation system of fuel consumption limits is linear based on the curb weight, instead of divided into different stages based on groups of curb weight. The test standard switches from the NEDC drive cycle to the WLTC cycle. The standard was implemented from July 1, 2021, for newly certified models, and will be implemented from January 1, 2023, for models already certified.

New vehicles of Changan Auto have abided by the new standard and models already certified are also being adjusted in line with the product planning.

II. Analysis of Core Business in 2021

As an automobile manufacturer, Changan Automobile's businesses cover the R&D, manufacturing, and sales of vehicles (including passenger vehicles and commercial vehicles), as well as the R&D and production of engines. At the same time, we proactively develop new businesses such as mobility, car services, new marketing and sales, and battery swapping, and steps up efforts in exploring finance, used cars and other fields to build a comprehensive industrial ecology and become an intelligent, and low-carbon mobility technology company.

With "Leading Auto Culture for Better Life" as our mission, we make efforts to develop NEVs and intelligent vehicles while adhering to the philosophy of "low-carbon and environmental protection, technology and intelligence". By leading auto culture through scientific innovation, we strive to provide customers with high-quality products and services. After years of development, we have homegrown brands such as Changan, Oshan, and Kaicene, and joint venture brands such as Changan Ford and Changan Mazda to produce and sell joint venture brand vehicles. We launched many iconic homegrown brands models including the CS series, Eado series, UNI series, Oshan series and Shenqi while the joint venture companies have many famous products such as the all-new Focus, Escort, Escape, Explorer, Aviator, Axela, CX-5 and CX-30. Meanwhile, Changan Automobile rolls out new energy vehicles such as Eado EV, BenBen E-star and CS55 E-Rock that are well received among consumers.

Our operation attaches "equal importance to homegrown and joint venture brands". We make determined efforts in developing iconic homegrown brands, with Changan, Oshan, and Kaicene brands as independent entities. For Changan Ford, Changan Mazda and other joint ventures, we adopt investment management and control and continue to deepen mutual trust and cooperation with partners.

1. The Company's business development in 2021

(1) The Company overcame challenges such as chip shortages with robust growth of homegrown brands, stable growth and momentum of joint venture brands.

Faced with the challenge of chip shortages across the industry, Changan Automobile took targeted and diverse measures to effectively defuse the supply risks. On the one hand, we constantly adjusted sales demand and production plans and sorted out supply risks and shortages of parts in advance based on research on the supply-demand situation. With the focus on key suppliers, we adopted a supply guarantee plan featuring "a differentiated policy for each plant", and tried our best efforts to minimize the impact of supply chain fluctuations on production. On the other hand, we worked hard to strengthen core capabilities in chips, cloud, key algorithm, data service operation, and software engineering. We aimed to establish a secure and controllable new ecology of the modern automobile industry chain.

In 2021, Changan PV brand and Oshan sold 966,000 and 228,000 vehicles respectively, up by 20.0% and 49.0% year-on-year respectively, and significantly better than the narrow-sense PV industry. Changan passenger vehicle sales and overseas sales both hit record highs. For the first time, NEV sales exceeded 100,000 units, a year-on-year increase of over 200%, far better than the industry. Oshan sales reached 200,000 units again with initial outcomes of transformation.

At the same time, Changan Ford achieved yearly sales of 305,000 vehicles, a year-on-year increase of 20.3%, and increasing for the second year. Among its sales, SUV and premium sedans accounted for more than 70%. Lincoln brand completed sales of 89,000 vehicles, a year-on-year increase of 109.1%.

Iconic products showed robust performance. According to retail sales based on insurance registration data, CS75PLUS maintained its leading position in the compact SUV market of Chinese brands in terms of retail and Eado PLUS was two ranks higher on the compact sedan sales of all brands. UNI-T maintained medium to high positions in the competition of joint venture and high-end homegrown brands. UNI-K was ranked 6th in midsize SUV retail of Chinese brands. The monthly sales of Oshan X5 kept at ten thousand level and it was ranked 6th in compact SUV retail of Chinese brands. Lincoln Corsair had remarkable performance, ranked fourth in the premium compact SUV retail of all brands. (Source: China Automotive Technology & Research Center insurance registration data and retail sales)

We enhanced top-level planning and innovated the marketing and sales model by setting up the Group Intelligent Marketing and Sales Center for future competition. We made the ecosystem planning of "Dubhe Intelligent Connected Network" for the transformation towards sharing and light-asset network scenarios and efficient use of group network resources. Changan Automobile established the UNI Service framework as the UNI Service Space completed construction in 5 cities with the pilot operation of three business modes. Intelligent maintenance and repair services, and modification reservations were officially launched to provide innovative services that are efficient, convenient, intelligent and active.

(2) Speed up strategic transformation and further optimize industrial layout

Changan Automobile promoted the implementation of the 14th Five-Year Plan in an orderly manner, updated and launched the Innovation and Business Venture Plan 5.0. The company successfully held the first Tech Ecosystem Summit, formulated and released the "New Auto + New Ecology" strategy, and built a new business model characterized by the integration of cloud, network, platforms and user scenario. Based on the latest policies for carbon peak and carbon neutrality, the company formulated the 14th Five-Year Plan for science and technology, clearly put forward the strategy driven by "Technology+ Ecology", and steadily promoted the layout of Changan Technology Company.

The Company has been creating intelligent products with leading performance with the progress of Dubhe Plan. APA 6.0 remote smart parking assist was launched in 2021, which is able to find parking space within 30meters through smart phone remote control,

pulling into a small parking spot with industry-leading precision. A dozen of functions for smart cockpit and car controls including AR navigation, four-screen display, gesture control, track mode, intelligent welcome/leaving, bringing users a superior car experience. At the same time, Changan Automobile accelerated the building of intelligence core capabilities of “chips, control units, mapping, components, cloud, network and algorithms”. The company established the Advanced Technology Research Institute to carry out research on advanced technologies including chip design, crowd mapping, and artificial intelligence. And the Changan Automobile Intelligent Computing Center was built to support intelligent driving and connected vehicle services. On this basis, the first Changan Automobile Tech Ecosystem Summit was held to build the next-generation intelligent vehicle super digital platform SDA with partners, which will be the first to realize the service-oriented centralized ring network architecture in 2023.

NEV production layout is fully optimized with the steady progress of “Mission of Shangri-La” NEV Strategy. The company has released the new generation ultra-integrated electric drive and battery with zero fire risk. We completed the building of the “Smart Core” smart vehicle domain controller (SVDC), and launched the in-house compact all-electric platform which is highly scalable, highly compatible and versatile. We cooperated with AVIC and CATL to improve the safety and basic performance of batteries for NEVs. The Yubei Plant upgrade program and the commissioning of electric drive production line in Chongqing helped accelerate the layout of e-motor, e-drive and e-controller.

(3) Accelerate innovation and transformation to enhance all-around competitiveness

Changan is boosting the lineup with the launch of Changan UNI-K, UNI-V, 2022 UNI-T, the second generation CS75 PLUS, 2021 EADO PLUS, Benben E-Star, Oshan X7 PLUS, 2022 Kaicene F70, Ford EVOS and 2021 MAZDA3 Axela.

Being Customer-centric, Changan is committed to improving customer service capabilities throughout the life cycle covering car purchase, selling, usage, repair and service to meet different needs of customers in different scenarios. We upgraded the five promises of integrity service version 3.0, improved the organizational management system of customer service, and engaged the experience officers in the product development process. We improved customer pain points through the four actions, two systems and service experience innovation of TOP 1 Program for Customer Experience. Our Sales Satisfaction Index (SSI) and Customer Service Index (CSI) reached 98.5% in 2021, ranking highest among homegrown brands in sales satisfaction released by CQA. We strengthened customer management, enhanced fan interaction, and held activities such as Fan Festival, sustainable events and road trips to historic places of Changan to maintain efficient interaction with customers.

We pushed ahead with Digital Management Project and accelerated the pace of digital transformation. We improved the top-level design of digital management, building the platform-based industrial architecture on the ground and in the cloud. Based on hybrid cloud architecture, we accelerated the building of digital infrastructure including Changan multi-cloud management platform. The newly built Changan & Huawei Low Code Joint Innovation Lab armed Changan with agile digital development capability. The capacity building of nearly 400 technologies in six simulation fields was completed through CAE (Computer Aided Engineering) simulation ecosystem. The collaborative product development system integrated product development around business processes. Customer data platform promoted data-driven customer management scenarios to achieve sales lead improvement and customer conversion. We connected real-time data of the whole value chain in Order-to-Delivery process.

Changan joined hands with partners for a win-win future. In partnership with Huawei and CATL, we launched a new premium intelligent EV brand Avatr and debuted its first model Avatr 011. We cooperated with partners including Horizon Robotics, BOE, and BrightMap to build future-oriented, well-controlled and industry-leading technical capabilities. The cooperation between Changan and Lincoln brand put new models into production including Corsair, Nautilus and Aviator. Changan Ford sold 305,000 units in 2021, an increase of 20.3% year-on-year, turning its operation into profit.

2. New models launched in 2021



UNI-K

UNI-K adopts the design language of new technology aesthetics with borderless grille and highly recognizable airplane-like cockpit, presenting the beauty of future technology. The model is equipped with intelligent driving assistance system and IMS intelligent cockpit interactive system can identify and actively respond to the scenario-based needs of users. BlueCore new generation 2.0 T engine delivers a power peak of 233 hp and a maximum torque of 390N·m. Aisin 8AT transmission and BorgWarner AWD system bring flexible acceleration in multiple working conditions. The interior comes with five-seat layout, Zero Gravity seats, and rear seat angle adjustment. 2890 mm wheelbase brings comfortable rear space.



2022 UNI-T

The 2022 UNI-T meets the diversified car needs of young consumers with its all-new design, highly intelligent infotainment system and new generation Blue Core engine. UNI-T is designed by Changan's global design team composed of over 400 designers from 25 countries. UNI-T comes with the highly recognizable borderless grille, delicately curved body and V-shaped spoiler. The UNI-T Sport version is equipped with Aurora Sport Package, 20-inch matte black blade wheels and sport calipers with striking colors, perfectly presenting the sporty design for young customers. BlueCore NE 1.5T high pressure direct injection engine and new BlueCore 2.0T engine promise stress-free driving.



2022 CS75 PLUS

2022 CS75PLUS comes with 16 updates from four aspects. The front design is sportier, and the integrated sports seats ensure more comfortable driving experience. The model is environmentally friendly with low carbon emissions enabled by BlueCore engine, Aisin automatic transmission and Idle Stop-Start System on all editions. Electronic gear shifter, driving recorder, rain sensor wipers and other intelligent features make driving safer and more convenient. The upgrades such as electric seat adjustment for the driver and co-driver, front seat heating, and quilted seats make driving more comfortable.



Second Generation CS55 PLUS

The Second Generation CS55 PLUS adopts the design language of new technology aesthetics, perfectly integrating aesthetics and function. The grille creates an interplay of light and shadow. The smooth body surface and star ring lights bring a sense of technology exclusively for young people. The interior features connected dual screens, one-piece sports seats, and a pass-through console, integrating aesthetics and functions. Technologies such as IMS intelligent cockpit interactive system and HD camera system with a 540-degree panoramic view bring intelligent driving and infotainment system to achieve multi-scenario intelligent interactions and make travel smarter. The model is equipped with BlueCore NE 1.5T high pressure direct injection engine with a maximum power of 138kW. The net power output increases by 8%. The fuel consumption per 100 km is 5.9 L. The powerful and dynamic driving experience is enhanced by BlueCore seven-speed wet dual-clutch transmission.



2021 Eado PLUS

2021 Eado PLUS is equipped with BlueCore NE 1.4T high pressure direct injection engine and BlueCore seven-speed wet dual-clutch transmission. The peak power is 118kw. The maximum torque is 260 Nm. The fuel consumption per 100 km is only 5.6 L. The model comes with features including a camera system with a 540-degree panoramic view, inCall 3.0S intelligent interactive system, ACC S&G and LDW, providing safe driving. The model offers two grille options, Star Eye LED lights, two displays positioned on the dashboard and black and red interior, making for a sporty and refined cockpit. The outstanding services and high quality for ten years are secured by our first-class R&D capability, advanced smart plants, the only comprehensive proving ground in West China, refined assembly process, the CA-TVS test verification system, and cooperation with more than 20 global partners.



All-New CS35 PLUS

The all-new CS35 PLUS is equipped with BlueCore NE 1.4T high pressure direct injection engine and BlueCore seven-speed wet dual-clutch transmission, which ensures a smooth and highly efficient transmission. The model draws on family DNA in the styling design such as dot-matrix grille, whale tail spoiler, and front light bar. In-vehicle full voice control and inCall 3.0 connectivity system offer fun of driving and control. Panoramic sunroof, wireless charging, intelligent electric tailgate, Forest Air climate system provide customers with tech-enabled services. The camera system with a 360-degree panoramic view and six airbags ensure safe driving.



Oshan X7 PLUS

The Oshan X7 PLUS is equipped with BlueCore NE 1.5T high pressure direct injection engine which delivers a maximum power of 138 kW and a maximum torque of 300 N·m. With BlueCore seven-speed wet dual-clutch transmission, the model ensures a smooth and highly efficient transmission. Full-scenario OnStyle version 3.0 intelligent control infotainment system with MediaTek octa-core chip enables voice recognition within 0.5 seconds and 1 second face recognition within 1 second. The Geeker internal and external cameras with face intelligent control system, APA5.0 parking assist, integrated karaoke function, transparent chassis and 2786 mm long wheelbase bring comfortable and high-quality experience.



Oshan X5 Sports Edition

Oshan X5 Sports Edition is equipped with orange sports package, The waterfall grille, sports spoiler, quad exhaust, orange sports ambient cockpit, exclusive sports steering wheel, integrated racing seats with S logo and BlueCore NE 1.5T high pressure direct injection engine coupled with BlueCore seven-speed wet dual-clutch, showing sporty character inside and out.

3. New models to be launched in 2022

In 2022, the company will actively launch a variety of electrified, electric and intelligent products to accelerate the transformation into an intelligent low-carbon mobility technology company.

(1) Three new all-electric vehicles to be launched to usher in a new digital intelligent life. The LUMIN shows what a top car for regular commutes should be like through its impressive looks, safe configuration and comfortable driving experience. The upcoming C385 is the first mass production model based on Changan's all-electric platform. Its forward-looking styling and intelligent technologies meet the needs of the users and their families in all scenarios. Changan's premium brand Avatr will launch its first premium intelligent electric SUV, which is dedicated to meeting the consumption upgrade and promoting the transition into intelligent electric vehicles. The model will be leading-leading in six aspects including styling, range and performance, fast charging, intelligent driving, emotional intelligence and intelligent ecosystem.

(2) Accelerate the layout of UNI series electrified products and speed up the transformation into new energy strategy. In 2022, the company launched three models of UNI series. the already launched UNI-V presents the coupe design, equipped with unique electric spoiler, electric hatchback door and large size sports tires. The new UNI intelligent cockpit with advanced intelligent driving assistance system and APA6.0 remote intelligent parking assist aims to give users a distinctive sense of premium sports performance and future technology, redefining a "DREAM CAR for young people". The already-launched UNI-K iDD is the company's first mass production model equipped with the BlueCore iDD hybrid powertrain, which delivers an all-electric range of 130 km (NEDC). Intelligent technologies meet the needs of users in different scenarios. In the second half of the year, we will launch another hybrid model to seize the hybrid car market and accelerate the transition to electrification.

(3) Accelerate the upgrading of CS series products, boost the portfolio and enhance competitiveness. The already launched second generation CS75 PLUS is equipped with a new-generation BlueCore engine and Aisin 8AT on all editions. Also, the model is fully upgraded with functions such as intelligent W-HUD, IMS intelligent interactive system, APA5.0+ remote valet parking system, IACC and 12.3-inch connected dual screens. The powertrain and technologies bring powerful driving experience and intelligent travel services, dedicated to meeting user demands for a compact SUV. Two CS series facelift models are expected to be launched in the second half of the year with better product competitiveness through improvement of interior and exterior design, performance and smart technologies.

Note: The features and configurations mentioned in “II. Analysis of Core Business in 2021” in Chapter 3 are not a true representation of the features and configurations of actual vehicles. The information is subject to the official release.

Vehicle manufacturing production and operation during the reporting period

Applicable Not applicable

Production and sales of vehicles

	Production Volume (Unit)			Sales Volume (Unit)		
	2021	2020	YoY increase/decrease (%)	2021	2020	YoY increase/decrease (%)
By Region						
Domestic	2,130,925	1,950,706	9.24%	2,141,390	1,921,209	11.46%
Overseas	159,140	82,454	93.00%	159,140	82,454	93.00%

Note: 1. The above sales and production volume includes vehicles produced and sold by the Company and its JVs and associates.

2. Production capacity: In 2021, the design capacity is 2.05 million vehicles. The capacity utilization rate reached 67%. In the past three years, the backward production capacity for 0.96 million vehicles and 0.87 million engines have been shut down. The capacity for 1.07 million connected and new energy vehicles, 0.6 million high-efficiency engines, and 0.1 million batteries have been built. The capacity structure has been comprehensively upgraded.

Cause description of over 30% year-on-year increase/decrease

Applicable Not applicable

The production and sales volume in overseas regions increased by more than 30% mainly due to the recovery of post-epidemic demand in overseas markets in 2021. In addition, the epidemic situation in China was quickly contained, and the rapid resumption of work and production effectively met the needs of post-epidemic market recovery in overseas markets.

Building of supporting parts and components system

Different sourcing strategies developed for different products: We actively promoted centralized procurement of common materials and integrated the common businesses of passenger cars, Oshan, Kaicene and other brands with centralized procurement volume and bidding process to reduce procurement costs. For high-value and critical parts and components, we promoted strategic cooperation with suppliers based on the part categories and development needs of the company. Together with our suppliers, we played our respective strengths to achieve resource sharing, cost optimization, explored partnership and deep cooperation, building a Changan-supplier community with a shared future with Changan characteristics.

We actively promoted the continuous improvement of the supporting system and involved constant communication across supply chain channels. The company has established a supplier pool to quickly respond to program needs. We optimized suppliers' quality assurance capability and organized course content of QCA (Changan Automobile Supplier Quality Capability Assessment System) for more than 2,300 people from our suppliers. In the previous year, we completed QCA accreditations for 116 suppliers, manufacturing capability assessment for 77 suppliers and laboratory accreditations for 30 suppliers, continuously promoting the improvement of supplier quality management capabilities.

For Changan Automobile's flagship models such as CS75 and CS55 series, the supporting parts are from in-house production and external suppliers. Critical components such as the new-generation BlueCore high-pressure direct injection engine is developed in-house, which can effectively control costs and enhance the quality control of critical components. Through partnership with world-leading parts suppliers, we purchased Aisin 8AT Automated Manual Transmission, Chongqing Tsingshan Industrial seven-speed wet dual clutch transmission, BorgWarner AWD system, Marelli matrix headlights, SONY high-quality audio system, TINNOVE intelligent operating system, etc. External procurement integrates industry resources and selects suitable suppliers to make CS75 and CS55 series models safer and smarter, so as to maximize corporate benefits and provide support for the company's performance improvement.

The production and operation of auto parts during the reporting period

Applicable Not applicable

The company conducts auto finance business

Applicable Not applicable

The company conducts NEV-related business

√ Applicable □ Not applicable

Production and operation of new energy vehicles and parts

By Category	Production Capacity (unit)	Production Volume (unit) (Includes vehicles produced by the Company and its JVs and associates)	Sales Volume (unit) (Includes vehicles sold by the Company and its JVs and associates)
New Energy Passenger Vehicle	750,000	108,941	106,417
New Energy Commercial Vehicle	170,000	6,834	7,708

Note: 1. The NEVs and ICE vehicles were produced on the same line.

2. The revenue from the sales of new energy vehicles of the Company is RMB 1,236 million in the reporting period.

New energy vehicle subsidies

During the reporting period, the Company received RMB 126 million subsidies for new energy vehicles.

III. Core Competence Analysis

In 2021, Changan Auto aimed to “improve the automotive industry and enhance the status and development quality of the industry” and promoted the Third Business Venture — Innovation & Entrepreneurship Program. We have seen some outcomes of the transformation and the steady growth of production and operation. The following core competencies have been built.

1. Product definition capabilities. With user needs at the center, the company strengthened capabilities including customer insight, market research and product planning based on company strategy during the transition to new ecology and new auto. Based on CASE (Connected, Autonomous, Shared & Electric), we expanded the software-defined vehicle capabilities, gained precise insight into user needs, and improved product planning. In the past two years, the company launched seven new products, and the annual sales of new products reached 566,000 units. At the same time, the company made clear forecasts of future market trends based on supply and demand, rebuilt logic for market segments, and identified clear future transformation strategies and roadmap to electrification.

2. R&D of Leading Technologies. In 2021, Changan has invested hundreds of millions of yuan into technological research and development and secured over 58 core technologies featuring intelligence and low-carbon over the past year, including ultra-integrated electric drive, high-frequency pulse heating, APA 6.0, triple-clutch integration and digital twins development platform open to all scenes. In 2021 Appraisal of Enterprise Technology released by National Development and Reform Commission, Changan Auto scored 97.1, ranking NO.1 in the automotive industry and NO.2 of all industries. As of 2021, Changan has gained 6,255 patents in China and abroad, of which 1,633 are invention patents with 90 high-value invention patents included. The upgraded ability of technological research and development would lay a solid technology foundation for Changan’s aim to be an intelligent and low-carbon mobility tech company.

Breakthroughs are successively made in core technologies. The patent of CS75 Plus design has won the golden award of the 22nd WIPO-CNIPA Award for Chinese Outstanding Industrial Design, a breakthrough in national patent awards for Changan Auto. UNI-V, the first car based on MPA was awarded “Top 10 Bodywork of China in 2021” and the BlueCore engine was awarded “Chinese Heart” Top 10 Engine for a succession of 5 years. Chongqing Changan Automobile Software Technology Co., Ltd. was entitled National Hi-Tech Enterprise with the gradual formation of ability-oriented awareness in research and development.

3. Branding. Changan has been actively building the management system and framework of brand running and the running system of brand upgrading plan is in orderly progress. First, Changan focused on innovation and entrepreneurship plan and conducted brand refreshment to upgrade brand value. Changan worked with Smart China Expo to successfully hold Changan Automobile Tech Ecosystem Summit and issued six strategies of “New Auto, New Ecology” and product planning. Changan made the first Chinese show featuring virtual competitors named “2060” with JSTV and shaped a company image for intelligence and low-carbon mobility. Also, Changan participated in 4 major auto shows in Shanghai, Chongqing, Chengdu and Guangzhou, launched Vision 2030, collectively displayed UNI series, CS series and new energy models in major events. Changan developed “Changan Cloud Auto Show” and the online participation volume reached 12 million. Second, Changan has constantly built core brand label, improving customers’ preference and enriching brand property. Focus on BlueCore powertrain and partner and participation in projects such as CCTC (China Touring Car Championship) to form strong labels contribute to the BlueCore models’ sales volume of over one million. Changan also created projects such as New Year Eve IP “With You” to strengthen link with customers in order to make Changan brand increasingly renowned and preferred with no hint for 3 consecutive years and rank NO.1 among homegrown brands.

4. Corporate Culture. In the long-term production and operation, Changan has formed unique corporation culture and created strength in winning market share. Also, Changan has endeavored to cultivate “leading culture & entrepreneurial spirit of Changan” and promote beliefs including “all-out efforts for the auto industry in China”. Changan perfected the appraisal mechanism of publicity and thoughts, actively set leading examples and conducted hits like “Top 10 Changaners with Entrepreneurial Spirit” and “Advanced Team of Efficiency”. Changan profoundly implemented “Double Care” policy to address difficulties for the staff and conducted “5 Offerings” activity to benefit a total of 1.54 million person-time. Changan’s cultural activities keep activating employees’ potential to form sound working environment and the cultural system is further improved.

5. Mechanism and Efficiency. The organizational structure is constantly upgraded to create a combination of “sub-headquarters + business group + sharing platform + incubation innovation”. The structure of talents is also optimized to focus on the cultivation of

young leaders and global talents. The market operation mechanism is also optimized to reinforce management of tenure and contract, fulfill co-investment programs and give key staff restricted stocks, forming structural power and mechanism of market-oriented incentives.

Having built the industrial structure of in the cloud and on the ground, a platform in the middle to all scenes on the ground” across all scenarios, digital capacities are constantly improved. The building of “big platform” gives priority to value, users, efficiency and platform. The top design of digital transformation is jointly made while the overall promotion philosophy concerning digital conversion is clearer. The operation efficiencies are constantly upgraded with Digital Operation Program and the digital transformation is speeding up.

IV. Analysis of Main Business

1. Overview

Compared with 2020, the company's operating income was RMB 105.142 billion, an increase of 24.33%. And it is caused by the company's sales growth. The net operating cash flow was 22.972 billion yuan, an increase of 115.17% over last year, and the net cash inflow increased significantly compared to 2020.

The company's net profit attributable to the shareholders of the listed company during the reporting period was 3.552 billion yuan, and it was growth by 6.87% compared to 2020. The positive net profit mainly due to the increase in sales volume of the company's own sector, and the improvement of operating quality. The substantial increase in profit year-on-year. In addition, the profitability of the joint venture sector was generally good, and please see "IX. Analysis of Major Shareholding and Joint Stock Companies" under this chapter.

Please refer to “II Analysis of Main Business” under this chapter.

2. Income and cost

(1) Revenue

	2021		2020		YoY increase/decrease (%)
	Amount (RMB)	Proportion of operating revenue (%)	Amount (RMB)	Proportion of operating revenue (%)	
Operating revenue	105,141,877,237.05	100%	84,565,544,146.58	100%	24.33%
By industry					
Automotive business	105,141,877,237.05	100%	84,565,544,146.58	100%	24.33%
By product					
Vehicles	99,238,618,010.70	94.39%	80,899,429,445.67	95.66%	22.67%
Services and others	5,903,259,226.35	5.61%	3,666,114,700.91	4.34%	61.02%
By region					
China	97,338,405,886.42	92.58%	80,532,222,529.71	95.23%	20.87%
Overseas	7,803,471,350.63	7.42%	4,033,321,616.87	4.77%	93.48%
By sales model					
Distribution	96,492,889,603.69	91.78%	80,108,603,983.72	94.72%	20.45%
Direct selling	2,745,728,407.01	2.61%	790,825,461.95	0.94%	247.20%
Others	5,903,259,226.35	5.61%	3,666,114,700.91	4.34%	61.02%

Note: The Company has 1,850 dealers at the end of the reporting period.

(2) The business, products, regions and sales model accounting for over 10% of the Company's operating revenue or operating profit

√ Applicable □ Not applicable

	Operating Revenue (RMB)	Operating Cost (RMB)	Gross margin	YoY increase/decrease of operating income (%)	YoY increase/decrease of operating cost (%)	YoY increase/decrease of gross margin (%)

By business						
Automotive business	105,141,877,237.05	87,648,705,534.14	16.64%	24.33%	21.56%	1.90 percentage points up
By product						
Vehicles	99,238,618,010.70	83,904,632,708.41	15.45%	22.67%	21.21%	1.02 percentage points up
By region						
China	97,338,405,886.42	80,101,481,312.28	17.71%	20.87%	17.46%	2.39 percentage points up
By sales model						
Distribution	96,492,889,603.69	81,373,120,197.05	15.67%	20.45%	18.80%	1.17 percentage points up

Where the statistical caliber of the main business data of the Company is adjusted, the data is subject to the main business data after adjustment according to the caliber of the end of the reporting period in the latest year.

Applicable Not applicable

(3) Whether revenue from physical sales is higher than service revenue

Yes No

By business	Item	2021	2020	YoY increase/decrease (%)
Automotive business	Sales volume (unit)	2,300,530	2,003,663	14.82%
	Production volume (unit)	2,290,065	2,033,160	12.64%
	Inventory volume (unit)	64,557	86,837	-25.66%
	Market share (%)	8.76%	7.92%	0.84 pts

Note: The above sales and production volume includes vehicles produced and sold by the Company and its JVs and associates. The analysis over market share is based on the data from China Automobile Industry Association.

Cause description of over 30% year-on-year increase/decrease

Applicable Not applicable

(4) Performance of major sales and purchase contracts as of the end of the reporting period

Applicable Not applicable

(5) Cost

By business	Item	2021		2020		YoY increase/decrease (%)
		Amount (RMB)	Proportion of operational cost (%)	Amount (RMB)	Proportion of operational cost (%)	
Automotive business	Products	83,904,632,708.41	95.73%	69,223,514,501.66	96.01%	21.21%
	Services and others	3,744,072,825.73	4.27%	2,877,547,627.17	3.99%	30.11%
Total		87,648,705,534.14	100.00%	72,101,062,128.83	100.00%	21.56%

(6) Whether the scope of consolidation was changed during the reporting period

Applicable Not applicable

Due to business adjustment, the Company withdrew its shareholdings from Zhenjiang Demao Hairun Equity Investment Fund Partnership (L.P.), and the Company no longer included it in the scope of consolidation during the reporting period.

(7) Major changes or adjustment in business, product or service of the Company in the reporting period

Applicable Not applicable

(8) Major customers and suppliers**Major customers**

Total sales revenue from top five customer (RMB)	9,723,543,699.19
Proportion of total sales revenue from top 5 customers in annual total sales revenue (%)	9.25%
Proportion of total sales revenue from affiliated parties in the top five customers in annual total sales revenue (%)	4.82%

The top 5 customers

No.	Customer	Revenue (RMB)	Proportion of annual total sales revenue (%)
1	Customer One	3,026,668,377.50	2.88%
2	Customer Two	2,087,692,782.62	1.99%
3	Customer Three	1,720,993,540.69	1.64%
4	Customer Four	1,630,651,644.74	1.55%
5	Customer Five	1,257,537,353.64	1.20%
Total		9,723,543,699.19	9.25%

Other information regarding major customers

√ Applicable □ Not applicable

One of the above customers is an associate of the Company, and two customers are controlled by the same ultimate holding company. Please refer to section 5 of note 9 “Related Party Relationships and Transactions” in Chapter 10.

Major suppliers

Total purchase amount from top five suppliers (RMB)	13,307,166,354.59
Proportion of total purchase amount from top five suppliers in annual total purchase amount (%)	15.18%
Proportion of total purchase amount from affiliated parties of the top five suppliers in total annual total purchase amount (%)	8.16%

Top 5 suppliers

No.	Supplier	Purchase amount (RMB)	Proportion of annual total purchase amount (%)
1	Supplier One	4,785,993,498.79	5.46%
2	Supplier Two	2,934,636,477.07	3.35%
3	Supplier Three	2,367,887,858.81	2.70%
4	Supplier Four	1,718,821,680.22	1.96%
5	Supplier Five	1,499,826,839.70	1.71%
Total		13,470,193,697.57	15.18%

Other information regarding major suppliers

√ Applicable □ Not applicable

One of the above suppliers is a subsidiary of the same ultimate holding company. One of the above suppliers is controlled by the same ultimate holding company. Please refer to section 5 of note 9 “Related Party Relationships and Transactions” in Chapter 10.

3. Expenses

Item	2021	2020	YoY Change (%)	Explanation of major changes
Selling expenses (RMB)	4,645,654,234.59	3,405,913,730.59	36.40%	With the growth of sales volume, advertising fees and sales service fees increased rapidly.
Administrative expenses (RMB)	3,499,654,508.49	4,171,768,588.16	-16.11%	

Financial costs (RMB)	-780,923,197.18	-210,389,449.63	271.18%	With the increase of average monthly monetary fund balance of the Company during the reporting period, the income from bank deposit interests increased
R&D expenses (RMB)	3,515,029,178.76	2,888,873,626.82	21.67%	

4. Research and Development Investment

√ Applicable □ Not applicable

Projects	Purpose	Progress	Goals	Expected impact on the future development of the Company
Development of PLUS, UNI and other series of cars	Enrich the Company's product portfolio and improve performance of new products	Complete the annual development task	Develop model year passenger cars and launch the model as planned	Enrich the Company's product portfolio and improve the performance of new products
Development of a new generation of plug-in hybrid models	Develop new products to enhance market competitiveness	Complete the annual development task	Develop a new generation of plug-in hybrid models, and launch the model as planned	Develop new products to enhance market competitiveness
Development of new smart electric vehicles	Develop new products to enhance market competitiveness	Complete the annual development task	Develop new smart electric vehicles, and launch the model as planned	Develop new products to enhance market competitiveness
Development of key technologies for next-generation autonomous driving	Improve new product performance	Complete the annual development task	Complete the R&D of key technologies and realize industrial applications	Improve new product performance
Development of a new-generation all-electric intelligent vehicle platform	Break through the technical bottleneck and strengthen electrification and intelligence capabilities	Complete the annual development task	Complete the development of the platform to achieve platform-based synergy, intelligence and electrification	Break through the technical bottleneck and strengthen electrification and intelligence capabilities
Development of intelligent electric digital platform	Create a leading hardware and software platform	Complete the annual development task	Create a leading hardware and software platform	Transformation and upgrading of new vehicles

R&D staff

	2021	2020	Change over the previous year (%)
Number of R&D staff (person)	7,269	6,636	9.54%
Proportion of R&D personnel	17.13%	16.47%	0.66 percentage points up
Education background	—	—	—
High School diploma or below (person)	281	281	0%
Bachelor's degree (person)	5,467	4,982	9.74%
Master's degree (person)	1,443	1,296	11.34%
Doctor's degree (person)	78	77	1.30%
Age structure	—	—	—
Aged below 30 (person)	2,067	1,779	16.19%
Aged 30 - 40 (person)	4,421	4,176	5.87%
Aged above 40 (person)	781	681	14.68%

R&D Input

	2021	2020	Change over the previous year (%)
Amount of R&D Input (RMB)	4,826,946,503.77	3,876,737,668.81	24.51%
Proportion of R&D Input in Operating Revenue (%)	4.59%	4.58%	0.01 ppts
Amount of Capitalized R&D Expenditure (RMB)	1,311,917,325.01	987,864,041.99	32.80%
Proportion of Capitalized R&D Expenditure in R&D Input (%)	27.18%	25.48%	1.70 ppts

Cause and effects of significant changes in composition of the R&D staff

□ Applicable √ Not applicable

Cause for significant changes in the proportion of total R&D investment in operating revenue from the previous year

□ Applicable ✓ Not applicable

Cause and Reasonable Explanation of the major changes of the capitalization rate of R&D investment

□ Applicable ✓ Not applicable

5. Cash Flow

Unit: RMB

Item	2021	2020	YoY Change (%)
Subtotal of cash inflows from operating activities	132,847,688,924.95	89,514,237,309.63	48.41%
Subtotal of cash outflows from operating activities	109,875,965,714.11	78,838,283,830.39	39.37%
Net cash flows from operating activities	22,971,723,210.84	10,675,953,479.24	115.17%
Subtotal of cash inflows from investing activities	1,450,454,543.93	6,821,367,307.44	-78.74%
Subtotal of cash outflows from investing activities	2,939,679,984.95	3,216,664,440.15	-8.61%
Net cash flows from investing activities	-1,489,225,441.02	3,604,702,867.29	-141.31%
Subtotal of cash inflows from financing activities	1,826,518,075.81	8,600,917,401.42	-78.76%
Subtotal of cash outflows from financing activities	4,422,477,490.74	1,553,526,997.52	184.67%
Net cash flows from financing activities	-2,595,959,414.93	7,047,390,403.90	-136.84%
Net increase in cash and cash equivalents	18,861,948,777.36	21,295,493,382.74	-11.43%

Description of major influence factors of significant change of relevant data on a year-on-year basis

✓ Applicable □ Not applicable

In 2021, the “net cash flow from operating activities” increased by RMB 12.296 billion from the previous year, mainly due to the significant increase of sales, and cash inflow increased caused by the payment structure changed, while dealer inventory turnover accelerated, and the proportion of cash payment increased. “Cash received from the sale of goods and provision of services” increased more than “cash paid for the purchase of goods and services”.

“Net cash flow from investing activities” decreased by RMB 5.094 billion compared with the previous year, mainly due to the “cash received from the recovery of investments” significantly lower than the previous year.

The decrease of RMB 9.643 billion in “net cash flow from financing activities” was mainly due to a significant decrease in “cash received for investment absorption” and “cash received from borrowings” compared with the previous year, while “cash paid for the distribution of dividends, profits or interest repayments” increased significantly from the previous year.

Cause for the significant difference between net cash flows from operating activities and net profit in the reporting period

✓ Applicable □ Not applicable

As for the significant difference between net cash flows from operating activities and net profit in the reporting period, please refer to the Item 62, Note 5 “Supplementary Information of the Cash Flow Statement” in the Auditor’s Report.

V. Analysis of Non-Main Business

✓ Applicable □ Not applicable

	Amount (RMB)	Proportion of profits (%)	Explanation	Whether it is sustainable or not
Return on investment	1,013,650,091.28	26.53%	Please refer to the Item 51, Note 5 “Supplementary Information of the Cash Flow Statement” in the Auditor’s Report.	Yes
Profits or losses of fair value change	42,078,804.00	1.10%		No
Impairment losses on assets	-1,019,254,832.79	-26.68%	Please refer to the Item 54, Note 5 “Supplementary Information of the Cash Flow Statement” in the Auditor’s Report.	No
Non-operating income	130,170,270.12	3.41%		No
Non-operating expenses	40,084,896.60	1.05%		No

VI. Analysis of Assets and Liabilities

1. Major Changes in Asset Composition

	31 December 2021		1 January 2021		Increase/Decrease in Proportion (%)	Description of significant changes
	Amount (RMB)	Proportion of total assets (%)	Amount (RMB)	Proportion of total assets (%)		
Monetary fund	51,976,242,149.37	38.39%	32,001,775,600.07	27.06%	11.33%	Increase in net cash flow from operating activities
Receivables	1,675,427,534.87	1.24%	2,141,197,139.45	1.81%	-0.57%	
Contract assets	1,151,292,247.36	0.85%	1,450,031,414.61	1.23%	-0.38%	
Inventories	6,852,874,420.59	5.06%	5,967,516,230.57	5.05%	0.01%	
Investment property	6,649,426.60	0.00%	6,876,138.16	0.01%	-0.01%	
Long-term equity investment	13,245,374,860.55	9.78%	12,109,089,795.67	10.24%	-0.46%	
Fixed assets	21,325,959,850.16	15.75%	24,300,590,850.02	20.55%	-4.80%	
Construction in progress	1,460,176,539.43	1.08%	1,048,036,148.70	0.89%	0.19%	Assets purchased for subsidiaries did not meet the conditions for construction
Right-of-use assets	66,313,062.98	0.05%	-	-	-	Reclassifications in accordance with IFRS 16
Short-term loans	19,000,000.00	0.01%	578,000,000.00	0.49%	-0.48%	Repayment of short-term loans
Contract liabilities	9,840,509,514.39	7.27%	4,471,158,190.75	3.78%	3.49%	Strong demand stimulated sales growth and the deferred revenue from dealers increased.
Long-term loans	600,000,000.00	0.44%	955,300,000.00	0.81%	-0.37%	The long-term loans will be repaid within one year
Lease liabilities	38,679,735.59	0.03%	-	-	-	Reclassifications in accordance with IFRS 16

Foreign assets account for a relatively high proportion

Applicable Not applicable

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Opening Balance	Changes in Fair Value Gains and Losses in Current Period	Accumulated Fair Value Changes Included in Equity	Provision for Impairment in Current Period	Amount of Purchase in Current Period	Amount of Sales in Current Period	Other Changes	Closing Balance
Financial assets								
Financial assets held for trading (excluding derivative financial assets)	204,254,400.00	42,078,804.00			36,000,000.00	68,209,500.00	18,325,404.00	195,798,300.00
Investments in other equity instruments	691,990,000.00		9,419,600.00					701,409,600.00
Subtotal financial assets	896,244,400.00	42,078,804.00	9,419,600.00		36,000,000.00	68,209,500.00	18,325,404.00	897,207,900.00
Others	-	-	-	-	-	-	-	-
Total	896,244,400.00	42,078,804.00	9,419,600.00		36,000,000.00	68,209,500.00	18,325,404.00	897,207,900.00
Financial	-	-	-	-	-	-	-	-

liabilities							
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Note: The trading financial assets and investments in other equity instruments in the table above are detailed in “2. Trading Financial Assets” and “11. Investments in Other Equity Instruments” in Note 5 of Auditor’s Report .

Whether there are major changes on measurement attributes for main assets of the Company in reporting period

Yes No

3. Limitation of asset rights as of the end of the reporting period

Unit: RMB

Item	Book Value at the End of Period	Limitation Reason
Monetary fund	2,458,325,314.38	As the deposit of acceptance bills
Bill receivable	7,207,264,940.74	As the pledge of issuing note payables
Intangible assets	17,242,713.12	As the pledge for working capital loans
Fixed assets	16,987,667.52	As the pledge for working capital loans
Total	9,699,820,635.76	

VII. Analysis of Investments

1. Overall situation

Applicable Not applicable

Item	Investment amount for the reporting period (RMB)	Investment amount for the previous reporting period (RMB)	YoY Change (%)
Equity investments	867,235,994.00	150,604,995.93	475.83%
Fixed assets	26,662,625.05	17,953,929.39	48.51%
Construction in progress	1,516,873,296.63	3,256,308,469.01	-53.42%
Intangible assets	61,121,381.78	211,491,248.37	-71.10%
Total	2,471,893,297.46	3,636,358,642.70	-32.02%

Note: Equity investment does not include investment in Chongqing Changan New Energy Automobile Technology Co., Ltd., which is an associate of the Company.

Joint investment between the Company and professional investment institutions:

Name of investment institutions	Subscribed capital contribution (RMB)	Subscription ratio (%)	Capital contribution in the reporting period (RMB)	Actual capital contribution (RMB)	Completion of registration
Nanjing Lingxing Equity Investment Partnership (Limited Partnership)	1,600,000,000.00	16.39%	741,732,283.00	1,600,000,000.00	Yes
Chongqing Changxin Zhiqi Private Equity Investment Fund Partnership (Limited Partnership)	250,000,000.00	49.8%	52,170,000.00	52,170,000.00	Yes
Chongqing Lianzhi Antou Equity Investment Partnership (Limited Partnership)	200,000,000.00	50.25%	0	0	No

Note: As of the end of the reporting period, the Company paid RMB 52.17 million to Chongqing Changxin Zhiqi Private Equity Investment Fund Partnership (Limited Partnership), of which RMB 26.67 million was returned to the Company in March 2022.

2. The major equity investment obtained in reporting period

Applicable Not applicable

3. The ongoing major non-equity investment in reporting period

Applicable Not applicable

4. Financial assets investment

(1) Security investments

√ Applicable □ Not applicable

Security type	Stock code	Abbreviation	Initial investment cost (RMB)	Accounting measurement model	Book value at the beginning of the reporting period (RMB)	Gains and losses from changes in fair value during the period (RMB)	Accumulated fair value changes included in equity (RMB)	Purchase amount during the reporting period (RMB)	Sales amount during the reporting period (RMB)	Gains and losses of the reporting period (RMB)	Book value at the end of the reporting period (RMB)	Accounting subject	Source of funds
Stock	600369	Southwest Securities	50,000,000	Fair value measurement	180,929,400	-3,026,700	0	0	0	336,300	177,902,700	Trading financial assets	Self-owned funds
Total			50,000,000	--	180,929,400	-3,026,700	0	0	0	336,300	177,902,700	--	--

(2) Derivative investments

√ Applicable □ Not applicable

Unit: 10,000 RMB

Name of derivative investment operator	Relationship	Related party Transactions	Investment type of derivatives	Initial derivatives investment amount	Starting date	Ending date	Investment amount at the beginning of the reporting period	Amount of purchase in the reporting period	Amount of sales in the reporting period	Amount of provision for impairment (if any)	Investment amount at the end of the reporting period	Proportion of investment amount at the end of the reporting period to net assets of the Company	Actual gains/losses during the reporting period
Bank	Non-Related Party	No	Forward Exchange	2,332.50	2021/1/25	2021/12/24	2,332.50	225,709.01	228,041.51	0	0	0	4,488.00
Total				2332.50	--	--	2,332.50	225,709.01	228,041.51	0	0	0	4,488.00
Source of funds				Self-owned funds									
Lawsuit (if applicable)				Not applicable									
Disclosure date of derivatives investment approval board announcement (if any)				November 19, 2020; February 2, 2021; February 23, 2021									
Disclosure date of derivatives investment approval shareholders meeting announcement (if any)				Not applicable									
Risk analysis and control measures for derivatives investment during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				<p>Risk analysis</p> <ol style="list-style-type: none"> 1. Market risk: In the case of large changes in the exchange rate, the difference between the exchange rate of the forward exchange contract and the actual exchange rate on the expiration date may cause the Company to lose money. 2. Liquidity risk: The foreign exchange hedging business is based on the Company's foreign exchange assets and liabilities, and matches the actual foreign exchange receipts and expenditures to ensure that there are sufficient funds for liquidation at the time of delivery, so as to reduce the cash flow demand on the maturity date. 3. Default risk: Due to inaccurate forecasts, the delivery date signed by the forward exchange transaction is inconsistent with the actual delivery period, resulting in the delayed delivery risk caused by the failure of the forward exchange transaction to be delivered at the agreed time. 4. Operational risk: Forward exchange transactions are complex, which may cause risks due to imperfect internal control and unprofessional operators. 5. Legal risks: If the terms of the transaction contract are not clear, the Company may face legal risks. <p>Risk control measures</p> <ol style="list-style-type: none"> 1. The Company and its subsidiaries will pay attention to the changes in the exchange rate market, strengthen the study of exchange rates, study the future exchange rate trends, improve the forecasting ability of exchange rates, and reduce the impact of exchange rate fluctuations on the Company. 2. In order to prevent delayed transaction settlement of forward exchange, the business management departments of the Company and its subsidiaries will track the progress of payment and collection, avoid overdue payments, and try to reduce the risk to the minimum. 3. The Company and its subsidiaries will strengthen business knowledge training, improve the comprehensive business quality of relevant personnel, and improve the ability to identify and prevent exchange rate risks. 4. The Company has formulated the "Measures for the Administration of Forward Exchange Trading Business (Trial)", which clearly stipulates the business operation principles, approval authority, internal operation processes and requirements, risk handling procedures, etc., and the operation must be handled in strict accordance with the requirements of the measurements. 									
Changes in market price or fair value of invested derivatives during the reporting period (the specific methods, relevant assumptions and parameters used in the analysis of the fair value should be disclosed)				The Company's measurement of Financial Instruments follows the "Accounting Standard for Business Enterprises Article 22 - Recognition and Measurement of Financial Instruments", and the fair value is basically measured and recognized with reference to bank pricing. During the reporting period, the gain on the change in fair value of forward exchange contracts was RMB 44.88 million.									
Explanation of changes of the accounting policies and accounting principles of the Company's derivatives during the reporting period compared with the previous reporting period				Not applicable									
Opinions of independent directors on the				The independent directors believed that the forward exchange transactions settled by the Company and its subsidiaries are based on normal									

Company's derivatives investment and risk control	production and operation needs with the principle of prudence, and for the purpose of currency preservation and avoidance of exchange rate risks. For foreign exchange transactions, it is necessary to reduce the risk of exchange rate fluctuations by locking the exchange rate. The Company has formulated the "Management Measures for Forward Exchange Transactions (Trial)", and has improved the relevant internal control procedures. The targeted risk control measures taken by the Company are feasible. And the forward exchange transactions settled by the Company and its subsidiaries will abide by relevant laws and regulations and the Company's relevant rules.
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5. Use of raised funds

√ Applicable □ Not applicable

(1) Overall use of raised funds

√ Applicable □ Not applicable

Unit: 10,000 RMB

Year	Types of raise	Total funds raised	The used amount of total funds raised in the current period	Total accumulated use of funds raised	The total amount of raised funds with purpose changed in reporting period	Cumulative total amount of raised funds with purpose changed	Proportion of total raised funds with purpose changed	The total amount of unused funds	The purpose and placement of the unused funds	Amount of funds raised idle for more than two years
2020	Non-public offering of shares	598,608.41	74,721.98	399,929.91	0	0	0%	198,678.50	Deposited in a dedicated account for raised funds	0
Total	--	598,608.41	74,721.98	399,929.91	0	0	0%	198,678.50	--	0

Description of the overall use of raised funds

1. The board of directors of the Company believes that the Company has disclosed the storage and actual use of the Company's raised funds in a timely, true, accurate and complete manner in accordance with the "Guidelines for the Standardized Operation of Listed Companies on the Shenzhen Stock Exchange" and relevant format guidelines. There are no violations in the management of raised funds. The Company has faithfully fulfilled its obligation to disclose the investment direction and progress of the raised funds.

2. The net amount of raised fund after deducting other issuance expenses was RMB 5,986.08 million. The Company used the raised funds of RMB 3,252.08 million and RMB 747.22 million respectively in 2020 and 2021. As of December 31, 2021, the Company has used a total of RMB 3,999.30 million of the raised funds.

(2) Use of the raised funds in committed projects

√ Applicable □ Not applicable

Unit: 10,000 RMB

Committed projects and placement of extra funds raised	Whether the project has been changed	Total committed investment of raised funds	Adjusted total investment (1)	Amount invested this year	Cumulative investment amount as of the end of the period (2)	Investment progress as of the end of the period % (3) = (2)/(1)	Whether the project has reached the intended usable state	Benefits realized this year	Whether it meets the expected return	Whether the feasibility of the project has changed significantly
Committed projects										
H series fifth phase, NE1 series first phase engine production capacity construction project	No	141,568.38	141,568.38	42,351.20	83,799.14	59%	No	Not applicable	Not applicable	No
Crash Laboratory Capacity Upgrade Project	No	11,505.75	11,505.75	5,397.98	5,965.94	52%	No	Not applicable	Not applicable	No
CD569 production line construction project	No	15,576.22	15,576.22	4,454.82	4,511.90	29%	No	Not applicable	Not applicable	No
Hefei Changan Automobile Co., Ltd. adjustment and upgrade project	No	249,958.06	249,958.06	22,517.98	125,652.93	50%	No	Not applicable	Not applicable	No
Supplementary working capital	No	180,000.00	180,000.00	-	180,000.00	100%	No	Not applicable	Not applicable	No
Total		598,608.41	598,608.41	74,721.98	399,929.91	67%	-	-	-	-
The reasons for not reaching the planned progress or expected benefits (by specific projects)	N/A									
Description of major changes in the feasibility of the project	N/A									

The amount, use and progress of extra raised funds	Not applicable
Change in implementation location of the committed projects	N/A
Adjustment to implementation method of committed project	N/A
Upfront investment and replacement of committed projects	On November 18, 2020, the Ninth Meeting of the Eighth Session of the Board of Directors of the Company reviewed and approved the "Proposal on the Use of Raised Funds to Replace Early Investment in Self-Owned Funds", and agreed to use raised funds of RMB 1,378,818,553.05 to replace pre-invested sell-raised funds for the project. The replacement of the raised funds has been verified by the Ernst & Young Hua Ming (2020) Special Zi No. 60662431_D05 special report issued by Ernst & Young Hua Ming Certified Public Accountants (special general partnership).
Use of idle raised funds for temporary supplement of working capital	N/A
Amount and cause of surplus of funds raised for project implementation	The fundraising project is still in progress, and the raised funds have not been used up yet.
The purpose and placement of the unused raised funds	Deposited in a dedicated account by the Company for raised funds
Defects and other problems in utilization and disclosure of the raised funds	N/A

(3) Changes of projects supported by raised funds

√ Applicable □ Not applicable

Unit: 10,000 RMB

Changed project	The commitment of the original project	Total amount of funds to be invested in the project after the change (1)	The amount actually invested during the reporting period	Actual cumulative investment amount as of the end of the period (2)	Investment progress as of the end of the period (%) (3)=(2)/(1)	The date when the project reached the intended availability status	Benefits achieved during the reporting period	Whether the expected benefits have been achieved	Significant changes in the feasibility of the project after the change
A new generation of energy-saving products transformation and upgrading projects	1. H series fifth phase, NE1 series first phase engine production capacity construction project 2. Crash Laboratory Capacity Upgrade Construction Project 3. CD569 production line construction project 4. Hefei Changan Automobile Co., Ltd. adjustment and upgrade project	160,545.86	--	--	--	In the year of 2023	Not applicable	Not applicable	Not applicable
合计	--	160,545.86	--	--	--	--	--	--	--
Reasons for change, decision-making procedures and information disclosure (by specific project)			1. There was a balance of the original project investment funds compared to upfront planning. The main reason is that in order to reduce the impact of the overseas epidemic on the project construction cycle, the company has reduced the actual investment amount through the localization of imported equipment in the project						

	<p>implementation process in order to reduce the investment in the project construction cycle, and at the same time, the company has continuously optimized the program in the project construction process in order to continuously improve the quality of operation, and lean investment process management has realized the control of the scale and rhythm of investment. According to the company's long-term strategic planning and the current development needs, after the company's comprehensive research. In order to further improve the efficiency of the use of the raised funds, the company intends to adjust the investment scale of the original raised funds investment projects, and the expected balance of RMB 1,605.46 million for the company's new generation of energy-saving product transformation and upgrading projects.</p> <p>2. Decision-making procedure: The Company held the 38th meeting of the 8th Board of Directors on April 26, 2022, and approved the proposal of "Adjusting and Changing the Use of Part of the Raised Funds". The proposal has yet to be submitted to the Company's General Meeting of Shareholders for consideration.</p> <p>3. Information disclosure: Please refer to the announcement of "Adjusting and Changing the Use of Part of the Raised Funds" on http://www.cninfo.com.cn.</p>
Reasons for failure to meet the planned schedule or projected benefits (by project)	Not applicable
Description of significant changes in the feasibility of the project after the change	Not applicable

VIII. Sale of significant Assets and Equity

1. Sale of significant assets

Applicable Not applicable

2. Sale of significant equity

Applicable Not applicable

IX. Analysis of Major Shareholding and Joint Stock Companies

Applicable Not applicable

Major subsidiaries and joint stock companies that affect the company's net profit by more than 10%

Unit: 10,000 RMB

Name	Type	Main businesses	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Chongqing Changan Automobile Customer Service Co., Ltd.	Subsidiary	Sales of auto parts	3,000	150,340	79,960	287,065	56,034	47,507
Nanjing Changan Automobile Co., Ltd.	Subsidiary	Production and sales of vehicles and parts	60,181	181,942	-86,778	180,154	53,098	45,816
Changan Ford Automobile Co., Ltd	Joint Stock Company	Production and sales of vehicles and parts	24,100 USD	4,068,484	597,896	6,176,532	247,560	228,391
Changan Mazda Automobile Co. Ltd	Joint Stock Company	Production and sales of vehicles and parts	11,681 USD	1,266,407	422,276	1,745,902	105,911	85,960
Chongqing Changan New Energy Vehicle Technology Co., Ltd	Joint Stock Company	Produce and sell auto and parts	20,223	789,970	-63,744	563,171	-277,245	-277,247
Nanjing Lingxing Equity Investment Partnership (Limited Partnership)	Joint Stock Company	Equity investment and related services	976,000	1,302,125	1,302,008	0	416,580	416,580

Subsidiaries acquired and sold in the reporting period

Applicable Not applicable

Name	Acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	Withdrawal from partnership	N/A

Description of major holding and participating companies

During the reporting period, Changan Ford Automobile Co., Ltd. has significantly increased its profit due to the improvement of product structure, sales volume, material cost reduction and other reasons. Chongqing Changan New Energy Automobile Technology Co., Ltd. has reduced its net profit due to the decline of new energy subsidies, and the growth of the investment on sales resource.

X. Information of main shareholding and joint stock companies

Applicable Not applicable

XI. Prospects of Future Development

1. Industrial Landscape and Tendency

(1) Industrial Tendency: New vehicles and new ecology have been the major trend. Vehicles might run through platforms, serving to be intelligent mobile terminal, data collection carrier, and multifunctional space and storage units. The evolution of automobile products drives the reshaping of automobile industry and makes itself further combined with industries like energy, transport, communications and technology. The auto ecology changes from chain-like relationship to networked ecosystem, thus forming a strong link. The division of work in global automobile industrial chain is reshaped and China will support the innovation for global automobile industry.

(2) Policy Tendency: “Double Carbon” goal, comprehensive opening-up and data safety will lead industrial transformation. Against the backdrop of “Double Carbon” strategy, the consumers’ demands of the fusion of electrification and intelligence in new energy vehicle will speed up the industrial transformation. National policies support the development of new energy vehicle. And governments at each level issue policies to boost consumption, conducting such measures as rural promotion, new sales and trade-in. Meanwhile, it is easy to find that more policies are formulated to ameliorate the usage environment including charging pile and charging station. More importance is attached to the opening of stock share and cyber data security and the running pressure and compliance cost of homegrown brands are on the rise. The Chinese automobile industry sees fierce competition, challenges and opportunities.

(3) Consumption Tendency: Chinese cultural confidence accelerates the rise of national brands and additional and redeemed trade booms in the automobile consumption. The population aged from 25 to 30 might be on the decline, which leads to the decrease of first-car buyers. In 2021, the additional and redeemed trade outnumber the first purchase, which shows customers’ desire for higher quality. The people born after 2000 show an increasing interest in Chinese brands, and with the people born after 1995 or 2000 being the main customers, Chinese auto brands will see more opportunities of development.

(4) New Energy Tendency: The electrification of powertrain is surely the tendency of automobile industry. The new energy vehicle market develops fast with increasing sales volume and share, and multiple powertrain structures will co-exist for a long time including EV, PHEV, REEV, FCV. Meanwhile, the development of new energy vehicle is faced with a range of challenges: First, BEV cannot stand to be compatible in all scenes. For example, it cannot be common to the public in cold northern China and it is not convenient for charging in highway or long-distance tour. Second, in daily use of electric cars, the surplus value of used cars is low and the charging facilities need to be perfected. Third, it has something to do with business model. The constant price rise in raw materials has stressed OEM out. Fourth, the tense supply of mineral resources like Li-Ni-Co-O poses challenges. Fifth, the technical route and business operation of power battery is somewhat uncertain, including solid state battery, cobalt-free battery, graphene and solar battery.

(5) Intelligence Tendency: The electrification and intelligence impose positive impact. And the intelligent EV is approaching to boom with the result that intelligence will be of great investment value. Intelligent EV will be the main role in next battlefield of automobile, and with such industrial reforms as electrification and software-driven vehicles, the core value of CBU transfers from machinery hardware to software capacity of which the proportion will exceed 50%. In the meantime, all OEMs will spare no effort to scramble for market share through a range of acts covering price performance, differentiated specification and alluring service, and therefore a fierce competition of intelligent EV starts off.

2. Corporation Development Strategy

Driven by the 14th Five-Year Changan Auto Development Plan, Changan Auto will direct towards the third business venture to reinforce the indigenous brands, overtake among fierce competition, seize opportunities of innovation and build ecosystem, so as to accelerate its transformation towards an intelligent low-carbon technology mobility company. Changan Auto will strengthen its technological capacities and sharpen manufacturing advantages to transition towards intelligence, low carbon, mobility and ecology, building the company with “New Auto & New Ecology”. By 2025, Changan Auto’s total sales volume plans to reach 4 million units, of which Changan’s homegrown brand will reach sales of 3 million units, including NEV sales of 1.05 million units, accounting for 35%. In 2030, Changan Auto’s total sales is expected to reach 5.5 million units, of which Changan’s homegrown brand 4.5 million units, including NEV sales of 2.7 million units, accounting for 60%, and overseas sales is expected to account for 30%. Changan Auto plans to achieve carbon peaking in 2027 and carbon neutrality in 2045.

In order to ensure the success of strategies, Changan Auto will advance 7 strategic actions:

Action One: Brand Refreshment

(1) Brand-new digital EV brand Changan SHENLAN (Deep Blue). It aims to provide users with convenience and benefits with digital technologies and back up strategic transformations in all respects.

(2) Premium intelligent EV brand Avatr. It is built to integrate advantages of Changan Auto, Huawei and CATL and is dedicated to building a premium SEV global brand.

(3) The optimization of brand strategies and positioning of Changan UNI series, Changan PV, OSHAN and KAICENE will boost the comprehensive transformation of electrification. Meanwhile, we will promote the operation of Changan UNI brand and electrify

the entire lineup of UNI series.

Action Two: More Products to be released

Driven by demands of users, Changan Auto plans to launch approximately 30 products before 2025.

(1) Premium intelligent EV: Avatr has 4 CBU products in plan at present to cover the main medium-to-high-end segments. The first Avatr model named Avatar 11 based on CHN platform is soon to be mass-produced.

(2) Mainstream PV: 21 brand-new products are planned to be released, including 5 products of Changan SHENLAN (Deep Blue).

(3) Small vehicles: We will launch 4 brand-new small vehicles. In 2022, LUMIN is planned to be launched to meet the demand of daily commuting.

(4) LCV: 6 brand-new products are planned to be released. Before 2025, our products expect to cover all segments in mainstream bus market, and 2 pick-up products based on new platform will go to market.

Action Three: Grasp Core Technologies

Aiming at mastering key technologies, Changan Auto will further enhance key technological abilities.

(1) To create a new generation of deeply integrated electric drive and make breakthroughs in the development and application technology of power semiconductor.

(1) To continuously improve integrated design for lower energy consumption and longer range.

(3) To work on cell to chassis technology and speed up R&D and application of semi-solid-state batteries.

(4) To accelerate R&D and application of hydrogen fuel technology. To establish and improve the hydrogen fuel R&D, manufacturing and testing system covering “parts - system - vehicles”, and independently master the system integration and control technology.

Action Four: Building New Ecology

In order to boost strategic transformation, Changan Auto will be open-minded to actively integrate global resources and build new industrial ecology.

(1) Green Ecology: Changan Auto will work with partners to make transformation towards ecology of green energy, green service and green supply chain.

(2) Technological Ecology: In order to implement the “DUBHE” INTELLIGENCE PLAN, Changan Auto will build a market-oriented science and technology innovation entity, master full-stack intelligent capabilities of our own, foster new technology strength and build a new technological image of Changan Auto.

Action Five: Digital Transformation

(1) Digital Products: The intelligent experiences and digital service are provided through the whole life-cycle of vehicle.

(2) Digital Marketing: The building of shared digital marketing center starts from users to achieve exquisiteness of marketing information, swiftness of logistics and lightness of fund flow.

(3) Intelligent Manufacturing: By focusing on the system integration of smooth manufacturing process and data connection of total factors, the intelligent manufacturing system is built from swift delivery, coordinated manufacturing of supply chain and intelligent operation of factories.

Action Six: Expansion of Global Market

Changan Auto will develop on the “fast lane” of globalization and found overseas manufacturing bases at proper time.

Action Seven: Resource Guarantee

In the future, Changan Auto will make further investment in major areas of new energy, intelligence, technological innovation and digital transformation to foster core abilities in areas of transformation. In the meantime, Changan will open up to global talents and give greater priority to the talent introduction in intelligence and new energy.

3. Operation Plan

The operation target of Changan Corporation Board in 2022 is to achieve a sales volume of over 2.45 million units. In order to make the goal come true, Changan Auto will stay committed to pushing forward transformation upgrading and high-quality development and make every effort to implement strategic plans as well as Innovation and Entrepreneurship Plan 5.0 through consolidating the foundation, forging ahead with innovation, restructuring the system and taking the lead to improve corporate governance system and capacity. As a result, three capacities, namely growth, profits and innovation are lifted to a new level, contributing to the endeavor to create a Chinese brand of global recognition. Major tasks are listed below: first, to adhere to the implementation of strategies and thus make transformations towards an intelligent low-carbon technology mobility company. Second, to focus on products and make products more competitive. Third, to push forward innovation service and meet customers’ needs in all respects. Fourth, to concentrate on cost management and constantly optimize resource allocation to achieve the goal of reducing costs. Fifth, to focus on innovation breakthrough and achieve restructuring of capacities to constantly build competitive edge over others. Sixth, to propel the upgrading of management, deeply conduct organizational reform and improve innovation efficiency. Seventh, to advance system building and endow new products with definitions. Eighth, to give priority to risk control and be more aware of risks to ensure production safety.

4. 2022 Plan on Capital Spending

In order to achieve the corporate strategic goal, Changan Auto and its holding company planned an investment of RMB 8,049.59

million in 2021 of which investment in fixed assets is RMB 3,245.67 million and equity investment is RMB 4,803.92 million. The fixed investment centers around the structural adjustment of new energy production capacity and the release of new products. Major effort is made to build core capacities of production and R&D to comprehensively cope with manufacturing and R&D ability weakness aroused by accelerated new energy plan and impel the product transformation towards new energy electrification. At the same time, the investment in integrated manufacturing capacity of key parts like battery, electric motor and electric control is also initiated. The equity investment is mainly designed to back up self-owned new energy brand and increase its scale, expand overseas market, deepen the capital relations with partners, create controllable full-stack intelligence capacities and constantly advance the ecological layout of auto industry. Based on project schedule and operation and financing situation, Changan Auto will formulate fund raising and using plan via multiple channels to improve fund using efficiency and reduce fund costs.

5. Possible Risks

(1) Supply Chain

Because of lasting pandemic and geopolitical conflicts, some upstream raw materials are in short supply and the collaboration of supply chain declines, resulting in lingering scarcity of chips and power batteries at some stage and posing pressure to automobile corporations in production supply.

Countermove: First, to optimize production organization to make production run smooth. Second, to strengthen the cooperation with corporations in business chain and increase the storage of parts that are at risk at proper time. Third, to constantly push forward the alternative proposal of key parts.

(2) Soaring Price of Raw Materials

In the long term, the alleviation of global pandemic might lead to the improvement of the supply of commodities, but there are still uncertainties resulting in the firm prices of global commodities. On the one hand, the abrupt escalation of global geopolitical conflicts has caused price rise in crude oil, gas and agricultural products. On the other hand, global car emission constraints and green transition have sparked market forecasts of long-term increasing demands of base metals and also caused price rise in such mineral resources as lithium, aluminum, copper, cobalt and nickel. The production and operation of automobile corporations are greatly affected by the price rise in commodities like energy and metals, possibly arousing short-term production cost rise with augmented operation pressure.

Countermove: Changan Auto would give priority to the risk control of production and operation. In terms of production, the process will be constantly optimized with the production costs saved. In terms of R&D, the newest materials and alternative proposals are utilized to optimize cost structure through optimized product specifications and meanwhile the quality and competitiveness of products would also be upgraded. In terms of procurement, the supplier system and structure would be optimized to drive suppliers to apply new techniques and control costs.

(3) Disturbing Risks for Auto Market Consumption Aroused by Covid-19 Pandemic

The scattered Covid-19 pandemic in China has not been erased, disturbing part of sales in auto market and inhibiting consumers' confidence rebuilding. Therefore, the sales volume and tempo of automobile is increasingly fluctuated.

Countermove: First, to accelerate the deployment of new sales and promote intelligent sales to intensify customer touch points and reduce the market impact to the lowest. Second, to improve the service experience across purchase and use via intensification of auto finance and other aftermarket services.

XII. Reception Research, Communication, Interviews and Other Activities during the Reporting Period

√ Applicable □ Not applicable

Date	Reception place	Research Type	Type of Research Object	Index
On March 3rd, 2021	Chongqing	Field research, conference calls	Institution	For details, see the March 5, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: March 3, 2021 investor relations activities record sheet
On April 20th, 2021	Online	"Panorama · Road Show World" webcast	All investors	For details, see the April 22, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: April 20, 2021 investor relations activities record sheet
On May 18, 2021	Chongqing	Field research	Institution	For details, see the May 20, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 18, 2021 investor relations activities record sheet
On May 21, 2021	Chongqing	Field research	Institution	For details, see the May 21, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 21, 2021 investor relations activities record sheet
On May 28, 2021	Chongqing	Field research	Institution	For details, see the May 31, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 28, 2021 investor relations activities record sheet

On June 1, 2021	Chongqing	Field research	Institution	For details, see the June 3, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 1, 2021 investor relations activities record sheet
On June 22, 2021	Chongqing	Field research	Institution	For details, see the June 24, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 22, 2021 investor relations activities record sheet
On June 24, 2021	Chongqing	Field research	Institution	For details, see the June 24, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 24, 2021 investor relations activities record sheet
On July 7, 2021	Chongqing	Field research	Institution	For details, see the July 9, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 7, 2021 investor relations activities record sheet
On September 15, 2021	Chongqing	Field research	Institution	For details, see the September 17, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 15, 2021 investor relations activities record sheet
On September 16, 2021	Chongqing	Field research	Institution	For details, see the September 18, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 16, 2021 investor relations activities record sheet
On September 23, 2021	Chongqing	Field research	Institution	For details, see the September 26, 2021 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 23, 2021 investor relations activities record sheet

Chapter 4 Corporate Governance

I. The Basic Situation of Corporate Governance

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

The company has established an effective internal control system over the financial report. According to company's operation and management characteristics, the company strictly implemented the "Enterprise Accounting Standards", improved the basic accounting management, established a sound financial system, optimized accounting and statements preparation process, strengthened the financial supervision, conducted the in-depth implementation of financial management, established the management foundation work, accounting and finance management authorization, the monetary fund management, financing, purchasing and payment, fixed assets, projects under construction, accounting policy, accounting estimate, consolidated financial statements, cost management, inventory management, financial analysis and other financial management system to ensure the quality of accounting information and the safety of the Company property. According to internal control deficiencies identified standards of the financial report, there is no internal control defects over financial reporting in the report period. The full text of the internal control self-evaluation report is published on <http://www.cninfo.com.cn> on April 28, 2022.

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

Yes No

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

II. The Independence of the Company in Terms of Assets, Personnel, Finance, Organization And Business Relative to Controlling Shareholders and Actual Controllers

The Company is completely independent from the controlling shareholders and actual controllers in terms of business, assets, personnel, institutions and finance.

1. Business: The business of Changan Auto is independent of controlling shareholders and actual controllers. It makes independent decisions, operates independently and is responsible for its own profits and losses. It has a complete business and industrial system including procurement, production, sales and research and development. The controlling shareholders and actual controllers do not directly or indirectly interfere in the production and business activities of Changan Auto.

2. Personnel: The controlling shareholder and the actual controller are completely independent from the personnel, labor and personnel of Changan Auto. They have independent staff teams, complete labor management, performance appraisal and other systems and salary systems, and independently sign the Labor Contract with employees according to law.

3. Assets: The assets of controlling shareholders and actual controllers are strictly separated from Changan Auto, and the property rights are clearly defined. There is no direct or indirect interference in the production and operation of Changan Auto. Changan Auto has independent production system, auxiliary production system, supporting facilities, land use rights and other assets, legally owns land, real estate, machinery and equipment, trademarks related to production and operation, and has an independent raw material procurement and product sales system.

4. Organization: The controlling shareholder, the actual controller and Changan Auto have independent production, operation and office places. There is no mixed operation.

5. Finance: The controlling shareholder, the actual controller and Changan Auto have independent finance and accounting departments with independent finance and accounting personnel, and have established independent accounting system and financial management system. They make financial decisions independently, open bank accounts and pay taxes independently, and do not share bank accounts. Changan Auto handles tax registration independently and pays tax independently according to law.

III. Competition Situation

In December 2009, according to the national "Automobile Industry Adjustment and Revitalization Plan" regarding promoting auto enterprise merger restructuring and further optimization of state-owned economy strategy layout requirements, the actual controller of the company China South Industries Group Corporation and China Aviation Industry Group Company proceeded industry restructuring. China Aviation Industry Group Company transferred 100% equity of Jiangxi Changhe Automobile Co., Ltd. for free. (hereinafter referred to as "Changhe Automobile") and 100% stake of Harbin Hafei Automobile Industry Group Co., Ltd. (hereinafter referred to as "Haqi Group") into the company's controlling shareholder China Changan Automobile Group Co., Ltd. (hereinafter referred to as "China Changan"). This restructuring led to horizontal competition between the Company and subordinate enterprise of China Changan, the controlling shareholder. To finally solve the possible competition and better maintain the interests of company's investors, the company's controlling shareholder China Changan made commitment: When Jiangxi Changhe Automobile Co., Ltd.

and Harbin Hafei Automobile Industry Group Co., Ltd. can make profits for two successive years with sustainable development ability and improved management level, it's proposed to affiliate the two companies into Changan automobile. In October 28, 2013, the controlling shareholder China Changan transferred Jiangxi Changhe Automobile Co., Ltd. to Jiangxi provincial state-owned enterprise assets (Holdings) Limited. The horizontal competition was resolved. In order to solve the possible horizontal competition between Hafei Automobile Co., Ltd. and the company, on January 25, 2019, Haqi Group, a subsidiary of the Company's controlling shareholder China Changan, transferred 38% of the shares of Hafei Automobile Co., Ltd. to Harbin Yungu Automobile. Haqi Group has lost control of Hafei Automobile Co., Ltd. The horizontal competition was resolved.

There was no horizontal competition of the Company during the reporting period.

IV. Annual Shareholders Meeting and Extraordinary General Meeting during the Reporting Period

1. Shareholders meeting during the reporting period

Meeting Session	Type	Investors' participation Ratio	Opening Time	Disclosure Time	Resolution Index
2021 The First Extraordinary General Meeting	EGM	46.375%	February 18th, 2021	February 19th, 2021	http://www.cninfo.com.cn 2021 The First Extraordinary General Meeting Resolution Announcement (Announcement Number: 2021-13)
2020 Annual Shareholders Meeting	Annual	53.336%	May 14,2021	May 15th, 2021	http://www.cninfo.com.cn 2020 Annual Shareholders Meeting Resolution Announcement (Announcement Number: 2021-51)
2021 The Second Extraordinary General Meeting	EGM	54.581%	September 17,2021	September 18th, 2021	http://www.cninfo.com.cn 2021 The Second Extraordinary General Meeting Resolution Announcement (Announcement Number: 2021-82)

2. The shareholders of preferred shares with voting right restored request to convene an extraordinary general meeting

Applicable Not applicable

V. Directors, Supervisors and Senior Management Personnel

1. Basic information

Name	Position	Appointment status	Gender	Age	Start date	End date	Shares held at beginning of reporting period (share)	Stock option	Restricted stock award (share)	Share volume increased in the reporting period (share)	Share volume decreased in the reporting period (share)	Other increase/decrease (share)	Shares held at the end of reporting period (share)	Reasons for the increase/decrease in shares
Zhu Huarong	Chairman, Secretary of the Party Committee	Incumbent	M	56	2020-06-22	2023-06-22	25,200	-	350,000	350,000	-	10,080	385,280	Equity distribution in 2020; Equity incentive
Zhang Bo	Director	Incumbent	M	43	2021-02-18	2023-06-22								
Liu Gang	Director	Incumbent	M	55	2021-02-18	2023-06-22								
Ye Wenhua	Director	Incumbent	M	49	2022-03-17	2023-06-22								
Zhou Kaiquan	Director	Incumbent	M	49	2021-09-17	2023-06-22								

Wang Jun	Director, President and Deputy Party Secretary	Incumbent	M	49	2020-06-22	2023-06-22	-	-	280,000	280,000	-	-	280,000	Equity distribution in 2020; Equity incentive
Zhang Deyong	Director, CFO, Secretary of the Board of Directors	Incumbent	M	47	2020-06-22	2023-06-22	-	-	271,600	271,600	-	-	271,600	Equity distribution in 2020; Equity incentive
Liu Jipeng	Independent Director	Incumbent	M	65	2020-06-22	2023-06-22								
Li Qingwen	Independent Director	Incumbent	M	66	2020-06-22	2023-06-22								
Chen Quanshi	Independent Director	Incumbent	M	76	2020-06-22	2023-06-22								
Ren Xiaochang	Independent Director	Incumbent	M	65	2020-06-22	2023-06-22								
Tan Xiaosheng	Independent Director	Incumbent	M	51	2020-06-22	2023-06-22								
Wei Xinjiang	Independent Director	Incumbent	M	53	2020-06-22	2023-06-22								
Cao Xingquan	Independent Director	Incumbent	M	50	2020-06-22	2023-06-22								
Yang Xinmin	Independent Director	Incumbent	M	61	2021-09-17	2023-06-22								
Lian Jian	Chairman of the Supervisory Board	Incumbent	M	58	2021-09-17	2023-06-22								
Sun Dahong	Supervisor	Incumbent	M	55	2020-06-22	2023-06-22								
Shi Shengwei	Employee Supervisory Board Member	Incumbent	M	50	2021-11-08	2023-06-22								
Luo Yan	Employee Supervisory Board Member	Incumbent	F	47	2020-06-19	2023-06-22								
Yuan Mingxue	Deputy Secretary of the Party Committee	Incumbent	M	53	2020-07-13	2023-06-22	-	-	280,000	280,000	-	-	280,000	Equity distribution in 2020; Equity incentive
He Chaobing	Executive Vice President	Incumbent	M	54	2020-07-13	2023-06-22	-	-	271,600	271,600	-	-	271,600	Equity distribution in 2020; Equity incentive
Hua Zhanbiao	Secretary of Discipline Inspection Commission	Incumbent	M	54	2020-07-13	2023-06-22	-	-	271,600	271,600	-	-	271,600	Equity distribution in 2020; Equity incentive
Tan Benhong	Executive Vice President	Incumbent	M	46	2020-07-13	2023-06-22	-	-	271,600	271,600	-	-	271,600	Equity distribution in 2020; Equity incentive
Ye Pei	Executive Vice President	Incumbent	M	46	2020-07-13	2023-06-22	-	-	271,600	271,600	-	-	271,600	Equity distribution in 2020; Equity incentive

Zhao Fei	Executive Vice President	Incumbent	M	47	2020-07-13	2023-06-22	-	-	271,600	271,600	-	-	271,600	Equity distribution in 2020; Equity incentive
Chen Wei	Executive Vice President	Incumbent	M	49	2020-07-13	2023-06-22	-	-	271,600	271,600	-	-	271,600	Equity distribution in 2020; Equity incentive
Li Mingcai	Executive Vice President	Incumbent	M	40	2020-07-13	2023-06-22	-	-	271,600	271,600	-	-	271,600	Equity distribution in 2020; Equity incentive
Yang Dayong	Vice President	Incumbent	M	47	2021-07-15	2023-06-22	-	-	194,000	194,000	-	-	194,000	stock ownership incentive
Peng Tao	Vice President	Incumbent	M	44	2021-07-15	2023-06-22	-	-	191,240	191,240	-	-	191,240	Equity distribution in 2020; Equity incentive
Zhang Xiaoyu	Vice President	Incumbent	M	42	2022-01-12	2023-06-22	-	-	191,240	191,240	-	-	191,240	Equity distribution in 2020; Equity incentive
Wang Xiaofei	Vice President	Incumbent	M	39	2022-01-12	2023-06-22	-	-	132,300	132,300	-	-	132,300	Equity distribution in 2020; Equity incentive
Li Jun	Secretary of the Board	Incumbent	F	52	2020-07-13	2023-06-22	-	-	191,240	191,240	-	-	191,240	Equity distribution in 2020; Equity incentive
Pang Yong	Independent Director	Outgoing	M	52	2020-06-22	2021-05-07								
Zhao Jun	Supervisor	Departure	M	60	2020-06-22	2021-05-12								
Liu Bo	Executive Vice President	Outgoing	M	55	2020-07-13	2021-07-23	-	-	271,600	271,600	271,600	-	-	Equity distribution in 2020; Equity incentive
Zhou Zhiping	Director	Outgoing	M	51	2020-06-22	2021-07-29	-	-						
Yan Ming	Chairman of the Supervisory Board	Outgoing	M	56	2020-06-22	2021-07-29	-	-						
Yu Chenglong	Vice President	Outgoing (deceased)	M	/	2021-07-15	2021-09-12	-	-	191,240	191,240	-	-	191,240	Equity distribution in 2020; Equity incentive
Wang Yanhui	Employee Supervisory Board Member	Outgoing	F	55	2020-06-19	2021-11-08								
Tan Xiaogang	Director	Outgoing	M	58	2020-06-22	2021-12-21								
Li Wei	Executive Vice	Outgoing	M	55	2020-07-13	2022-01-12	-	-	271,600	271,600	-	-	271,600	Equity distribution

Chen Wei	Vice President	Outgoing	July 23th,2021	Job change
Liu Bo	Executive Vice President	Outgoing	July 23th,2021	Job change
Zhou Zhiping	Director	Outgoing	July 29th, 2021	Job change
Yan Ming	Supervisor, Chairman of the Supervisory Board	Outgoing	July 29th, 2021	Job change
Yu Chenglong	Vice President	Outgoing	September 12th, 2021	Deceased
Wang Yanhui	Employee Supervisory Board Member	Outgoing	November 8th, 2021	Retirement
Tan Xiaogang	Director	Outgoing	December 21st, 2021	Job change
Li Wei	Executive Vice President	Outgoing	January 12th, 2022	Job change
Li Mingcai	Vice President	Outgoing	January 28th, 2022	Job change

2. Incumbency

Professional background, work experience and duties and responsibilities of incumbent Directors, Supervisors and Senior Manager Personnel

(1) Directors

Mr. Zhu Huarong, Director, Chairman and Secretary of the Party Committee. Born in 1965, he is a Professorate Senior Engineer with a master's degree. Currently he is the President Assistant of CSG and the Director of China Changan Automobile Group. He was Vice Director of Changan Technology Department, the Chief Engineer of Changan Automobile Manufacture Factory, President Assistant of Changan Automobile (Group) Co., Ltd. and Director of Technical Center, Director of Science and Technology Committee, Vice General Manager of Changan Automobile (Group) Co., Ltd. and Director of Engineering Research Institute, Vice President and Secretary of Party Committee of Changan Automobile, the Vice Secretary of Party Committee of China Changan Automobile Group, President of Changan Automobile.

Mr. Zhang Bo, Director. Born in 1978, he is a senior accountant with a master's degree. He is currently the Director of the Finance Department of CSG. He served as the Deputy Director and Deputy Director of the Finance Division of the Finance Department (General Division) of CSG, Investigator and Deputy Director of the Finance Division of the Finance Department of CSG, Director and Chief Accountant of Chongqing Wangjiang Industry Co., Ltd., Deputy Director of the Finance Department of CSG.

Mr. Liu Gang, Director. Born in 1966, he is Professorate Senior Engineer with a bachelor's degree. He is currently Vice Chief Engineer of CSG. He served as Deputy Manager and Manager of the Research Department of the 58th Research Institute of Norinco Group, Deputy Director and Director of the 58th Research Institute of Norinco Group, Deputy Director of the Southwest Region Department of CSG, and Vice Director of China Ordnance Equipment Research Institute, Director of the Science and Technology Quality Department (Information Department) and Director of the Science and Technology and Information Department of CSG.

Mr. Ye Wenhua, Director. Born in 1972, he is a Professorate Senior Engineer with a master's degree. He is currently the Director of the Strategic Development Department of CSG. He served as Deputy Party Secretary, Deputy General Manager of Chongqing Jianshe Motorcycle Co., Ltd., Director, Party Secretary, Discipline Inspection Secretary of Chongqing Changfeng Machine Manufacturing Co., Ltd., Director, General Manager, Deputy Party Secretary, Party Secretary, Discipline Inspection Secretary of Chongqing Jianshe Industry (Group) Co., Ltd., Director, General Manager, Deputy Party Secretary of Chongqing Changan Industry (Group) Co., Ltd., Deputy Director of Human Resource Department, Director of Inspection Office of CSG.

Mr. Zhou Kaiquan, Director. Born in 1973, he is a Senior Engineer with a master's degree. He is currently the Chairman, President and Party Secretary of China Changan Automobile Group Co., Ltd. He served as Chairman of Chengdu Qingshan Automobile Trade Sales Company, Deputy General Manager, Director, General Manager, Deputy Secretary of Party Committee of Factory 246, Director, General Manager of Sichuan NingJiang Shanchuan Machinery Co.,Ltd., Director, General Manager of Sichuan Ningjiang Precision Industry Co., Ltd., Chairman, Party Secretary, General Manager Southwest Ordnance Industry Co., Ltd., Deputy General Manager, General Manager, Deputy Party Secretary, Vice Chairman and Secretary of the Party Committee of Chongqing Tsingshan Industrial.

Mr. Wang Jun, Director, President and Deputy Secretary of the Party Committee. Born in 1972, he is a Senior Engineer with a master's degree. He served as Deputy Director and Director of the Scientific Research Management Division of the Company's Technology Center, Director of the Science and Technology Management Division of the Science and Technology Quality Department, Deputy Director and Director of the Product Planning Division of the Automotive Engineering Research Institute, Manager of the Product Management Division of the Marketing Department of Changan Automobile Sales Co., Ltd., Director, Deputy General Manager and General Manager of the Product Planning Division of the Marketing Department, Assistant President of Changan Automobile and General Manager of Changan Automobile Sales Co., Ltd., Secretary of the Party Committee, Deputy General Manager and General Manager of the Commercial Vehicle Division, Executive Vice President of Changan Automobile, and Integrated Management of Two Industrializations Representative, Chairman of the Labor Union, President of Changan Automobile University.

Mr. Zhang Deyong, Director, CFO. Born in 1975, he is Senior Accountant with MPAcc. He was the Deputy Director, Director,

Assistant Director of the Finance Division of Automation Research Institute of CSG, Deputy Manager of the Finance Department of CSG, Deputy Director of the financial department of CSG, Director, CFO and Member of the Party Committee of Chongqing Changan Industry Group Co., Ltd., Executive Vice President of Changan Automobile.

Mr. Liu Jipeng, Independent Director. Born in 1956, he has a master's degree. He is a Vice-Senior Professor, Senior Research Fellow, Senior Economist and Certified Public Accountant and currently serves as Dean and Phase II Professor of Business School of China University of Political Science and Law. He is currently the Dean, Vice-Senior Professor, and Doctoral Supervisor of the Capital Finance Research Institute of China University of Political Science and Law; Chief Expert of major projects of the National Social Science Fund; Legal Adviser to the State-owned Assets Supervision and Administration Commission of the State Council; Vice Chairman of China Enterprise Reform and Development Research Association; Deputy Director of the independent board of directors of the China listed companies Association; Member of Legal Advisory Committee of Shenzhen Stock Exchange. He is a famous expert on joint-stock systems and corporate issues, specializing in the combination of joint-stock systems, collectivization, and internationalization theory and practice. In the last 20 years, he has managed the shareholding system reform, corporate strategy, acquisition and reorganization, financing scheme design for over 300 companies, such as State Grid, Aviation Industry Corporation of China, Chinalco, Haier Group and China Southern Power Grid Company Limited. These enterprises from various industries cover more than 20 cities. He is called "the first person in stock reform" by media.

Mr. Li Qingwen, Independent Director. Born in 1956, he is currently the Dean of the Automobile Evaluation Institute, Dean of Beijing Hidden Unicorn Information Technology Institute and Vice Chairman of the China Automobile Talent Research Association. He served as Chairman of China Energy Automobile Communications Group, President of China Automobile Newspaper, President of China Energy Newspaper, Director and Deputy Director of the General Office of Heilongjiang Provincial People's Government, and Secretary of Hailin Municipal Committee of Heilongjiang Province. Since 1998, his works with a total of over one million words in automotive research, monographs, reviews, and interviews have been published.

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

Mr. Ren Xiaochang, Independent Director. Born in 1956, he has a bachelor's degree. He served as Chairman and General Manager of China Automobile Engineering Research Institute, the Expert of the 12th Five-Year plan national key science and technology special (EV) project panel, and the Committee Member of the second national strategic emerging industry development expert advisory committee. He is the expert of the Chinese machinery industry science and technology, the special subsidy expert of the State Council and the evaluation expert of the national science and technology award, the member of the academic committee of China Academy of international engineering. Its main research and scientific research projects have won the awards such as provincial and ministerial level and scientific and technological progress awards, including 3 second-level awards and 3 third-level awards.

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

Mr. Wei Xinjiang, Independent Director. Born in 1969, he is a researcher with a PhD. He is currently the Deputy General Manager of the Development Planning Department of China Life Pension Insurance Co., Ltd. and Senior Researcher of China Life Financial Research Institute, and an arbitrator of Shenzhen Court of International Arbitration. He was engaged in teaching and scientific research for 13 years at the International Investment Department of the Chinese Academy of Finance and the School of Banking and Finance of University of International Business and Economics. He studied and worked at Holland Business School, the University of Birmingham, the European Commission and the United Nations Hague International Court of Justice for 3 years. He is the expert in international business, overseas M & A, operation of capital market and so on. He has done research on finance, insurance, overseas investment, and comprehensive finance and so on. He also served as a part-time Professor and Postgraduate Supervisor of School of Finance and Finance of Renmin University of China, the School of International Business and Economics of the University of International Business and Economics and the Holland Business School. He has published nearly 160 papers in international and domestic journals, and 8 books, such as the fraud and anti-fraud of automobile insurance, the comparative study of the anti-monopoly policies between the United States and the EU, and the analysis of the accounting statements and investment value of the enterprises.

Mr. Cao Xingquan, Independent Director. Born in 1971, he has a Doctor of Laws (LL.D.) degree. He is currently a professor at the School of Civil and Commercial Law of Southwest University of Political Science and Law, and a doctoral tutor in the direction of civil and commercial law. He has 20 years of civil and commercial law teaching and research experience, including 17 years of teaching at Southwest University of Political Science and Law. He is a lecturer in the National fine course "Business Law" and the National

Resource sharing course “Business Law”. He focuses on the study of commercial law, company law, securities law, and insurance law. He has presided over or participated in more than 20 various scientific research topics, published more than 60 academic papers, published more than 10 academic works and participated in teaching materials; He is Standing Director of Commercial Law and Insurance Law Society of China Law Society; He once served as Vice President of the Fourth Division of the Chongqing First Intermediate People’s Court Civil Trial; Member of Chongqing People’s Procuratorate Expert Committee on Civil Administration Supervision. He has participated in many national and local legislative consultations, engaged in a large number of professional consultations, special lectures, and legal services in enterprise restructuring, capital operations, and corporate governance, and concurrently served as an arbitrator in arbitration institutions in Chongqing, Zunyi, Tangshan and other places.

Mr. Yang Xinmin, born in 1960, PhD. He is currently a professor at the School of Mathematical Science, Chongqing Normal University, Vice President of the China Association of Industry and Applied Mathematics, Director of the Chongqing National Center for Applied Mathematics, and Deputy Director of the National Tianyuan Mathematics Southwest Center. In 2012, he was awarded the National Outstanding Scientific and Technological Worker, in 2014, the National Outstanding Professional and Technical Talents, and was elected an academicien of the International Academy of Sciences in 2016. He is engaged in the teaching and scientific research of optimization theory and method, generalized convexity theory and vector optimization theory in mathematics. He has presided over 10 National Natural Science Foundation of China projects, including 1 major project (2019) and 2 key projects (2008, 2014). In the field of operational research (mathematics), original achievements, he won the national natural science second prize (first, 2018), the Ministry of Education natural science first prize (independent, 2009), China youth science and technology award (2001), Chongqing science and technology outstanding contribution award (2017), Chongqing natural science first prize (independent, 2013) and Chongqing science and technology progress (first, 1998) and Chinese operations research award (2016) and China systems engineering society theoretical research award (2018).

2. Supervisors

Mr. Lian Jian, Chairman of the Board of Supervisors. Born in 1963, he is a Professorate Senior Engineer with a master degree. He is the Senior Director of China South Industries Group Co., Ltd. in the Southwestern area. Past working experiences include: Deputy Department Chief of technology, Deputy Chief Engineer, Chief Engineer, Plant Director, Deputy Party Committee Secretary, Party Committee Secretary, General Director, Vice Chairman of Chongqing Changfeng Machine Manufacturing Co., Ltd. Board director, Party Committee Secretary, Labor Union Chairman of Chongqing Hongyu Precision Industrial Co., Ltd. Deputy Party Committee Secretary, Discipline Inspection Secretary, and Senior Director of China South Industries Group Co., Ltd. in the Southwestern area (motorcycle department). Chairman and Party Committee Secretary of Chongqing Huxi Electrical Industrial Co., Ltd.

Mr. Sun Dahong, Supervisor. He was born in 1966, master degree, senior economist. Currently, he is the Vice Director of the Legal Department. He used to be the Vice Director of Legal Division under the General Office in China South Industries Group, Vice Director and Director of Legal Advisor Division in China South Industries Group, and Director of Legal Affairs Division of general office, Deputy Director of General Office and the Chief of Secrets Agency in South Industries Group.

Mr. Shi Shengwei, Staff Supervisor. Born in 1971, university undergraduate, Political Engineer. He is currently the discipline inspection officer of the Discipline Inspection Department. He used to be a worker in the 131 workshop, a machining worker, the maintenance mechanic of the first machining department of the engine company, communication staff and Director of Party Affair Office of the Comprehensive Management Division of Plant Four, Director of the Party Affair Office of the Comprehensive Management Division of Jiangbei Engine Plant, Discipline Inspection and Supervision staff of Discipline Inspection and Supervision Department, and manager of Integrity Business Office of Changan Mazda Automobile Co., Ltd.

Ms. Luo Yan, Staff Supervisor. She was born in 1974, bachelor degree, assistant economist. Currently, she is the Chief of Jiangbei section of HR Sharing Center. She used to be the maintenance electricians, engineering measurer person, labor technology fixed member, schemer in workshop No.232 of No.3 plant, Chief of welfare section of Salary Division of HR Department, and Chief of welfare office III.

3. Senior Management other than Directors and Supervisors

Mr. Yuan Mingxue, Deputy Secretary of the Party Committee, Chairman of the Labor Union, director of Changan Learning Center. Born in 1968, master’s degree, senior engineer, he used to be the Assistant to President of Changan and EVP of Jiangling Motor Holding Co., Ltd., Director and Party branch Secretary of Strategic Planning Department, Division Chief of Capital Division, general director and Party Branch Secretary of Overseas Development Department, Vice President and Executive Vice President of Changan Automobile (Group) CO., Ltd.

Mr. He Chaobing, Secretary of the Party Committee of Oshan Automotive Division, Executive Vice President and Director of Operations Management Committee, born in 1967, master degree, senior engineer. A former Director of NO. Four development center and Vice President of Automobile Engineering Research Institute, Deputy Director of Commercial Vehicle Business Management Department, President Assistant and General Manager of the Beijing Changan Automobile Co., Ltd, President Assistant and Director of the Purchase Department, President Assistant and Vice General Manager of the Commercial Vehicle Division, Executive Vice President and Party Secretary of Changan Ford Motor Co., Ltd.

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

Mr. Tan Benhong, the Executive Vice President and CEO of Avatr Technology (Chongqing) Co., Ltd. Born in 1975, master degree, engineer. He was the Deputy Director of Changan Technology Department, the Product Technology Manager of the Nanjing factory of Changan Ford Automobile Co., Ltd., the Deputy Director of the reception office and the secretarial reception department of the Changan Company Office, the Director of the Technical Planning Institute of the Automobile Engineering Research Institute, the Deputy Chief Engineer of the Automobile Engineering Research Institute and the Director of the Institute of Technical Planning and Research, the

Vice president of the General Academy of automobile engineering research, Dean of Beijing Research Institute, the department head of Market Department, Brand Public Relations, Product Planning Department, and Vice Deputy President and Secretary of the Party committee of the Research Institute, the spokesman of company and the director of the Style and Design Institute.

Mr. Ye Pei, the Executive Vice President, and General Manager of the Passenger Car Operation Management Committee, born in 1975, master's degree, engineer. He once served as the Deputy Chief of the Jiangling Engine Branch General Administration Division, Deputy Chief of the Quality Division, Deputy Director of the Quality Management Department, Assistant General Manager of Nanjing Changan Automobile Co., Ltd., Deputy Minister of Quality and Director of the Quality Evaluation and Improvement Department. Director of Market Quality Office, Deputy Director of the company's office, General Manager and Secretary of the Party Committee of Nanjing Changan Automobile Co., Ltd., Deputy General Manager of Commercial Vehicle Business Department and Manufacturing Logistics Department of Commercial Vehicle Business Department and Secretary of the Party Branch, Assistant to the General Manager of the company, General Director and Secretary of the party branch of the Strategic Planning Department, General Manager and Party Secretary of the Sedan Sales Department, General Manager and Party Secretary of Passenger Car Marketing Department, Corporate VP.

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

Mr. Chen Wei, Executive Vice President and Director of Safety Production of the company, Deputy Director of the Oshan Business Management Committee. Born in 1972, undergraduate, engineer. He once served as Secretary of the Youth League Committee of Changan Automobile Manufacturing Plant, Director of the Factory Office, Deputy Director, Director, and Party Committee Secretary; Vice President of Personnel and Secretary of Discipline Committee of Changan Ford Co., Ltd.; Changan Automobile Manufacturing and Logistics Department Director, Party Branch Secretary, Director of the OTD Project of the company, General Manager of Beijing Changan Automobile Company, Secretary of the Party Committee, and Director of the Beijing Research Institute Construction Project, Secretary of the Party Committee of Lingyao Automobile, and Vice President of Changan.

Mr. Li Mingcai, Executive Vice President, General Counsel of the Company, and Representative of Managers of Integration. Born in 1981, master's degree. He used to be the Acting Manager and Manager of the Sales Department of Chongqing Changan Automobile International Sales Service Co., Ltd., Assistant General Manager and Sales Regional Manager of Changan Automobile Overseas Business Development Department, Deputy General Manager of Overseas Business Development Department, General Manager of International Sales Company, Deputy General Manager of Changan Automobile Overseas Business Development Department, Director of Russian JV Project, Brazilian Project Manager, General Manager of Overseas Business Department, General Manager of International Sales Company, and Vice President of Changan.

Mr. Yang Dayong, Vice President, Party Secretary of Chongqing Changan New Energy Vehicle Technology Co., Ltd. Born in 1974, Han nationality, university undergraduate, assistant economist. He once served as the Changan Marketing Director, Deputy Director and Director of Commercial Vehicle Management, Director and Party Branch Secretary of Brand and Public Relations, Spokesman, High-End Car Brand Team Senior Project Director, Intelligent Industry Development Project Senior Project Director, and General Manager of Chongqing Changan new energy automobile technology co., LTD.

Mr. Peng Tao, Vice President and Director of the Light Vehicle Operation Management Committee. Born in 1978, he is a senior engineer and undergraduate. He served as Deputy Division Chief and Division Chief of Passenger Vehicle Planning Department, Deputy Director of Product Planning Department, Executive Deputy General Manager and Party Branch Secretary of Product Planning Department, Executive Deputy General Manager of Passenger Vehicle Marketing Department, General Manager and Party Secretary of Passenger Vehicle Marketing Department.

Mr. Zhang Xiaoyu, Vice President. Born in 1979, he is a senior engineer with doctoral degree. He served as the Deputy Managing Director and Managing Director of UK R&D Center of Changan Power Research Institute, Deputy General manager of Power Research Institute, H13T Project Director, Director of NE Series Powertrain Project, General Manager of Power Research Institute and General Manager of Product Development II.

Mr. Wang Xiaofei, Vice President. Born in 1982, an engineer, university undergraduate. He used to be the product planning manager of Planning and Operation Department of Commercial Vehicle Business Division, Deputy Director of Commercial Vehicle Business Division, Deputy Director of Product Department of Oshan Automobile Business Division, Deputy General Manager of Passenger Vehicle Marketing Division, Deputy General Manager of Product Planning Department and General Manager of Oshan Automobile Business Division.

Ms. Li Jun, Secretary of the Board and the Vice Director of Capital Operation Department and Special Expert of the Board of Directors Office. Born in 1969, MBA, senior accountant. She used to be the Deputy Division Chief and Division Chief of Securities Investment Office, Division Chief of Capital Operation Office of the Financial Department, Director of the BOD Office, Deputy Director of the Finance Department and the Deputy General Manager of the Capital Operation Department.

Employment in shareholders' work unit

√Applicable □ Not applicable

Name	Name of shareholders' work unit	Position in shareholders' work unit	Term start date	Term end date	Whether having remuneration or allowance in shareholders' work unit

Zhu Huarong	China South Industries Group Co., Ltd. and China Changan Automobile Group Co., Ltd.	Assistant General Manager of China South Industries Group Co., Ltd. and the director of China Changan			N
Ye Wenhua	China South Industries Group Co., Ltd.	Director of the Strategic Development Department			Y
Zhou Kaiquan	China Changan Automobile Group Co., Ltd.	Chairman, President and Party Secretary			Y
Zhang Bo	China South Industries Group Co., Ltd.	Director of Finance Department			Y
Liu Gang	China South Industries Group Co., Ltd.	Vice Chief Engineer of CSG			Y
Lian Jian	China South Industries Group Co., Ltd.	Senior Managing Director of the Southwestern Region			Y
Sun Dahong	China South Industries Group Co., Ltd.	Deputy Director of Legal Department			Y
Position in other work unit	No				

Employment status in other units

√Applicable □ is not applicable

Name	Name of other work units	Position in other work units	Term start date	Term end date	Whether get allowance in other work unit
Liu Jipeng	China University of Political Science and Law	Dean of Capital Finance Research Institute, China University of Political Science and Law, Second-Level Professor, Doctoral Supervisor; Chief Expert of major projects of the National Social Science Fund; Legal Counsel of the State-owned Assets Supervision and Administration Commission of the State Council; Vice Chairman of China Enterprise Reform and Development Research Association; Deputy Director of the Independent Director Committee of China Association of Listed Companies; Member of the Legal Advisory Committee of the Shenzhen Stock Exchange			Yes
Li Qingwen	CarBingo Academy	Dean of the CarBingo Academy, Dean of Beijing Hidden Unicorn Information Technology Institute and Vice Chairman of the China Auto Talent Committee			Yes
Chen Quanshi	Tsinghua University	Professor and Doctoral Supervisor of the Department of Automotive Engineering of Tsinghua University, and Honorary Director of the Electric Vehicle Branch of the China-SAE			Yes
Tan Xiaosheng	Beijing Genius Cyber Technology Co., Ltd	Founder, Chairman, Senior Engineer, Beijing Genius Cyber Technology Co., Ltd., Founder of Zhengqi College			Yes
Wei Xinjiang	China Life Insurance Co., Ltd.	Deputy General Manager of Development Planning Department of China Life Insurance Co., Ltd., Senior Researcher of China Life Financial Research Institute			Yes
Cao Xingquan	Southwest University of Political Science & Law	Professor of the School of Civil and Commercial Law of Southwest University of Political Science and Law, and a doctoral tutor in the direction of civil and commercial law			Yes
Yang Xinmin	Chongqing Normal University	Professor of School of Mathematical Sciences, Chongqing Normal University, Director of Chongqing National Center for Applied Mathematics, Director of the Key Laboratory of Optimization and Control, Ministry of Education			Yes
Position in other work unit	No				

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

□Applicable √Not applicable

3. Remuneration of directors, supervisors and senior management personnel

Decision-making process, basis, the actual payment of remuneration for directors, supervisors and senior management personnel

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

The basis: the senior management evaluation is divided into annual appraisal, term assessment and follow-up examination. Annual appraisal is to evaluate the business performance which senior management is in charge of, and the employee representatives and part of the units give democratic appraisal or special evaluation on senior management; the assessment results will feedback to senior management in time about the problems in their work and relevant suggestions for improvement, which will be rectified in the coming new year. At the same time the assessment results will be linked to the annual performance bonus. Term assessment is based on the democratic evaluation of all senior management and staff representatives, which will be combined with special visits. The results are related to the targeted training, promotion, exchange training and appointment of the senior management; follow-up examination on new management is examination of the management with adjusted positions to understand the working status of the new team in time, check the configuration effect of the new team, help them adjust as soon as possible, and reduce the risk.

Actual payments: Senior management staff will be paid a monthly basic salary, and annual performance bonus and special awards will be cashed out in a lump sum in the current period based on the annual assessment. In 2021, directors, supervisors and senior executives who receive remuneration from the company had a total of RMB 30.3765 million yuan in remuneration payable.

Remuneration of Directors, Supervisors and Senior Management Personnel during the reporting period

Name	Position	Gender	Age	Office status	Total pre-tax remuneration from the Company	Whether remunerated by related-parties of the company
Zhu Huarong	Chairman, Secretary of the Party Committee	M	56	Incumbent	2,474,797	N
Zhang Bo	Director	M	43	Incumbent		Y
Liu Gang	Director	M	55	Incumbent		Y
Ye Wenhua	Director	M	49	Incumbent		Y
Zhou Kaiquan	Director	M	49	Incumbent		Y
Wang Jun	Director, President, Deputy Secretary of the Party Committee	M	49	Incumbent	2,032,619	N
Zhang Deyong	Director, Chief accountant, Secretary of BOD	M	47	Incumbent	1,991,175	N
Liu Jipeng	Independent Director	M	65	Incumbent	120,000	N
Li Qingwen	Independent Director	M	66	Incumbent	120,000	N
Chen Quanshi	Independent Director	M	76	Incumbent	120,000	N
Ren Xiaochang	Independent Director	M	65	Incumbent	120,000	N
Tan Xiaosheng	Independent Director	M	51	Incumbent	120,000	N
Wei Xinjiang	Independent Director	M	53	Incumbent	120,000	N
Cao Xingquan	Independent Director	M	50	Incumbent	120,000	N
Yang Xinmin	Independent Director	M	61	Incumbent	40,000	N
Lian Jian	Chairman of the Board of Supervisors	M	58	Incumbent		Y
Sun Dahong	Supervisor	M	55	Incumbent		Y
Shi Shengwei	Employee Supervisor	M	50	Incumbent	407,689	Y
Luo Yan	Employee Supervisor	F	47	Incumbent	291,670	N
Yuan Mingxue	Deputy Secretary of the Party Committee	M	53	Incumbent	1,989,645	N
He Chaobing	Executive Vice President	M	54	Incumbent	1,818,763	N
Hua Zhanbiao	Secretary for Discipline Inspection	M	54	Incumbent	1,991,175	N
Tan Benhong	Executive Vice President	M	46	Incumbent	1,956,342	N

Ye Pei	Executive Vice President	M	46	Incumbent	2,863,214	N
Zhao Fei	Executive Vice President	M	47	Incumbent	1,809,406	N
Chen Wei	Executive Vice President	M	49	Incumbent	1,927,170	N
Li Mingcai	Executive Vice President	M	40	Incumbent	1,902,860	N
Yang Dayong	Vice President	M	47	Incumbent	267,515	N
Peng Tao	Vice President	M	44	Incumbent	267,515	N
Li Jun	Secretary of the BOD	F	52	Incumbent	839,601	N
Pang Yong	Independent Director	M	52	Outgoing	40,000	N
Zhao Jun	Supervisor	M	60	Outgoing		Y
Liu Bo	Executive Vice President	M	55	Outgoing	1,899,150	N
Zhou Zhiping	Director	M	51	Outgoing		Y
Yan Ming	Chairman of the Board of Supervisors	M	56	Outgoing		Y
Yu Chenglong	Vice President	M	/	Outgoing (deceased)	120,026	N
Wang Yanhui	Employee Supervisor	F	55	Outgoing	649,812	N
Tan Xiaogang	Director	M	58	Outgoing		Y
Li Wei	Executive Vice President	M	55	Outgoing	1,956,342	N
Total	--	--	--	--	30,376,486	--

VI. Performance of Directors during the reporting period

1. Board of Directors in the reporting period

Meeting	Date of convening	Disclosure date	Meeting resolution
The 10th meeting of the 8th Session of Board of Directors	January 29, 2021	January 30, 2021	Please refer to the Resolution of the 10th Meeting of the 8th Board of Directors (No: Announcement 2021-04)
The 11th meeting of the 8th Session of Board of Directors	February 1, 2021	February 2, 2021	Please refer to the resolution of the 11th Meeting of the 8th Board of Directors (Announcement No: 2021-05)
The 12th meeting of the 8th Session of Board of Directors	February 22, 2021	February 23, 2021	Please refer to the Resolution of the 12th Meeting of the 8th Board of Directors (Announcement No: 2021-14)
The 13th meeting of the 8th Session of Board of Directors	March 30, 2021	April 1, 2021	Please refer to the Resolution of the 13th Meeting of the 8th Board of Directors (Announcement No: 2021-24)
The 14th meeting of the 8th Session of Board of Directors	April 9, 2021	April 10, 2021	Please refer to the resolution of the 14th Meeting of the 8th Board of Directors (Announcement No: 2021-30)
The 15th meeting of the 8th Session of Board of Directors	April 17, 2021	April 20, 2021	Please refer to the Resolution of the 15th Meeting of the 8th Board of Directors (Announcement No: 2021-33)
The 16th meeting of the 8th Session of Board of Directors	April 29, 2021	April 30, 2021	Please refer to the Resolution of the 16th Meeting of the 8th Board of Directors (Announcement No: 2021-41)
The 17th meeting of the 8th Session of Board of Directors	May 27, 2021		No disclosable matters involved
The 18th meeting of the 8th Session of Board of Directors	June 10, 2021		No disclosable matters involved
The 19th meeting of the 8th Session of Board of Directors	June 25, 2021		No disclosable matters involved
The 20th Meeting of the 8th Session of Board of Directors	July 15, 2021	July 16, 2021	Please refer to the Resolution of the 20th Meeting of the Eighth Board of Directors (Announcement No.: 2021-58)
The 21st meeting of the 8th Session of Board of Directors	July 23, 2021	July 24, 2021	Please refer to the Resolution of the 21st Meeting of the 8th Board of Directors (Announcement No: 2021-59)
The 22nd meeting of the 8th Session of Board of Directors	July 23, 2021		No disclosable matters involved
The 23rd meeting of the 8th Session of Board of Directors	July 29, 2021	July 30, 2021	Please refer to the Resolution of the 23rd Meeting of the 8th Board of Directors (Announcement No: 2021-61)

The 24th meeting of the 8th Session of Board of Directors	August 19, 2021		No disclosable matters involved
The 25th meeting of the 8th Session of Board of Directors	August 30, 2021	August 31, 2021	Please refer to the Resolution of the 25th Meeting of the Eighth Board of Directors (Announcement No: 2021-69)
The 26th meeting of the 8th Session of Board of Directors	September 27, 2021		No disclosable matters involved
The 27th meeting of the 8th Session of Board of Directors	October 29, 2021	October 30, 2021	Please refer to the Third Quarter 2021 Report (Announcement No: 2021-87)
The 28th meeting of the 8th Session of Board of Directors	November 5, 2021	November 6, 2021	Please refer to the Resolution of the 28th Meeting of the 8th Board of Directors (Announcement No: 2021-89)
The 29th meeting of the 8th Session of Board of Directors	November 19, 2021	November 22, 2021	Please refer to the Resolution of the 29th Meeting of the 8th Board of Directors (Announcement No: 2021-93)
The 30th meeting of the 8th Session of Board of Directors	December 21, 2021	December 22, 2021	Please refer to the Resolution of the 30th Meeting of the 8th Board of Directors (Announcement No: 2021-1001)
The 31st meeting of the 8th Session of Board of Directors	December 29, 2021		No disclosable matters involved

2. Attendance of directors at the board of directors and shareholders' meeting

Attendance at BOD meetings and shareholders' meeting							
Name	Number of BOD meetings that should be attended in this reporting period	Number of BOD meeting attendance at spot	Attendance by means of communication	Attendance by proxy	Absence	Absent from meetings for two consecutive times	Attendance at shareholders' meetings
Zhu Huarong	22	2	18	2		NO	1
Zhang Bo	20	2	18			NO	
Liu Gang	20	2	18			NO	
Zhou Kaiquan	6	0	5	1		NO	
Wang Jun	22	3	19			NO	1
Zhang Deyong	22	3	19			NO	3
Liu Jipeng	22	2	19	1		NO	
Li Qingwen	22	3	19			NO	
Chen Quanshi	22	3	19			NO	
Ren Xiaochang	22	3	19			NO	1
Tan Xiaosheng	22	2	19	1		NO	
Wei Xinjiang	22	3	19			NO	
Cao Xingquan	22	3	19			NO	2
Yang Xinmin	6	1	5			NO	1
Tan Xiaogang	20	1	17	2		NO	
Zhou Zhiping	13	2	11			NO	
Pang Yong	7	2	5			NO	

Explanation of the members of the Board who failed to attend Board meetings in person for two consecutive times

Not applicable

3. The directors' objections to the relevant matters of the company

Disagreement of the directors on matters related to the Company

Yes No

During the reporting period, the directors did not raise objections to the relevant matters of the company.

4. Other statement of the directors performance of duties

Whether the directors' suggestions on the company are adopted

Yes No

Description of the directors on the adoption or non-adoption of relevant suggestions of the company

According to the Company Law, the Articles of Association and other relevant provisions, the directors of the company performed their duties and obligations diligently and responsibly, and put forward valuable professional opinions on the improvement of the company's system and daily operation decision-making, which effectively improved the standardized operation and scientific decision-making of the company. In addition, the independent directors of the company have issued independent and fair opinions on the company's restricted stock incentive plan, annual profit distribution, annual daily related transaction forecast, accounting policy changes, storage and use of raised funds, etc., effectively safeguarding the legitimate rights and interests of the majority of investors, especially medium and minority investors.

VII. Duty Performance of Specialized Committees of the Board of Directors during the Report Period

Committee name	Members	Number of meetings held	Date of convening	Meeting content	Important comments and suggestions that are made	Other performance of duties	Specific objection (if any)
Audit Committee	Liu Jipeng, Wei Xinjiang, Zhang Deyong	Five	April 2nd, 2021	Financial statements prepared by the Company; internal audit work plan for 2021	All the motions were passed unanimously		
			April 15th, 2021	Internal Control Audit Report in 2020; 2020 Audit Results and Key Matters Communication Report; 2020 Financial Statements (after audit); 2020 Internal Control Self-Evaluation Report; Proposal for Hiring 2021 Financial Report Auditor and 2021 Internal Control Report Auditor; Second Quarter Work Plan and First Quarter Internal Audit Report	All the motions were passed unanimously		
			August 30, 2021	Report on the Audit and Inspection Work in the first half year of 2021	All the motions were passed unanimously		
			October 29th, 2021	Report on the Audit and Inspection Work	All the motions were passed unanimously		

				in the third quarter of 2021			
			December 29th, 2021	General Audit Plan for 2021 and Related Audit Requirements	All the motions were passed unanimously		
Compensation and Assessment Committee	Chen Quanshi, Pang Yong, Tan Xiaosheng	Four	February 1st, 2021	Proposal of the Company's A-Share Restricted Stock Incentive Plan (Revised Draft) and its summary; Proposal of Assessment and Management Measures for the Implementation of the Company's A-Share Restricted Stock Incentive Plan (Revised Draft)	All the motions were passed unanimously		
			February 22nd, 2021	Proposal on Adjusting the List and Number of Initial Granting of A-share Restricted Stock Incentive Plan; Proposal on the Initial Granting of A-share Restricted Stock Incentive Plan	All the motions were passed unanimously		
	August 30th, 2021		Proposal on Adjusting the Repurchase Price of A-share Restricted Stock Incentive Plan; Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted but still with Sales Restrictions	All the motions were passed unanimously			
	November 19th, 2021		Proposal on Adjusting the Number of Reserved A-share Restricted Stock Incentive Plan; Proposal on Granting Reserved	All the motions were passed unanimously			
	Chen Quanshi, Tan Xiaosheng						

				Restricted Stock to the Incentive Objects of A-share Restricted Stock Incentive Plan			
The Strategic and Investment Committee	Zhu Huarong, Wang Jun, Tan Xiaogang, Ren Xiaochang	Seven	January 29th, 2021	Proposal on the 2021 Financing Plan; Proposal on the 2021 Investment Plan	All the motions were passed unanimously		
			February 1st, 2021	Proposal on the Company's Subsidiaries to Carry Out Forward Foreign Exchange Settlement Transactions	All the motions were passed unanimously		
			February 22nd, 2021	Proposal on the Bill Pool Business; Proposal on the Forward Foreign Exchange Purchase Transaction	All the motions were passed unanimously		
			April 9th, 2021	Proposal on the establishment of Chongqing Intelligent Vehicle Equity Investment Partnership (limited partnership) (tentative name)	All the motions were passed unanimously		
			April 17th, 2021	2020 Financial Accounts and 2021 Financial Budget Description	All the motions were passed unanimously		
			August 30th, 2021	Proposal on the public issuance of corporate bonds	All the motions were passed unanimously		
			November 5th, 2021	Proposal on the Holding Subsidiary to the Public Listing Way to Increase Capital And Share	All the motions were passed unanimously		

VIII. The work of the board of supervisors

Whether the company was at risk during the report period according to the supervision of the board of supervisors

Yes No

The Board of Supervisors supervised and inspected the legal compliance of the company's financial situation, measurement of managing major affairs of the company, operation and management activities, and the implementation of major strategies. The Board of Supervisors has no objection to the supervision matters during the reporting period.

IX. The Employees of the Company

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

Number of incumbent employees in the parent company	29,471
Number of incumbent employees in major subsidiaries	12,973
Total number of incumbent employees	42,444
Total number of incumbent salaried employees	42,444
Number of retired employees for whom parent company and major subsidiary bear the costs	6,603
Professional composition	
Professional fields	Number
Production	27,504
Sales	1,916
Technology	8,752
Finance	450
Administration	498
Management	3,324
Total	42,444
Educational Background	
Degree	Number
PhD	109
Postgraduate	2,201
Bachelor	11,778
Junior college	10,966
Technical secondary school and high school	15,069
Middle school and below	2,321
Total	42,444

2. Compensation policy

The company continues to deepen the reform of the distribution system, improve the market-oriented distribution mechanism, be performance-oriented, link the compensation and benefits, comprehensively carry out labor cost-linked operation management, urge business departments to improve the quality of operation, and promote efficiency improvement and value creation. Establish and improve the middle to long-term incentive and restraint mechanism to closely bind the core cadres' interests with the company's middle to long-term operation, and support the company's strategic development.

3. Training plan

Company staff training in 2022 will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and principles of the 19th CPC Central Committee's Sixth Plenary Session, centering around the Third Business Venture-Innovation and Entrepreneurship Program. The key is "shoulder responsibilities and forge ahead with a strong foundation and an innovative spirit", around strategic transformation with the software capability and efficiency as two core competitiveness and six key ability. Through the transformation talent certification, the echelon talent training, we will speed up building new ability and personnel transformation to make Changan an intelligent low carbon mobility technology company.

4. Outsourcing of services

Applicable Not applicable

X. Distribution of profits and capital reserve

The formulation, implementation or adjustment of profit distribution policies, especially the formulation, implementation or the adjustment situation of cash dividend policy.

Applicable Not applicable

According to the China Securities Regulatory Commission requirements, the Notice on Further Implementing Matters concerning Cash Dividends of Listed Companies as issued by the CSRC, the Guideline No. 3 for the Supervision of Listed Companies—Cash Dividends of Listed Companies, in combination with the practical situation of the company, the Company has rectified the “Articles of Association” and clarified the distributable profit caliber, dividend distribution means, principle, form, cash dividend conditions and proportion, stock dividend condition, plan making and review procedures, the implementation, the conditions of distribution policy adjustment, and decision-making procedures, etc, to strengthen the supervision of independent directors in the profit distribution plan, policy adjustment, and strengthen the institutional guarantee of the dividend for investors. For details of the company’s specific distribution policy, please refer to the Articles of Association. Company’s reported profit distribution plan and equity shares in line with the relevant provisions of the Articles of Association and relevant provisions.

Special statement for cash dividend policy	
Whether it comply with the Articles of Association or the resolutions of the shareholders' general meeting:	Yes
Are the standard and the proportion of distribution clear:	Yes
Are the related decision-making process and mechanism thorough:	Yes
Have independent directors fulfilled their duties and performed their due roles:	Yes
Whether medium and minority shareholders have the chance to fully express their views and demands and whether the legitimate rights and interests are fully protected:	Yes
Whether cash dividend policy is adjusted or changed and whether the conditions and procedures are compliant and transparent:	Not Applicable

During the reporting period, the company made profits and the parent company could distribute profits to shareholders, but did not put forward the dividend distribution plan

Applicable Not applicable

Plans of profit distribution and increase of capital stock by transfer of capital reserve during the reporting period

Applicable Not applicable

Number of bonus shares per ten shares (share)	-
Dividend per ten shares (RMB) (tax included)	2.33
Increased shares through transfer for per 10 shares (shares)	3
Equity base of distribution plan (shares)	7,632,153,402
Cash dividends (RMB) (tax included)	1,778,291,742.67
Cash dividend (RMB) of other means (such as repurchase)	-
Total cash dividend (RMB) (including other means)	1,778,291,742.67
Distributable profits (RMB)	36,887,741,937.47
Proportion (%) of cash dividends (including other means) to total profit distribution	100%

Cash dividend policy:

others

Detailed description of profit distribution or increase of capital stock by transfer of capital reserves

The 38th meeting of the 8th Session of Board Of Directors of the company deliberated and passed the 2021 Profit Distribution Plan, which still needs to be submitted to the 2021 annual general meeting for deliberation. In accordance with the provisions of the Articles of Association, the relevant decision-making procedures and mechanisms are thorough, which fully protect the legitimate rights and interests of medium and minority investors, and the independent directors perform their duties and express their opinions.

XI. Implementation of company equity incentive plans, employee stock incentive plans or other incentive measures

Applicable Not applicable

1. Equity incentive

On July 13, 2020, the 2nd meeting of the 8th Session of Board of Directors and the 2nd meeting of the 8th Session of Board of Supervisors reviewed and approved proposals such as “Proposal on <The Company's A-Share Restricted Stock Incentive Plan (Draft)> and its Summary” and “Proposal on <The Company's A-Share Restricted Stock Incentive Plan Implementation Assessment Management Measures>”. The independent directors expressed their independent agreement on the incentive plan.

On February 1, 2021, the 11th meeting of the 8th Session of Board of Directors and the 7th meeting of the 8th Session of Board of Supervisors reviewed and approved proposals such as “Proposal on <The Company's A-Share Restricted Stock Incentive Plan (Revised Draft) > and its Summary” and “Proposal on <The Company's A-Share Restricted Stock Incentive Plan Implementation Assessment Management Measures> (Revision)”. The independent directors expressed their independent agreement on the incentive plan revision.

On February 18, 2021, the Company held the first extraordinary general meeting in 2021, and reviewed and approved proposals such as “Proposal on <The Company's A-Share Restricted Stock Incentive Plan (Revised Draft) > and its Summary”, “Proposal on

<The Company's A-Share Restricted Stock Incentive Plan Implementation Assessment Management Measures (Revision) >" and "Proposal on General Meeting Granting Full Authority to the Board of Directors to Handle Matters Related to Equity Incentives".

On February 22, 2021, the Company held the twelfth meeting of the Session of Board of Directors and the 8th meeting of the Session of Board of Supervisors, which reviewed and approved proposals such as "Proposal on Adjusting the List of Incentive Objects and Incentive Quantity of the A-Share Restricted Stock Incentive Plan under Initial Granting" and "Proposal on Granting Restricted Stocks for the First Time to Incentive Objects of A-Share Restricted Stock Incentive Plan". The independent directors expressed their independent agreement.

On March 3, 2021, the Company completed the registration of restricted stocks and disclosed the "Announcement on the Completion of the Registration of the Initial Granting of the A-Share Restricted Stock Incentive Plan". 1,247 people were actually granted with 76,195,400 restricted shares. The listing date of restricted shares was March 5, 2021.

On August 30, 2021, the Company held the 25th meeting of the 8th Session of Board of Directors and the 12th meeting of the 8th Session of Board of Supervisors, which reviewed and approved the "Proposal on Adjusting the Repurchase Price of A-Share Restricted Stock Incentive Plan" and "Proposal on Repurchase and Cancellation of Certain Restricted Shares Granted to Incentive Objects but still with Sales Restriction". The independent directors expressed independent agreement.

On September 17, 2021, the Company held the second extraordinary general meeting in 2021, and reviewed and approved the "Proposal on Repurchase and Cancellation of Certain Restricted Shares Granted to Incentive Objects but still with Sales Restriction".

On November 19, 2021, the Company held the 29th meeting of the 8th Session of Board of Directors and the 15th meeting of the 8th Session of Board of Supervisors, and reviewed and approved the "Proposal on Adjusting the Amount of Reserved A-Share Restricted Stock Incentive Plan" and "Proposal on Granting Reserved Restricted Stocks to the Incentive Objects of the A-Share Restricted Stock Incentive Plan". The independent expressed independent agreement.

On December 21, 2021, the Company completed the repurchase and cancellation of all 1.036 million restricted shares that had been granted to the original 11 incentive objects but still had sales restrictions.

On December 30, 2021, the Company completed the registration of the reserved restricted stock and disclosed the "Announcement on the Completion of the Grant of the Reserved A-Share Restricted Stock of the Incentive Plan"; 356 people were granted with 17,761,200 reserved restricted stocks. The listing date of reserved restricted stocks was December 31, 2021.

Equity incentives for directors and senior management

√ Applicable □ Not applicable

Unit: share

Name	Position	Exercisable shares during the reporting period	Shares exercised during the reporting period	Price of shares exercised during the reporting period (RMB/share)	Market price at the end of the reporting period (RMB/share)	Number of restricted shares held at the beginning of the period	Number of shares unlocked in the current period	Number of newly granted restricted shares during the reporting period	Grant price of restricted shares (RMB/share)	Number of restricted shares held at the end of the period
Zhu Huarong	Chairman, Secretary of the Party Committee				15.19			350,000	6.66	350,000
Wang Jun	Director, President, Deputy Secretary of the Party Committee				15.19			280,000	6.66	280,000
Zhang Deyong	Director, The Chief Accountant, Board of Directors Secretary				15.19			271,600	6.66	271,600
Yuan Mingxue	Deputy Secretary of the Party Committee				15.19			280,000	6.66	280,000
He Chaobing	Executive Vice President				15.19			271,600	6.66	271,600
Hua Zhanbiao	Secretary of Discipline & Inspection Commission				15.19			271,600	6.66	271,600
Tan Benhong	Executive Vice President				15.19			271,600	6.66	271,600
Ye Pei	Executive Vice President				15.19			271,600	6.66	271,600
Zhao Fei	Executive Vice President				15.19			271,600	6.66	271,600

Chen Wei	Executive Vice President				15.19			271,600	6.66	271,600
Li Mingcai	Executive Vice President				15.19			271,600	6.66	271,600
Yang Dayong	Vice President				15.19			194,000	9.93	194,000
Pen Tao	Vice President				15.19			191,240	6.66	191,240
Zhang Xiaoyu	Vice President				15.19			191,240	6.66	191,240
Wang Xiaofei	Vice President				15.19			132,300	6.66	132,300
Li Jun	Board of Directors Secretary				15.19			191,240	6.66	191,240
Li Wei	Executive Vice President (outgoing)				15.19			271,600	6.66	271,600
Yu Chenglong	Vice President (Deceased)				15.19			191,240	6.66	191,240
Total	--				--			4,445,660	--	4,445,660
Notes (if any)	1. The above-mentioned personnel and positions are as of the disclosure date of this report; 2. The above number of shares has been adjusted according to the implementation of the Company's 2020 equity distribution plan.									

Evaluation mechanism and incentives for senior managers

For details, please refer to "V. 3. Remuneration of Directors, Supervisors and Senior Management" in Chapter 4.

2. Implementation of employee stock ownership plans

Applicable Not applicable

3. Other employee incentives

Applicable Not applicable

XII. Internal control system building and implementation during reporting period

1. Internal control building and implementation

Improve the management system and build an institutional system. Based on "the Basic Norms for Internal Control of Chongqing Changan Automobile Company Limited", the relevant systems of internal control, risk and compliance management have been comprehensively sorted out. Unified internal control requirements have been incorporated into more than 4,900 specific business systems, control objectives and risk response measures have been clarified, and the internal control system construction and supervision system have been basically established. The specific operation rules are supported by the "1+N" internal control system.

Optimize working mechanism and improve working process. We established the "nine-step" internal control risk list compilation method system, the internal control risk list compilation system of reasonable processes and effective implementation to effectively improve the efficiency of internal control system construction.

Strengthen the implementation of internal control, improve prevention and control capacity. Focus on key business, key reform areas, important links of state-owned capital operation and supervision of overseas state-owned assets, promote the construction of internal control system standards in 26 key business areas such as state-owned assets supervision, reform coordination and risk management, and effectively strengthen the construction of internal control standards and risk prevention in key business areas. Strengthen the construction of internal control system of overseas enterprises, prevent overseas investment risks, and improve operating efficiency and benefits. It has promoted the construction of internal control systems for overseas investment enterprises in Europe, the UK, Japan, the US and Russia, established internal control management standards in seven key business sectors, including capital and procurement, and conducted regular internal control self-evaluation to effectively prevent overseas investment risks and improve operating efficiency and benefits.

Deepen the internal control system and promote the results of internal control. Changan Auto promotes the comprehensive coverage of the internal control system of control-based enterprises, completes the standardization construction of internal control system in sales, procurement and other business fields, and comprehensively builds an internal control management system covering all levels of sub-enterprises and the whole business chain.

Positive self-evaluation, PDCA cycle. Carry out self-inspection on the effectiveness of the implementation of the internal control system of enterprises at all levels, find problems, formulate measures, improve the implementation, and ensure the effective operation and strong constraints of the internal control system.

Summarize work experience, accumulate work achievements. The first, second and third volumes of "Manual of Internal Control System Construction" and "Compilation of Business Risk Control Lists" of Changan Auto have been issued, providing detailed

theoretical guidelines and implementation guidelines for the construction of internal control system of the company and providing scientific system support for the construction of corporate governance structure.

2. Details of significant defects in internal control during the reporting period

Yes No

XIII. Management and control of subsidiaries of the company during the reporting period

Name	Integration plan	Integration progress	Problems encountered in the integration	Solutions taken	Progress	Follow-up solution plan
not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable

Note: During the reporting period, the company has no new purchase of subsidiaries.

XIV. Internal control self-evaluation report or internal control audit report

1. Self-evaluation report of internal control

Date of Full-text disclosure of internal control evaluation report	April 28th, 2022	
Inquiry index of internal control evaluation report full text disclosure	Juchao (www.cninfo.com.cn)	
The proportion of the total assets of units included in the evaluation scope to the total assets in the company's consolidated financial statements	94.78%	
The proportion of the operating income of the unit in the evaluation scope to the total operating income of the company's consolidated financial statements	95.56%	
Defect identification standard		
Type	Financial reports	Non-financial report
Qualitative standards	1. Fraud of the directors, supervisors and senior managers of the Company. 2. The Company shall correct the published financial report to correct major misstatements caused by fraud or errors, or major misstatements in the current financial report found by certified public accountants but not identified by the company's internal control of the Company. 3. The Audit Committee has ineffective supervision over the company's external financial reports and financial report internal control.	1. Lack of, or violation of, democratic decision-making procedures; 2. Violation against state laws and regulations with serious punishment; 3. Large loss of medium and senior management personnel and senior technical personnel; 4. Frequent and serious negative media coverage that spread far; 5. Lack of institutional control or institutional system failure of important business; 6. Major defects in internal control not rectified.
Quantitative standards	The misstatement amount in the financial statements in the following range: Misstated 1% of the total assets	Identification according to the internal control defect quantitative standard in financial report.
Number of material defects in financial reports	0	
Number of material defects in non-financial reports	0	
Number of important defects in financial reports	0	
Number of important defects in non-financial reports	0	

2. Internal control audit report

Applicable Not applicable

Review opinions of the internal control audit report	
The audit opinions in the internal control audit report issued by Ernst & Young Huaming LLP (Special General Partnership) are as follows: Chongqing Changan Automobile Co., Ltd., has maintained an effective internal control of financial report in all major aspects on December 31, 2021, in accordance with the Basic Standards for Internal Control of Enterprises and relevant provisions.	
Disclosure of the internal control audit report	Disclosed
Date of full text disclosure of the internal control audit report	April 28th, 2022
Inquiry index of Internal Control Audit Report	Juchao (www.cninfo.com.cn)
Opinion type of internal control audit report	Standard without reservations
Material defects in non-financial reports	None

Whether the accounting firm issues a non-standard opinion internal control audit report

Yes No

Whether the internal control audit report issued by the accounting firm is consistent with the self-evaluation report of the board of directors

Yes No

XV. Rectification of self-inspection problems in the Special Action of Listed Companies

In order to implement the spirit of The Opinions of The State Council on Further Improving the Quality of Listed Companies (No.14,2020), In accordance with the requirements of the Announcement of China Securities Regulatory Commission on The Special Action on The Governance of Listed Companies (No.69,2020) and the Notice on The Special Self-inspection of The Governance of Listed Companies of Chongqing Securities Regulatory Bureau (No.367,2020), The company conducted in-depth self-examination of the operation and decision-making of the three meetings of the company, the code of conduct of directors, supervisors and senior management and the controlling shareholders, related-party transactions, internal control, information disclosure, social responsibility and environmental protection in line with the special self-inspection list of listed companies.

The self-examination showed that the company maintained overall compliance in operation. There is no major violation affecting the corporate governance, and there is no need of rectification. Company will continue in accordance with the "Company Law", "Securities Law", "Listed Company Governance Standards", and other relevant laws and regulations requirements, further improve the internal control system, continue to strengthen their own construction, to improve the company operation and corporate governance effectiveness, scientific decision-making, steady management, standardized development, and continue to improve the quality of governance of listed companies.

Chapter 5 Environmental and Social Responsibility

I. Major Environment Concerns

Whether the listed company and its subsidiaries are reckoned as major pollutant discharging units by environment protection department or not

√Yes □No

Foundational Background

The main products of Changan Auto are engine and vehicle and the major pollutants include chemical oxygen demand, ammoniacal nitrogen, VOCs, PM, sulfur dioxide and oxides of nitrogen. The wastewater mainly comes from the wastewater of vehicle manufacturing before painting, spray paint wastewater and oily wastewater of engine and manufacturing machine. After reaching the standard through physicochemical and biochemical treatment, it is discharged to the urban sewage treatment plant. The waste gas mainly includes VOCs waste gas from vehicle manufacturing painting and oven process. The waste gas from painting is adsorbed, concentrated and incinerated, and the waste gas from oven process is incinerated to meet the emission standards; The dust waste gas from engine manufacturing and casting is discharged up to the standard after bag filter. Sulfur dioxide and nitrogen oxides mainly come from the combustion of clean energy natural gas, which are discharged in an organized manner. The headquarters and subsidiaries (branches) of Changan Auto have sound environmental management system, having obtained national environmental management system certificate.

Waste Information

Name of the company or subsidiary	Main pollutants and specific pollutants	Discharge means	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards	Total discharge (Tons/year)	Total approved discharge (Tons/year)	Excessive emissions
Chongqing Changan Automobile Co., Ltd. Yubei Plant	Wastewater	Intermittent emissions	3	Two outlets for workshop facilities, and one main outlet for the Plant	46.18	Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements set by the Yubei District Sewage Treatment Plant in Chongqing	17.02	347.90	—
					1.15		0.37	31.31	—
					0.28		0.08	0.17	—
					0.12		0.06	3.48	—
					0.27		0.10	0.70	—
	Exhaust gas	Organized emissions	28	Outlets around the Plant	9.33	Emission Standard of Air Pollutants for Surface Coating of Automobile Manufacturing Industry (DB 50/577-2015); Emission Standards of Air Pollutants for Industrial Kiln and Furnace (DB 50/659-2016); Integrated Emission Standards of Air Pollutants (DB 50/418-2016); Emission Standards of Air Pollutants for Boiler (DB 50/658-2016)	2.58	16.95	—
					64.00		50.08	75.40	—
					4.10		16.31	94.33	—
					3.09		8.41	221.21	—
					0.21		0.06	50.00	—
	Soil	During the reporting period, the Yubei Plant of Chongqing Changan Automobile Co., Ltd. was included in the List of Key Pollutant Discharge Units of Chongqing in 2021 with a total of 1,897.52 tons of hazardous waste generated in this period. The 1,897.52 tons have been legally utilized and disposed of by manufacturers with hazardous waste operation permits.						—	—
Chongqing Changan Automobile Co., Ltd. (Liangjiang Plant, Campus No. 1)	Wastewater	Intermittent emissions	2	An outlet for workshop facilities, and one main outlet for the Plant	66.28	Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements set by Guoyuangang Sewage Treatment Plant in Chongqing	11.30	11.40	—
					1.11		0.89	1.14	—
					0.24		0.01	0.06	—
					0.03		0.01	0.07	—
	Exhaust gas	Organized emissions	32	Outlets around the Plant	9.80	Emission standard of Air Pollutants for Surface Coating of Automobile Manufacturing Industry (DB 50/577-2015); Emission Standards of Air Pollutants for Industrial Kiln and	4.61	4.82	—
					11.10		6.66	19.30	—
					8.10		7.59	41.54	—

		Volatile organic compounds				2.60	Furnace (DB 50/659-2016); Integrated Emission Standards of Air Pollutants (DB 50/418-2016);	4.36	58.59	—	
		Toluene + xylene				0.20	Emission Standards of Air Pollutants for Boiler (DB 50/658-2016)	0.04	4.18	—	
		Soil	During the reporting period, Liangjiang Plant, Campus No. 1 of Changan Automobile was included in the List of Key Pollutant Discharge Units of Chongqing in 2021 with a total of 1,446.13 tons of hazardous waste in this period. A total of 1454.96 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits.							—	
Chongqing Changan Automobile Co., Ltd. (Liangjiang Plant, Campus No. 2)	Wastewater	COD	Intermittent emissions	2	An outlet for workshop facilities, and one main outlet for the Plant	63.60	Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements set by the Guoyuancang Sewage Treatment Plant in Chongqing	25.54	46.00	—	
		Ammonia nitrogen				5.79		1.25	4.60	—	
		Total nickel				0.06		0.00	0.14	—	
		Total zinc				0.05		0.02	1.38	—	
	Exhaust gas	Sulfur dioxide	Organized emissions	47	Outlets around the Plant	0.00	Emission standard of Air Pollutants for Surface Coating of Automobile Manufacturing Industry (DB 50/577-2015); Emission Standards of Air Pollutants for Industrial Kiln and Furnace (DB 50/659-2016); Integrated Emission Standards of Air Pollutants (DB 50/418-2016); Emission Standards of Air Pollutants for Boiler (DB 50/658-2016)	0	4.12	—	
		Nitrogen oxides				52.00		19.17	26.60	—	
		Particulate matter				4.73		21.91	50.61	—	
		Volatile organic compounds				6.43		256.34	414.10	—	
			Toluene + xylene				0.08	0.54	1.54	—	
			Soil	During the reporting period, Liangjiang Plant, Campus NO. 2 was included in the List of Key Pollutant Discharge Units of Chongqing in 2021 with a total of 1,891.16 tons of hazardous waste. The 1887.55 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits.							—
Chongqing Changan Automobile Co., Ltd. (Liangjiang Plant, Campus No. 3)	Wastewater	COD	Intermittent emissions	2	An outlet for workshop facilities, and one main outlet for the Plant	46.00	Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements set by the Guoyuancang Sewage Treatment Plant in Chongqing	24.53	45.00	—	
		Total nickel				0.15		0.00	0.10	—	
		Ammonia nitrogen				2.24		0.70	1.60	—	
		Total zinc				0.00		0.01	0.79	—	
	Exhaust gas	Particulate matter	Organized emissions	41	Outlets around the Plant	9.10	Emission standard of Air Pollutants for Surface Coating of Automobile Manufacturing Industry (DB 50/577-2015); Emission Standards of Air Pollutants for Industrial Kiln and Furnace (DB 50/659-2016); Integrated Emission Standards of Air Pollutants (DB 50/418-2016); Emission Standards of Air Pollutants for Boiler (DB 50/658-2016)	15.05	62.42	—	
		VOCs				1.90		9.13	230.72	—	
		SO2				8.00		0.99	5.00	—	
		Toluene + xylene				0.06		0.02	0.85	—	
			NOx				26.00	11.92	23.32	—	
			Soil	During the reporting period, Liangjiang Plant, Campus NO. 3 was included in the List of Key Pollutant Discharge Units in Chongqing in 2021 with a total of 2,219.40 tons of hazardous waste generated in this period. 2,236.83 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits.							—
Chongqing Changan Automobile Co., Ltd. (Jiangbei Engine Plant, Plant No.1)	Wastewater	COD	Intermittent emissions	1	Main outlet for the Plant	119.9	Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements set by the Guoyuancang Sewage Treatment Plant in Chongqing	19.934	22.5	—	
		Ammonia nitrogen (NH3-N)				4.705		0.98	2.25	—	
	Exhaust gas	Particulate matter	Organized emissions	91	Outlets around the Plant	9.2	Emission Standards of Air Pollutants for Industrial Kiln and Furnace (DB 50/659-2016); Integrated Emission Standards of Air Pollutants (DB 50/418-2016)	15.57	—	—	
		SO2				3		12.091	—	—	
		VOCs				7.5		2.753	—	—	
		NOx				8		22.23	—	—	
			Soil	During the reporting period, Jiangbei Engine Plant, Plant NO. 1 was included in the List of Key Pollutant Discharge Units in Chongqing in 2021, and a total of 1,462.49 tons of hazardous waste was generated in this period. 1,412.35 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits or exemption certificates							—

Chongqing Changan Automobile Co., Ltd. (Jiangbei Engine Plant, Plant No. 2)	Wastewater	COD	Intermittent emissions	1	Main outlet for the Plant	16.4	Integrated Wastewater Discharge Standard (GB8978-1996); The Inlet Water Quality Requirements set by Guoyuanguang Sewage Treatment Plant in Chongqing	6.61	11.08	—
		Ammonia nitrogen (NH ₃ -N)				7.64		0.13	1.11	—
	Exhaust gas	Non-methane total hydrocarbons	Organized emissions	35	Outlets around the factory	7.155	Emission Standards of Air Pollutants for Industrial Kiln and Furnace (DB 50/659-2016); Integrated Emission Standards of Air Pollutants (DB 50/418-2016)	2.04	—	—
		Nitrogen oxides				63.5		4.26	—	—
		Particulate matter				19.45		5.89	—	—
		Phenols				3.426		0.67	—	—
		Sulfur dioxide				3		2.48	—	—
Formaldehyde	0.021	0.09	—	—						
Soil		During the reporting period, Jiangbei Engine Plant, Plant NO. 2 was included in the List of Key Pollutant Discharge units in Chongqing in 2021, and a total of 1,644.45 tons of hazardous waste was generated in this period. 1,457.02 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits or exemption certificates.							—	
Chongqing Lingyao Automobile Co., Ltd.	Wastewater	COD	Intermittent emissions	3	An outlet for workshop facilities, and two main outlets for the Plant	35	Integrated Wastewater Discharge Standard (GB8978-1996); The Inlet Water Quality Requirements set by Guoyuanguang Sewage Treatment Plant in Chongqing	4.97	25.76	—
		Ammonia nitrogen				0.105		0.31	3.48	—
		Total nickel				0.05		0.00	0.03	—
		Total zinc				0.04		0.01	0.13	—
		Phosphate				0.07		0.10	0.70	—
	Exhaust gas	Particulate matter	Organized emissions	36	Outlets around the Plant	8.4	Emission standard of Air Pollutants for Surface Coating of Automobile Manufacturing Industry (DB 50/577-2015); Emission Standards of Air Pollutants for Industrial Kiln and Furnace (DB 50/659-2016); Integrated Emission Standards of Air Pollutants (DB 50/418-2016); Emission Standards of Air Pollutants for Boiler (DB 50/658-2016)	13.88	19.24	—
		Volatile organic compounds				6.435		4.02	213.66	—
Soil		During the reporting period, Chongqing Lingyao Automobile Co., Ltd. (Changan Suzuki) was included in the List of Key Pollutant Discharge Units in Chongqing in 2021, and a total of 1,477.59 tons of hazardous waste was generated in this period, which was legally utilized and disposed of by manufacturers with hazardous waste operation permits.							—	
Chongqing Changan Automobile Co., Ltd. Beijing Changan Automobile Company	Wastewater	COD	Intermittent emissions	2	An outlet for workshop facilities, and a main outlet for the Plant	103.54	Integrated Discharge Standard of Water Pollutants (DB11/307-2013)	37.72	63.68	—
		Ammonia nitrogen				4.92		1.64	3.81	—
		Total nickel				0.05		0.00	0.01	—
		Phosphate				1.78		0.13	5.71	—
	Exhaust gas	Nitrogen oxides	Organized emissions	53	Outlets around the Plant	82.60	Emission standard of Air Pollutants for Surface Coating of Automobile Manufacturing Industry (DB11/1227-2015); Integrated Emission Standards of Air Pollutants (DB11/501-2017)	0.47	3.21	—
		Volatile organic compounds				3.75		10.05	458.76	—
	Soil		During the reporting period, Chongqing Changan Automobile Co., Ltd. Beijing Changan Automobile Company was included in the List of Key Pollutant Discharge units in Beijing in 2021. A total of 646.88 tons of hazardous waste was generated in this period, which was legally utilized and disposed of by manufacturers with hazardous waste operation permits.							—
Hefei Changan Automobile Co., Ltd	Wastewater	COD	Intermittent emissions	3	Two outlets for workshop facilities, and a main outlet for the Plant	42.7	Integrated Wastewater Discharge Standard (GB8978-1996); The Pipe Standards set by Hefei West Group Sewage Treatment Plant	27.08	144.13	—
		Total nitrogen				20.0		9.36	39.44	—
		Total nickel				0.03		0.00	0.09	—
		Total phosphorus				0.15		0.12	4.73	—
		Ammonia nitrogen				5.47		3.01	14.41	—
	Exhaust gas	VOCs	Organized emissions	88	Outlets around the Plant	4.5	Emission Control Standard for Industrial Enterprises Volatile Organic Compounds of Tianjin (DB12/524-2020)	4.29	1139.60	—

	Soil	During the reporting period, Hefei Changan Automobile Co., Ltd. was included in the List of Key Pollutant Discharge Units in Hefei in 2021, and a total of 2,614.57 tons of hazardous waste was generated in this period, which was legally utilized and disposed of by manufacturers with hazardous waste operation permits.								—
Nanjing Changan Automobile Co., Ltd.	Wastewater	COD	Intermittent emissions	2	An outlet for workshop facilities, and a main outlet for the Plant	27.58	Integrated Wastewater Discharge Standard (GB8978-1996); The Pipe Standards set by Nanjing Lishui Qinyuan Sewage Treatment Co., Ltd.	0.64	13.34	—
		Total nitrogen				2		0.05	14.24	—
		Total nickel				0.4		0.00	0.06	—
		Total phosphorus				0.12		0.00	0.08	—
		Ammonia nitrogen (NH ₃ -N)				2.96		0.10	0.26	—
	Exhaust gas	NOx	Organized emissions	6	Outlets around the Plant	3	Emission standard of Air Pollutants for Surface Coating of Automobile Manufacturing Industry (DB32/2862 – 2016); Integrated Emission Standards of Air Pollutants (GB 16297 - 1996); Emission Standards of Air Pollutants for Boiler (GB13271-2014)	0.31	8.79	—
		Particulate matter				0.6		0.87	10.24	—
		VOCs				8.07		6.82	38.48	—
		SO ₂				3		0.03	53.40	—
		Soil	During the reporting period, Nanjing Changan Automobile Co., Ltd. was included in the List of Key Pollutant Discharge Units in Nanjing in 2021, and a total of 248.33 tons of hazardous waste was generated in this period. 187.78 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits.							
Chongqing Changan Kaicene Automobile Technology Co., Ltd. Campus NO.1	Wastewater	Ammonia nitrogen	Intermittent emissions	2	An outlet for workshop facilities, and a main outlet for the Plant	8.44	Integrated wastewater discharge standard (GB8978-1996); The Influent Water Quality Requirements Set by Gezhouba Water Dingzhou Branch	0.30	4.80	—
		COD				156		11.89	63.71	—
		Total nitrogen				17.46		0.74	7.32	—
		Total phosphorus				0.12		0.14	0.92	—
		Total nickel				0.05		0.00	0.03	—
	Exhaust gas	Sulfur dioxide	Organized emissions	46	Outlets around the plant	7.5	Integrated Emission Standards of Air Pollutants GB16297-1996; Emission Standards of Air Pollutants for Industrial Kiln and Furnace DB1640-2012; Emission Control Standards for Volatile Organic Compounds by Industrial Enterprises DB13/2322-2016; Emission Standards of Air Pollutants for Boiler (DB13/5161-2020)	8.01	30.01	—
		Non-methane total hydrocarbons				1.505		9.93	570.34	—
		Particulate matter				5.3		5.22	53.40	—
		Nitrogen oxides				23.5		7.33	31.47	—
		Soil	During the reporting period, Campus NO.2 of Chongqing Changan Kaicene Automobile Technology Co., Ltd. (formerly known as Hebei Changan) was included in the List of Key Pollutant Discharge Units in Dingzhou In 2021, with a total of 660.85 tons of hazardous waste generated in this period, of which 659.11 tons have been legally utilized and disposed of by suppliers with hazardous waste operation permits.							
Chongqing Changan Kaicene Automobile Technology Co., Ltd. Campus NO.2	Wastewater	COD	Intermittent emissions	2	A workshop facility discharge outlet, and one factory total discharge outlet	185	Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements Set by Gezhouba Water Dingzhou Branch	16.80	63.71	—
		Ammonia nitrogen				9.56		0.70	4.80	—
		Total nitrogen				11.61		1.13	7.32	—
		Total phosphorus				1.43		0.14	0.92	—
		Nickel				0.05		0.01	0.03	—
	Exhaust gas	Sulfur dioxide	Organized emissions	82	Outlets around the plant	3	Integrated Emission Standards of Air Pollutants GB16297-1996; Emission Standards of Air Pollutants for Industrial Kiln and Furnace DB1640-2012; Emission Control Standards for Volatile Organic Compounds by Industrial Enterprises DB13/2322-2016; Emission Standards of Air Pollutants for Boiler (DB13/5161-2020)	1.96	88.23	—
		Nitrogen oxides				24.33		5.30	33.75	—
		Particulate matter				5.77		40.33	850.80	—
		Volatile organic compounds				2.87		24.80	880.62	—

Soil	During the reporting period, Campus NO.2 of Chongqing Changan Kaicene Automobile Technology Co., Ltd. (formerly known as Changan Bus) was included in the List of Key Pollutant Discharge Units in Dingzhou in 2021. A total of 1,071.80 tons of hazardous waste were generated in this period, and 1,094.54 tons were legally utilized and disposed of by suppliers with hazardous waste operation permits.	—
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All pollutants are discharged to the standard, and there is no discharge exceeding the standard and the total amount. For details of the name, distribution and pollutant discharge of each discharge outlet, please refer to the "National Pollutant Discharge Certificate Management Information Platform" (Website: [http:// permit mee. gov.cn](http://permit.mee.gov.cn)), and "Changan Automobile Brand Official Website" for details (Website: <https://www.changan.com.cn/sociology?index=2>).

Construction and operation of pollution prevention facilities

Four sets of waste gas treatment facilities have been built up in 2021. Changan's waste gas treatment facilities mainly include engine manufacturing casting dust removal, deodorization, machine refueling fog purification facilities, welding smoke dust removal and painting VOCs treatment facilities in vehicle manufacturing. Wastewater and waste gas treatment facilities are included in the preventive maintenance management of equipment like other production equipment. There are standing books, operating procedures or operation instructions, preventive maintenance procedures, preventive maintenance plans and implementation records, equipment spot inspection, dosing, slag removal, consumables replacement and other operation records. All facilities run normal. Key pollutant discharge units are equipped with automatic monitoring facilities for waste water and waste gas according to the requirements of the local department of ecological conservation, and entrust a third-party professional company for operation and maintenance. The facilities run normal.

Environmental impact assessment of construction project and other circumstances of administrative permission for environmental protection

Our company according to "The Law of the People's Republic of China on Environmental Impact Assessment", "The Regulations on the Administration of Construction Project Environmental Protection", "Chongqing Environmental Protection Ordinance", "Interim Measures for Environmental Protection Acceptance of Construction Project Completion", to carry out a new, flexible and expansion project environmental impact project-assessment and project acceptance. We will strictly implement the environmental impact assessment system and the "three simultaneous" system.

In 2021, the CD569 production line project, endurance laboratory and powertrain project were completed and accepted for environmental protection, and the EIA approval for technical transformation project of NE1 series engine production line and B561 passenger car technical transformation construction project.

For details on the changes of emission permits of manufacturing bases during the reporting period, please refer to "the National Emission Permit Management Information Platform", see [http:// permit.mee.gov.cn](http://permit.mee.gov.cn).

Preparation and drill of emergency plan for environmental emergencies

In 2021, Beijing Changan, Kaicene Automobile Plant 1, Jiangbei Engine Plant 2 and Liangjiang Plant 3 will complete the revision and filing of environmental emergency plans, as shown in the following table:

Unit	Name of emergency plans	Filing number	Filing authority	Risky materials	Risk level
Beijing Changan Automobile Co., Ltd.	Emergency plan for environmental emergencies	110111-2021-123-L	Beijing Fangshan District Ecology and Environment Bureau	Paint, solvent, lubricating oil, gasoline, etc.	Average
Kaicene Automobile Technology Co., Ltd. Plant 1 (former Hebei Changan)	Emergency plan for environmental emergencies	139001-2021-100-2	Dingzhou Ecology and Environment Bureau	Paint, solvent, lubricating oil, gasoline, etc.	Average
Jiangbei Engine Plant 2	NE1 construction project Phase 1 Step 2 environmental emergency plan	5001282021080001	Chongqing Ecology and Environment Bureau, Liangjiang Branch	Lubricating oil, hydraulic oil, anti-rust oil, waste water treatment sludge, waste chemical packaging, etc.	Average
Liangjiang Plant, Area Three	Emergency plan for environmental emergencies	500128-2021-059-L	Chongqing Ecology and Environment Bureau, Liangjiang Branch	Paint solvent lubricating oil gasoline and so on	Average

All bases formulate emergency drill plans in accordance with the requirements of laws and regulations, and carry out emergency drills as planned, so as to continuously improve the practicality of emergency plans and the emergency handling ability of employees. No environmental emergencies occurred in 2021.

Planning and implementation of environmental self-monitoring

In 2021, key units responsible for pollution discharge of the company prepared and carried out self-monitoring plans in accordance with the requirements of laws and regulations, and made monitoring information public on self-monitoring data release platforms of various provinces as required by local ecological environment authorities. See the following table for the public websites.

Units	Name of platforms disclosing self-monitoring plans	Websites
Yubei factory, Liangjiang factory, Jiangbei engine factory, Ling Yao automobile	Key pollution Source Monitoring Data Release Platform	http://119.84.149.34:20003/publish2/dataSearchPub/entList.aspx
Beijing Changan Automobile Co., Ltd.	Environmental Information Disclosure Platform of Beijing Enterprises and Institutions	http://xxgk.bevoice.com.cn/monitor-pub/index.do
Hefei Changan Automobile Co., Ltd.	Anhui Province Sewage Units Self-Monitoring Information Release Platform	http://39.145.0.253:8081/index
Nanjing Changan Automobile Co., Ltd.	Jiangsu Province Sewage Units Self-Monitoring Information Release Platform	http://218.94.78.61:8080/newPub/web/home.htm
KAICENE Automobile Co., Ltd.	China pollution Source Monitoring Information Management and Sharing Platform	https://wryjc.cnemc.cn/gkpt/mainZxjc/130000

Administrative penalties imposed for environmental problems during the reporting period are shown below

Zero.

Measures taken to reduce carbon emissions during the reporting period and effects

In response to the national “3060” dual carbon strategy, Changan Auto has set up a carbon peak & carbon neutralization joint project team, with the chairman of the board as the leader of the leading group, to promote the implementation of the overall planning. The organizational structure is composed of leading group, business coordination group and dedicated business working group (low-carbon products, low-carbon technology, low-carbon manufacturing, low-carbon supply, low-carbon digitization, and low-carbon cost) to jointly promote the green and low-carbon transformation of the company and build an intelligent low-carbon mobility technology company.

The carbon emission of the company's manufacturing system can be divided in two aspects. The first is direct emissions, mainly from the burning of fossil fuels and the use of natural gas, gasoline, kerosene, diesel and other oil materials in the plant. Direct emissions from the production process result from the use of welding carbon dioxide shielding gas. The second is indirect emissions, mainly from the use of outsourced electricity.

In 2021, the carbon emissions of the company's own brand manufacturing system are as follows: the emissions from electric power use, natural gas and remaining oil and protective gas account for 76.7%, 20.3% and 3.1% respectively. In terms of carbon emissions per unit of product, compared with 2020, single-vehicle emissions decreased by 3.2% and single-vehicle emissions by 3.26%.

In order to reduce carbon emissions, the company mainly takes the following measures: 1. Low carbon process technology application. The existing production bases have been organized to carry out discussion and analysis on measures to save energy and reduce carbon emissions, and a three-year technological transformation plan has been formulated. Thirty carbon reduction measures have been confirmed to be implemented (14 in 2021, 16 in 2022 and 2023), which is expected to reduce carbon emissions by 28,000 tons. 2. Green energy development. Changan Auto Hefei and Hebei bases have built photovoltaic power stations in the plants, which produce green and clean energy. In 2021, a total of 37,672MWh of photovoltaic power was consumed and 32,270 tons of carbon were reduced. Other bases have completed the discussion of photovoltaic construction planning, and will push forward the implementation as planned to further expand the proportion of green and clean energy.

With a solid foundation, Changan into the future, will take the initiative to strengthen science and technology, system innovation, make breakthrough in key core technology of green low carbon, to speed up the application, with an strategic emphasis on carbon reduction, promote carbon reduction synergies, and promote comprehensive green transformation of the economy and society to realize significant ecological and environmental quality improvement.

Other environmental protection related information

1. Environmental credit evaluation and solid waste utilization and disposal

In 2021, Liangjiang factory, Jiangbei engine factory, Yubei factory, Lingyao automobile and other production bases carried out the 2020 environmental credit evaluation work as required by the local ecological environment authorities. Liangjiang factory's three factories, Jiangbei engine factory's two factories and Yubei factory were named “Enterprise with Environmental Integrity”; Lingyao automobile was “Enterprise with Good Environmental Protection Performance”. For details, please refer to “Chongqing Ecology and

Environment Bureau's Announcement on the Results of Municipal Level Environmental Credit Evaluation for Enterprises in Chongqing in 2020".

In 2021, 167,046 tons of general industrial solid waste were generated, and 167,046 tons were entrusted for utilization or disposal. 17,436 tons of hazardous waste were produced, and 17,181 tons were entrusted for utilization or disposal. The entity's qualification and technical ability of the third party entrusted to use or dispose are verified.

2. Green supply management information

Our company has established a cloud management platform for OEM-supplier coordination and associated it with SRM system to realize the information monitoring and management of supplier ISO14001 environmental certification certificate. For the management of hazardous substances, data on the system are collected through CAMDS, and comprehensive analysis and data verification are realized through ELV compliance system, for the collection and control of automobile material data, energy consumption and other information.

Check "China Automobile Green Disassembly Information Network" (<http://www.cagds.org/>) for Changan's scrap car recycling service network points; Enterprises with recycling and disassembly can log in "China Automobile Green Disassembly Information Network" (or CAGDS system) to query the manual of M1 passenger vehicle disassembly; Users can query the relevant information of the vehicle disassembly manual through the WeChat mini program of "Vehicle Disassembly Manual Label Parsing Tool".

Power battery recycling service network information through "changan automobile brand's official website (<https://www.changan.com.cn>).

Our company works with suppliers to improve their environment: through access certification, VOC control, restricted substances management, special supply requirements and other management, we work with suppliers to improve their environmental performance. 92% of the company's suppliers have obtained ISO14001 environmental management system certification.

II. Social Responsibility

The full text of corporate social responsibility report has been published on Juchao (www.cninfo.com.cn) on the same day as the annual report of the company was released.

III. The Company Consolidated and Expanded the Achievements of Poverty Alleviation and Rural Revitalization

Our company has deeply studied general Secretary Xi's spirit of helping and supporting work, and fully implement the party central committee and the State Council designated to help support the decision deployment, helping to carry out the government designated work arrangements, to advance, to consolidate and expand the crucial poverty results and country to promote the effective connection work, to implement the political responsibility and social responsibility.

1. Strengthen organizational leadership

(1) Our company held two meetings of the leading group for designated assistance work, and studied, discussed, deliberated, approved and issued the "Work Plan for effectively connecting The Achievements of Poverty Alleviation and Expansion of Changan Auto in 2021 with Rural Revitalization" and the "14th Five-year Plan" for Assistance work of Changan Auto.

(2) Our company held 11 special work sessions on designated assistance for rural revitalization, identified key assistance projects, studied plans, formulated measures and promoted work, and carried out industrial assistance activities and investigations in the areas to be helped.

2. Guaranteed funds for assistance

As a whole, RMB 10.7 million yuan of assistance funds were allocated, including RMB 4.5 million yuan in Luxi of Yunnan, RMB 6 million yuan in Yanshan of Yunnan and RMB 200,000 yuan in Youyang of Chongqing, which were used for the construction of beautiful villages, the development and expansion of rural characteristic industries and the improvement of infrastructure.

3. Support for innovative industries

Implement the government's overall plan for implementing rural revitalization, fully launch the Youyang Camellia oil fixed-point assistance project, with the new mode of "enterprises join hands with enterprises to drive industry", deeply help rural revitalization, and strive to create new cross-border public welfare.

(1) Organized "Love with charity, better with you" -- Changan responded to rural revitalization to help Youyang camellia oil brand special event, and signed the "Cooperation Agreement on Designated Assistance for Rural revitalization" with the Youyang government and Youzhou Ecological Company to help establish promotion channels and expand brand communication.

(2) Combined with Youyang's demand for supporting camellia oil business and Changan's resource advantages, effective assistance has been carried out from three aspects of marketing, brand and training: First, it helped Youyang camellia oil to expand

marketing channels, achieve rapid sales growth, complete sales assistance of more than RMB 27 million yuan, and helped Youyang camellia oil to achieve annual sales of more than RMB 71 million yuan. In the first year, the sales scale entered the top ten in China, benefiting 44,000 peasant households, nearly 160,000 people, with an additional income of RMB 4,000 yuan per household. Second, help Youyang camellia oil to improve the brand and realize brand empowerment; The third is to help Youyang camellia oil train core cadres to realize the rapid improvement of management awareness and business ability.

4. Support through consumption

The trade union and other units of the company organized and purchased agricultural products worth RMB 4.94 million yuan from the targeted areas, with concrete actions to help revitalize rural areas and promote the sustainable development of local industries.

5. Employment support

To give full play to the advantages of the automobile industry and focus on skill training, our company has set up two "Changan Automobile classes" in two counties in Yunnan. We have recruited 633 students and residents in total by inviting experts to colleges and social recruitment, promoting the employment of rural labor force and helping farmers to increase their income.

6. Expand communication channels

(1) Our company held the 2021 Chongqing Youth Collective Wedding and the 10th Changan Auto Youth Collective Wedding. With rural revitalization as the theme, we joined hands with local villages and towns in Chongqing to promote the deep integration of youth wedding and rural revitalization in various forms, such as live broadcasting and farm products consumption. People's Daily, Xinhua News Agency, Xuexi.cn and others have reported the group wedding, praised Changan Auto for helping rural revitalization, and created a new form of cross-field public charity.

(2) People's Daily, Hualong net and other mainstream media have made feature stories about us helping the Youyang camellia oil industry.

(3) Submit practical cases of rural revitalization to China Association of Listed Companies to publicize and promote the company's remarkable and unique practical activities in rural revitalization

(4) Jiangbei Mobile News special report our company's support to Youyang rural revitalization with efforts to create a "Changan case" of comprehensive rural revitalization.

Chapter 6 Important Matters

I. Undertaking performance

1. Undertakings completed during the reporting period and yet to be performed as of the end of the reporting period of the company's actual controllers, shareholders, related-parties, acquirers, and the company's related parties of the undertakings.

√ Applicable □ Not applicable

Undertakings	Undertaking party	Type of undertaking	Description	Date	Duration	Performance
Undertakings made at the IPO or refinancing	China South Industries Group Co., Ltd.; China Changan Automobile Group Co., Ltd.; Southern Industry Asset Management Co., Ltd.	Sales restrictions for shares	The shares of Changan Automobile subscribed through this offering shall not be transferred in any way within 36 months after the offering, including but not limited to public transfer through the securities market or by agreement.	October, 2020	36 Months	In normal progress
	China Southern Asset Management Co., Ltd.; China Galaxy Securities Co., Ltd.; JPMorgan Chase Bank, National Association; Guotai Junan Securities Co., Ltd.; Caitong Fund Management Co., LTD.; Fullgoal Fund Management Co., LTD.; Guosen Securities Co., Ltd.; Truvalue Fund Management Co., LTD.; Invesco Great Wall Fund Management Co., LTD	Sales restrictions for shares	Companies agree not to transfer the subscribed shares within six months starting from the day this offering ends (the day the shares issued are listed) and entrust the board of directors of Changan to apply for lock-up of the aforementioned subscribed shares to s Shenzhen Branch of China Securities Depository and Clearing Corporation Limited as the guarantee of no transfer.	October, 2020	Six months	Completed
	Southern Industry Asset Management Co., Ltd.; China South Industries Group Co., Ltd.; China Changan Automobile Group Co., Ltd.	Sales restrictions for shares	1. Companies promises to strictly abide by the regulations in the "Securities Law" that they would not directly or indirectly buy or sell Changan Automobile stocks. through centralized bidding transactions, block transactions, or others from six months before the offering to six months after the offering is completed. 2. If the companies violates the aforesaid undertakings about buying and selling Changan Automobile stock, it shall bear corresponding legal liabilities and proceeds from transaction shall belong to Changan Automobile.	August, 2020	Six months before this offering to six months after the completion of this offering	Completed
Other undertakings to the minority shareholders of the company	China Changan Automobile Group Co., Ltd.	Solve peer competition	In order to avoid and eventually solve the possible competition or potential peer competition, safeguard the interests of investors, the controlling shareholder, China Changan made the undertaking: if Harbin Hafei Automobile Industry Group Co., Ltd. profits for two consecutive years with the ability of continuous development and significantly improved	September, 2010		On January 25, 2019, Haqi Group, a subsidiary of China Changan, transferred 38% of the equity of Hafei Automobile Co., Ltd. to

			management, it will be incorporated into the company.			Harbin Yungu Automobile Industry Development Co., Ltd. Haqi Group has lost control of Hafei Automobile Co., Ltd., and the peer competition was eliminated. There is no peer competition in this reporting period.
Whether the promise is fulfilled as scheduled	Yes					

2. Explanation on whether assets or projects reach the earnings forecast and reasons when there is earning forecast for asset or projects and the reporting period is within the forecast period.

Applicable Not applicable

II. Non-operating funds the listed company occupied by controlling shareholders and their related parties

Applicable Not applicable

During the reporting period, there was no non-operating funds of the listed company occupied by the controlling shareholder and related parties.

III. Irregular external guarantee

Applicable Not applicable

The Company has no irregular external guarantee during the reporting period.

IV. Explanation of the Board of Directors on the latest “Non-standard Audit Report”

Applicable Not applicable

The accounting firm has not issued a "Non-Standard Audit Report" on this current report.

V. Explanation of the “Non-Standard Audit Report” issued by the accounting firm during the reporting period by the BOD, BOS and independent directors (if any)

Applicable Not applicable

VI. Explanation of changes in accounting policies, accounting estimates and remedies for significant accounting errors

Applicable Not applicable

For details, please refer to Note Three “ Significant Accounting Policies and Accounting Estimates” in the Financial Statements in the Auditor’s Report.

VII. Explanation of changes in the consolidated statement scope compared to the last annual report

Applicable Not applicable

During the reporting period, Chongqing Changan Automobile Co., Ltd. withdrew from Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership) for business adjustment, and it was no longer included in the consolidation.

VIII. Appointment and dismissal of the accounting firm

The appointed accounting firm

The name of the domestic accounting firm	Ernst & Young Hua Ming LLP
Payment (RMB: 10,000)	386
Years of audit services	15
Names of Certified Public Accountants	Qiao Chun, Yuan Yong
Years of services provided by Certified Public Accountants	(4years) Qiao Chun, (1years) Yuan Yong

Whether to re-appoint the accounting firms

Applicable Not-applicable

Description of the internal control accounting firms, financial adviser or sponsor

Applicable Not-applicable

After deliberation at the 2020 annual general meeting, the company has appointed Ernst & Young Huaming LLP (special general partnership) as the internal control auditor in 2021. In 2021, the company paid Ernst & Young Huaming LLP (special general partnership) RMB 1.166 million for the internal control audit services.

IX. Delisting after the disclosure of the annual report

Applicable Not applicable

X. Bankruptcy and restructuring

Applicable Not applicable

During the report period, there is no bankruptcy or restructuring.

XI. Crucial litigation and arbitration

Applicable Not applicable

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

XII. Punishment and rectification

Applicable Not applicable

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

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

Applicable Not applicable

XIV. Significant related-party transactions

1. Related-party transactions related to daily operation

For details, please refer to Note 9 "Related Party Relationships and Transactions" under the Chapter 10.

2. Related-party transaction of acquisition or sales of assets or equity

√Applicable □Not-applicable

For details, please refer to Note 9 "Related Party Relationships and Transactions" under the Chapter 10.

3. Related-party transactions of common foreign investment

□ Applicable √ Not applicable

4. Related rights and debt relations

√Applicable □Not-applicable

For details, please refer to Note 9 "Related Party Relationships and Transactions" under the Chapter 10.

Whether there is any non-business related credits and debts

□Yes √ No

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

5. Transactions with associated financial companies

√ Applicable □Not applicable

Deposit

Related party	Relationship	Maximum daily deposit limit (RMB: 10,000)	Interest rate	Beginning balance (RMB: 10,000)	Amount incurred in the current period		Ending balance (RMB: 10,000)
					Total deposit amount (RMB: 10,000)	Total withdrawal amount (RMB: 10,000)	
China South Industries Group Finance Co., Ltd.	A company controlled by the actual controller of Changan Automobile	2,000,000	0.35%-2.1%	1,077,295	20,749,503	19,861,500	1,965,298
Changan Automobile Finance Co., LTD	A company controlled by the actual controller of Changan Automobile	1,500,000	2.19%-3.5%	750,000	1,200,000	750,000	1,200,000

Loan

Related party	Relationship	Loan amount (RMB: 10,000)	Interest rate	Beginning balance (RMB: 10,000)	Amount incurred in the current period		Ending balance (RMB: 10,000)
					Total amount of loan (RMB: 10,000)	Total repayment amount (RMB: 10,000)	
China South Industries Group Finance Co., Ltd.	A company controlled by the actual controller of Changan Automobile	70,000	1%-5.2%	63,330	4,800	60,800	7,330

Credit granting or other financial business

Related party	Relationship	Business	Total amount (RMB: 10,000)	Actual amount incurred (RMB: 10,000)
China South Industries Group Finance Co., Ltd.	A company controlled by the actual controller of Changan Automobile	Credit granting	1,030,000	349,005

6. Transactions between the financial company controlled by the company and related parties

Applicable Not applicable

7. Other significant related-party transactions

Applicable Not applicable

Interim announcement of major related-party transactions on the website

Interim announcement	Interim announcement date	Website
Announcement of Expected Related-party Transactions in the Ordinary Course of 2021	April 1st, 2021	http://www.cninfo.com.cn
Announcement on the Renewal of the Related-party Transactions Framework Agreement Relating to Daily Operation and the Comprehensive Service Agreement	April 1st, 2021	
Announcement on Related-party Transactions of China South Industries Group Finance Co., Ltd. Providing Financial Services for Changan Automobile	August 31st, 2021	
Announcement on Related-party Transactions of Changan Automobile Finance Co., Ltd. Providing Financial Services for Changan Automobile	August 31st, 2021	

XV. Major contracts and their performance**1. Custody, contracting and leasing****(1) Custody**

Applicable Not-applicable

Custody information

There is no custody during the reporting period.

(2) Contracting

Applicable Not-applicable

Contracting information

There is no contracting during the reporting period.

(3) Leasing

Applicable Not-applicable

Leasing information

Leasing of related parties can be found in Item 5 (3) of Note Nine of Financial Statements "Related Party and Related Transactions".

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

Applicable Not-applicable

There was no project whose profit and loss to the company accounted for more than 10% of total profits during the reporting period.

2. Guarantee

Applicable Not-applicable

There's no guarantee during the report period.

3. Entrustment of cash asset management**(1) Entrust wealth management**

Applicable Not-applicable

There's no entrusting wealth management during the reporting period.

(2) Entrusted loans

Applicable Not applicable

There is no entrusted loan during the reporting period.

4. Other major contracts

Applicable Not applicable

There are no other major contracts of the Company during the reporting period.

XVI. Other important events

Applicable Not applicable

XVII. Important matters of the Company's subsidiary

Applicable Not applicable

Chapter 7 Share Changes and Shareholder Information

I. Change in shareholdings

1. Change in shareholdings

Unit: One share

	Before change		Changes (+, -)					After change	
	Quantity	Ratio	Additional issued	Stock dividend	Provident fund transfer	Other	Subtotal	Quantity	Ratio
Shares with sales restrictions	560,766,563	10.46%	93,956,600		143,741,047	278,645,345	-40,947,698	519,818,865	6.81%
1. State-owned legal person shares	283,138,318	5.28%			113,255,327		113,255,327	396,393,645	5.19%
2. Other domestic shares	244,917,965	4.57%	93,956,600		30,485,720	245,935,065	-121,492,745	123,425,220	1.62%
Including: domestic legal person shares	244,899,065	4.57%				244,899,065	-244,899,065		0.00%
domestic natural person shares	18,900	0.00%	93,956,600		30,485,720	-1,036,000	123,406,320	123,425,220	1.62%
3. Foreign shares	32,710,280	0.61%				-32,710,280	-32,710,280		0.00%
Shares without sales restrictions	4,802,629,611	89.54%			2,032,095,581	277,609,345	2,309,704,926	7,112,334,537	93.19%
1. Ordinary shares denominated in RMB	3,900,643,469	72.72%			1,671,301,125	277,609,345	1,948,910,470	5,849,553,939	76.64%
2. Domestic listed foreign shares	901,986,142	16.82%			360,794,456		360,794,456	1,262,780,598	16.55%
Total shares	5,363,396,174	100.00%	93,956,600		2,175,836,628	-1,036,000	2,268,757,228	7,632,153,402	100.00%

Reasons for share change

√ Applicable □ Not applicable

(1) Initial granting of A-share restricted shares

The initially granted A-share restricted stock of the incentive plan were listed on Shenzhen Stock Exchange on March 5, 2021 (see the "Announcement on the Registration of the Initial Granting of the A-share Restricted Stock Incentive Plan for details). The number of restricted shares granted this time was 76,195,400. Afterwards, the total number of the company capital shares was 5,363,396,174, instead of 5,439,591,574.

(2) Part of the 2020 non-public A-shares' restrictions were removed.

The company's non-public offering of A shares in 2020 was listed on Shenzhen Stock Exchange on October 26, 2020 (see "Report on the Issuance of Non-public A Shares and Listing Announcement (Summary)" for details). Except China South Industries Group Co., Ltd., China Changan Automobile Group Co., Ltd. and China South Industry Asset Management Co., Ltd., the number of shares allocated to other investors is 277,609,345 with the promise of no transferring within 6 months from the date of listing. The commitment expired on April 26, 2021. Therefore, at the end of the reporting period, the number of shares without sales restrictions increased by 277,609,345 compared with the beginning of the period (see "Reminder Note on the Listing and Circulation of Non-public Issuance of Restricted Shares").

(3) 2020 Annual Equity Distribution

The company implemented the 2020 annual equity distribution (see the "Announcement on the Implementation of 2020 Annual Dividend Distribution and Capital Share Increase by Transfer" for more information). The distribution plan went: based on the total capital share of 5,439,591,574, distribute RMB 3.06 for each 10 shares Cash (tax included) to all shareholders and increase by transferring 4 shares for each 10 shares to all shareholders by capital reserve. The ex-dividend date is July 1, 2021, and the total number of capital share was 7,615,428,202 after the transfer.

(4) Repurchase and cancellation of certain A-share restricted shares

On December 21, 2021, the company completed the repurchase and cancellation of 1,036,000 A-share restricted shares held by the original 11 incentive objects in total (see the "Announcement on the Completion of Repurchase and Cancellation of Certain Restricted Shares" for details). The company's total share capital decreased from 7,615,428,202 shares to 7,614,392,202.

(5) Granting of reserved A-share restricted stock of the incentive plan

The reserved A-share restricted stock of the incentive plan was listed on the Shenzhen Stock Exchange on December 31, 2021 (for details, please refer to the "Announcement on the Completion of the Granting of the Reserved A-share Restricted Stock of the Incentive Plan"). The number of reserved restricted shares granted was 17,761,200. Afterwards, the total share capital of the company was 7,614,392,202, instead of 7,632,153,402.

Approval of share change

√ Applicable □ Not applicable

(1) Granting of A-share restricted stock

On February 18, 2021, the company held the first extraordinary general meeting in 2021, and reviewed and approved 3 proposals related to the A-share restricted stock incentive plan. The first granting of the A-share restricted stock of the incentive plan was reviewed and approved by the 12th meeting of the 8th Session of Board of Directors and the 8th meeting of the 8th Session of Board of Supervisors on February 22, 2021. The grant of the reserved A-share restricted stock of the incentive plan was reviewed and approved at the 29th meeting of the 8th Session Board of Directors and the 15th meeting of the 8th Session of Board of Supervisors on November 19, 2021.

(2) Part of the 2020 non-public A-shares' restrictions were removed.

As confirmed by the Shenzhen Stock Exchange and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, 277,609,345 restricted shares that was privately issued by the company was listed for trading on April 26, 2021.

(3) 2020 Annual Equity Distribution

The matter was reviewed and approved by the 15th meeting of the 8th Session of Board of Directors on April 17, 2021, and was reviewed and approved by the company's 2020 annual general meeting of shareholders on May 14, 2021.

(4) Repurchase and cancellation of certain A-share restricted shares

The matter was reviewed and approved by the 25th meeting of the 8th Session of Board of Directors and the 12th meeting of the 8th Session of Supervisory Committee on August 30, 2021, and was reviewed and approved by the company's second extraordinary general meeting in 2021 on September 17, 2021.

Transfer of shares

Applicable Not applicable

See Chapter 7, I, 1, "Reasons for share change" for details.

Impact of share changes on financial indicators such as basic earnings per share and diluted earnings per share in the latest year and the latest period, and net assets per share attributable to ordinary shareholders of the company

Applicable Not applicable

The basic earnings per share at the beginning of the reporting period was RMB 0.48 yuan, and at the end, RMB 0.47 yuan; the diluted earnings per share at the end was RMB 0.46 yuan; the net assets per share attributable to ordinary shareholders at the beginning were RMB 9.96 yuan, and at the end, RMB 7.30 yuan.

Other information deemed necessary by the company or required by securities regulators to disclose

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: share(s)

Name of shareholders	Number of restricted shares at the beginning of the period	Increase during the reporting period	Number of shares with sales restriction removed during the reporting period	Number of restricted shares at the end of the period	Reasons for restrictions	Date of removal of sales restriction
China South Industries Group Co., Ltd.	2,764,486	1,105,794	-	3,870,280	Non-public issuance of A shares in 2020	2023-10-26
China Changan Automobile Group Co., Ltd.	93,457,944	37,383,178	-	130,841,122	Non-public issuance of A shares in 2020	2023-10-26
Southern Industry Asset Management Co., Ltd.	186,915,888	74,766,355	-	261,682,243	Non-public issuance of A shares in 2020	2023-10-26
China Southern Asset Management Co., Ltd.	147,289,719	-	147,289,719	-	Non-public issuance of A shares in 2020	2021-04-26
China Galaxy Securities Co., Ltd.	38,317,757	-	38,317,757	-	Non-public issuance of A shares in 2020	2021-04-26
JPMorgan Chase Bank, National Association	32,710,280	-	32,710,280	-	Non-public issuance of A shares in 2020	2021-04-26
Guotai Junan Securities Co., Ltd.	14,018,691	-	14,018,691	-	Non-public issuance of A shares in 2020	2021-04-26
Caitong Fund Management Co., Ltd.	10,990,654	-	10,990,654	-	Non-public issuance of A shares in 2020	2021-04-26
Fullgoal Fund Management Co., Ltd.	10,319,626	-	10,319,626	-	Non-public issuance of A shares in 2020	2021-04-26
Guosen Securities Co., Ltd.	10,280,373	-	10,280,373	-	Non-public issuance of A shares in 2020	2021-04-26
Truvalue Fund Management Co., Ltd.	9,345,794	-	9,345,794	-	Non-public issuance of A shares in 2020	2021-04-26
Invesco Great Wall Fund	4,336,451	-	4,336,451	-	Non-public issuance	2021-04-26

Management Co., Ltd.						of A shares in 2020	
Zhu Huarong	18,900	7,560	-	26,460	Lock-up stocks for executives	6 months after the retirement	
A-share restricted stock	-	34,860,395	-	34,860,395	Equity incentive	2023-03-05	
A-share restricted stock	-	34,860,395	-	34,860,395	Equity incentive	2024-03-05	
A-share restricted stock	-	35,916,770	-	35,916,770	Equity incentive	2025-03-05	
A-share restricted stock	-	5,861,196	-	5,861,196	Equity incentive	2023-12-31	
A-share restricted stock	-	5,861,196	-	5,861,196	Equity incentive	2024-12-31	
A-share restricted stock	-	6,038,808	-	6,038,808	Equity incentive	2025-12-31	
Total	560,766,563	236,661,647	277,609,345	519,818,865	--	--	

Note: The above "Increase during the reporting period" has been adjusted according to the implementation of the company's 2020 equity distribution plan, which is subject to the registration of China Securities Depository and Clearing Corporation Limited Shenzhen Branch.

II. Issuing and listing of securities

1. Securities issuance (excluding preference shares) during the reporting period

√ Applicable □ Not applicable

Name of the share and its derivative securities	Date	Price (or interest rate)	Number	Listing date	Number approved of listing and trading	Closing date of trading	Disclosure information	Disclosure date
Stock								
A-share restricted stocks	2021-03-05	6.66 yuan/share	76,195,400	2021-03-05	76,195,400	/	For details, please see the "Announcement on the Completion of the Registration of the Initial Granting of the A-Share Restricted Stock Incentive Plan" (No. 2021-20) on http://www.cninfo.com.cn	2021-03-03
A-share restricted stocks	2021-12-31	9.93 yuan/share	17,761,200	2021-12-31	17,761,200	/	For details, please see the "Announcement on the Completion of the Granting of the Reserved A-Share Restricted Stock of the Incentive Plan" (No. 2021-103) on http://www.cninfo.com.cn	2021-12-30

Note: 1,036,000 A-share restricted shares have been cancelled on December 21, 2021.

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

On February 18, 2021, the company held the first extraordinary general meeting in 2021, reviewed and approved 3 proposals related to the incentive plan of A-share stock with sales restrictions.

The initial granting of the incentive plan was reviewed and approved by the 12th meeting of the 8th Session of Board of Directors and the 8th meeting of the 8th Session of Board of Supervisors on February 22, 2021. On March 3, 2021, the company registered the restricted stocks and disclosed the "Announcement on the Completion of the Registration of the Initial Granting of the A-Share Restricted Stock Incentive Plan". 1,247 people were awarded with 76,195,400 restricted shares. The listing date of restricted shares was March 5, 2021.

The granting of the reserved A-share restricted stock as part of the incentive plan was reviewed and approved at the 29th meeting of the 8th Session of Board of Directors and the 15th meeting of the 8th Session of Board of Supervisors on November 19, 2021. On December 30, 2021, the company registered the reserved restricted stock and disclosed the "Announcement on the Completion of the Granting of the Reserved A-Share Restricted Stock of the Incentive Plan". 356 people were awarded with 17,761,200 reserved restricted. The listing date of reserved restricted stocks was December 31, 2021.

2. Changes in the company's total shares and shareholding structure, and changes in the company's asset and liability structure

√ Applicable □ Not applicable

Please see Chapter 7, I, 1, "Reasons for share change" for the changes in the total number of ordinary shares and shareholder structure of the Company during the reporting period.

At the beginning of the reporting period, the total assets were RMB 118,265,186,394.86; the total liabilities were RMB 64,784,878,929.11, and the asset-liability ratio was 54.78%. At the end of the period, the total assets were RMB 135,404,623,479.63, the total liabilities were RMB 79,538,383,535.43, and the asset-liability ratio was 58.74%.

3. Existing employee shares

Applicable Not applicable

III. Shareholders and actual controllers

1. Number of shareholders and shareholding

Unit: share(s)

At the end of the report period, the total number of shareholders		593,511	Number of ordinary shareholders at the month-end prior to the disclosure date of this Report		589,258	Number of shareholders holding preference shares with restored voting rights at the end of the reporting period		0	Number of shareholders holding preference shares with restored voting rights at the month-end prior to the disclosure date of this Report		0
Shareholders holding more than 5% of the shares, or top 10 shareholders											
Name	Nature	Percentage	Number of shares held as of the end of the reporting period	Increase/decrease during the Reporting Period	Number of shares held with sales restrictions	Number of shares held without sales restrictions	Condition of shares (pledged, labeled or frozen)				
							Status	Amount			
China Changan Automobile Group Co., Ltd.	State-owned legal person	17.97%	1,371,607,803	350,104,913	130,841,122	1,240,766,681	Not pledged, labeled or frozen				
China South Industries Group Co., Ltd.	State-owned legal person	14.75%	1,125,382,399	121,537,828	3,870,280	1,121,512,119					
Southern Industry Asset Management Co., Ltd.	State-owned legal person	5.99%	457,067,890	270,152,002	261,682,243	195,385,647					
China Securities Finance Co., Ltd.	Domestic general legal person	4.30%	327,971,466	93,706,133		327,971,466					
Hong Kong Securities Clearing Co., Ltd.	Foreign legal person	3.15%	240,686,440	55,811,261		240,686,440					
United Prosperity Investment Co., Ltd.	Foreign legal person	2.83%	215,768,332	61,648,095		215,768,332					
China Construction Bank Corporation - Huaxia Energy Reform Equity Securities Investment Fund	Funds, wealth management products, etc.	0.73%	55,872,444	55,872,444		55,872,444					
China Merchants Securities (HK) Co., Ltd.	Domestic general legal person	0.73%	55,692,002	35,729,129		55,692,002					
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LTD	Foreign legal person	0.69%	52,436,823	24,117,349		52,436,823					
CAPE ANN GLOBAL DEVELOPING MARKETS FUND	Foreign legal person	0.42%	31,824,337	4,194,577		31,824,337					
Description of the related party relationship or acting in concert among the above shareholders			Among the top 10 shareholders, the actual controller China South Industries Group Co., Ltd. and its wholly-owned subsidiary Southern Industry Asset Management Co., Ltd., the controlling shareholder China Changan Automobile Group Co., Ltd. and its wholly-owned subsidiary United Prosperity Investment Co., Ltd. are parties acting in concert by "Measures for the Administration of Takeover of Listed Companies".								
Description of the above-mentioned shareholders entrusting/being entrusted with voting rights and waiver of voting rights			None								
Shareholdings of the top 10 ordinary shareholders of unrestricted shares											
Shareholders	Number of shares without sales restrictions at the end of the reporting period	Shares type									
		Type	Number								
China Changan Automobile Group Co., Ltd.	1,240,766,681	RMB ordinary shares	1,240,766,681								
China South Industries Group Co., Ltd.	1,121,512,119	RMB ordinary shares	1,121,512,119								
China Securities Finance Co., Ltd.	327,971,466	RMB ordinary shares	327,971,466								
Hong Kong Securities Clearing Co., Ltd.	240,686,440	RMB ordinary shares	240,686,440								
United Prosperity Investment Co., Limited	215,768,332	Domestic listed foreign shares	215,768,332								
Southern Industry Asset Management Co., Ltd.	195,385,647	RMB ordinary shares	195,385,647								
China Construction Bank Corporation - Huaxia Energy Reform Equity Securities Investment Fund	55,872,444	RMB ordinary shares	55,872,444								
China Merchants Securities (HK) Co., Ltd.	55,692,002	Domestic listed foreign shares	55,692,002								
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LTD	52,436,823	Domestic listed foreign shares	52,436,823								
CAPE ANN GLOBAL DEVELOPING MARKETS FUND	31,824,337	Domestic listed foreign shares	31,824,337								
Description of the related relationship or acting in concert among the top 10 shareholders of unrestricted circulating			Among the top 10 shareholders, the actual controller China South Industries Group Co., Ltd. and its wholly-owned subsidiary Southern Industry Asset Management Co., Ltd., the controlling shareholder								

shares, and between the top 10 shareholders of unrestricted tradable shares and the top 10 shareholders	China Changan Automobile Group Co., Ltd. and its wholly-owned subsidiary United Prosperity Investment Co., Ltd. are parties acting in concert as stipulated in the "Measures for the Administration of Takeover of Listed Companies".
Description of the top 10 ordinary shareholders participating in the margin trading and securities lending business	During the reporting period, China South Industries Group Co., Ltd. participated in the refinancing securities lending business, and as of the end of the reporting period, it had not lent any shares.

Whether the top 10 shareholders of ordinary shares, and the top 10 shareholders of ordinary shares without sales restrictions agreed on the repurchase transactions during the report period

Yes No

The top 10 shareholders of ordinary shares, and the top 10 shareholders of ordinary shares without sales restrictions did not agree on the repurchase transactions during the reporting period.

2. The company's controlling shareholder

Nature of the controlling shareholder: the central state-owned

Type of the controlling shareholder: legal person

Name	Legal /Representative	Date of establishment	Organization code	Business scope and major products:
China Changan Automobile Group Co., Ltd.	Zhou Kaiquan	Dec 26th, 2005	911100007109339484	Design, development, manufacturing and sales of car, motorcycle and engine and parts; sales of optical products, electronic and optoelectronic products, night vision device, information and communication equipment; technical development, transfer, consultation, technical training, and other technical service related to the operation mentioned above; imports and exports; merge and acquisition and asset restructuring consultation; telecommunications services and agency bookkeeping.
Equity of other domestic and overseas listed companies where he has controlled and participated during the reporting period	As of the end of the reporting period, controlling shares of listed companies: Harbin Dongan Auto Engine Co., Ltd. (stock code 600178); Hunan Tianyan Machinery Co., Ltd. (stock code 600698), Chongqing Changan Minsheng APLL Logistics Co., Ltd (stock code 01292.HK)			

The change of controlling shareholder during the reporting period

Applicable Not applicable

No changes in controlling shareholder during the reporting period.

3. The actual controller and its parties acting in concert

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

Type of the actual controller: legal person

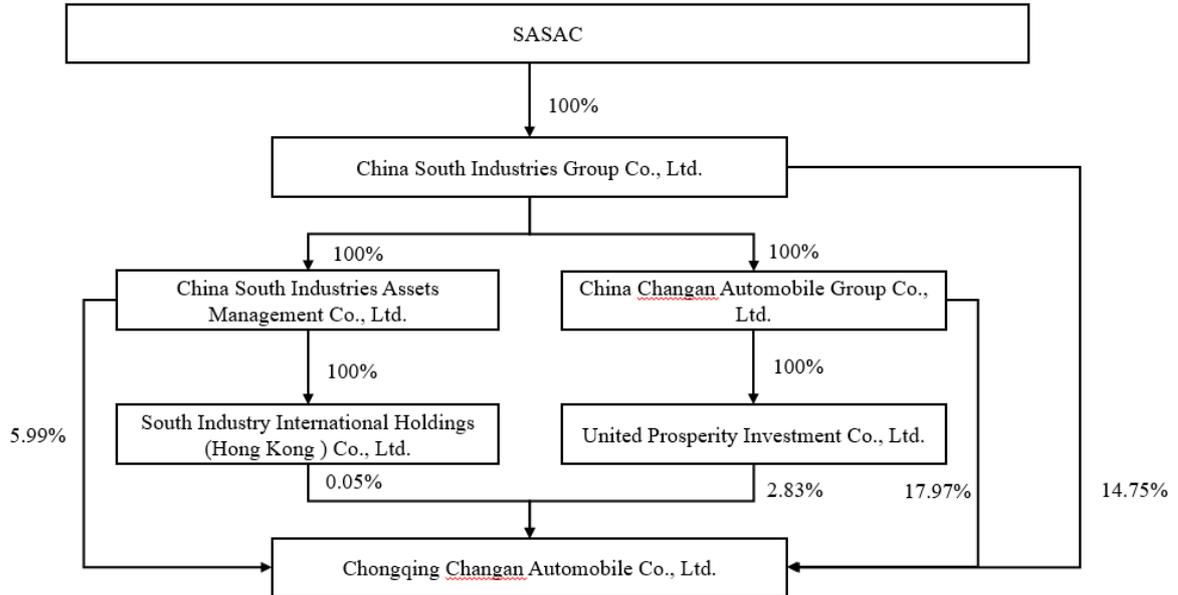
Name	Legal Representative	Date of establishment	Organization code	Businesses
China South Industries Group Corp.	Xu Xianping	Jun 29th, 1999	91110000710926043F	Investment and management of state-owned assets, operation and management, R&D, manufacturing, guarantee and services of vehicles, electrical equipment, optoelectronic information products and equipment, mechanical equipment, engineering and construction machinery, chemical materials (except hazardous chemicals), fire-fighting equipment, medical and environmental protection equipment, metal and non-metal materials and products.
Other domestic and overseas listed companies controlled by the actual controller during the report period	As of the end of the reporting period, directly or indirectly controlling shares of listed companies: Harbin Dongan Auto Engine Co., Ltd. (stock code 600178); Baoding Tianwei Electric Co., Ltd. (stock code 600550); Jiangling Motors Co., Ltd. (stock code 000550); Hunan Tianyan Machinery Co., Ltd. (stock code 600698); Chongqing Jianshe Automotive Systems Co., Ltd. (stock code 200054); China Optical Group Co., Ltd. (stock code 002189); Yunnan Xiyi Industrial Co., Ltd. (stock code 002265); Chongqing Changan Minsheng APLL Logistics Co., Ltd. (stock code 01292.HK); Hubei Huaqiang Technology Co., Ltd. (stock code 688151).			

The change of the actual controller during the reporting period

Applicable Not applicable

No changes in the actual controller during the reporting period.

The equity and control relationship between the company and the actual controller:



Actual controlling through trust or other asset management.

Applicable Not applicable

4. Pledged shares held by controlling shareholder or the largest shareholder and its parties acting in concert account for 80% of the shares.

Applicable Not applicable

5. Other corporate shareholders holding over 10% shares.

Applicable Not applicable

6. Shareholding restriction and reduction of controlling shareholder, actual controller, restructuring party and other commitment entities

Applicable Not applicable

IV. Share repurchase during the reporting period

Share repurchase

Applicable Not applicable

During the reporting period, the Company had no other share repurchase matters except for the repurchase and cancellation of certain A-share restricted shares. Please refer to “I. Change in shareholdings” in chapter 7 for more details

Reducing repurchased shares by centralized bidding

Applicable Not applicable

Chapter 8 Preference Shares

Applicable Not applicable

There was no preferred share in the Company in the reporting period.

Chapter 9 Bonds

Applicable Not applicable

During the reporting period, the Company did not have any bond-related business.

Chapter 10 Auditor's Report

Ernst & Young Hua Ming Shen Zi (2022) No. 60662431_V01
Chongqing Changan Automobile Company Limited

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

Auditor's Report

Ernst & Young Hua Ming Shen Zi (2022) No. 60662431_V01
Chongqing Changan Automobile Company Limited

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

Opinion

We have audited the accompanying financial statements of Chongqing Changan Automobile Company Limited, which comprise the consolidated and the company balance sheet as at 31 December 2021, and the consolidated and the company income statements, the statements of changes in equity and the cash flow statements for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements of Chongqing Changan Automobile Company Limited present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2021, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

Basis for opinion

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

Key audit matters

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

Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2022) No. 60662431_V01
Chongqing Changan Automobile Company Limited

Key audit matters (continued)

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

Key audit matter	How our audit addressed the key audit matter
<p><i>Provision for warranties</i></p> <p>According to after-sales maintenance contracts or related national laws and regulations, Chongqing Changan Automobile Company Limited provides warranties on automobile and undertakes to repair or replace items that fail to perform satisfactorily based on certain pre-determined conditions. In addition, in order to maintain the quality and safety of the sold vehicle, Chongqing Changan Automobile Company Limited also promotes a recall based on needs. Chongqing Changan Automobile Company Limited should estimate and recognize the warranty costs and the corresponding liabilities.</p> <p>Provisions for warranties granted by Chongqing Changan Automobile Company Limited for the vehicles sold are recognized based on sales volume and past experience of the cost of repair and replacement, and labor cost, which involves a number of assumptions and judgments. Extra recalls are recognized based on the vehicles involved and the estimated average cost of repair and replacement, and labor cost, which involves a number of assumptions and judgments. Any increase or decrease in the provision would have a significant impact on the financial statements.</p> <p>Refer to Note III 23, 33 and Note V 28 of the consolidated financial statements for the disclosures of the provision for warranties.</p>	<p>With regard to the warranty provisions audited by us:</p> <ul style="list-style-type: none"> • We understood and evaluated the process of the warranty provisions. In addition, we tested the key controls and application controls over the process of the warranty provisions. • We assessed the reasonableness and evaluated the major assumptions of management's warranty provision models. We tested the samples of payment of the warranty provisions and tested the mathematical accuracy of calculations therein by re-performing the calculations regarding the balance of the provisions. • We reviewed the adequacy of disclosures in the financial statements.

Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2022) No. 60662431_V01
Chongqing Changan Automobile Company Limited

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Capitalization of internal development costs</i>	
<p>The research and development activities launched by Chongqing Changan Automobile Company Limited mainly include technology development, product process design and product manufacturing process design. Management capitalized the costs on development projects met the criteria set out in the accounting standard for capitalization.</p> <p>The expenditures in development stage are capitalized that should meet all the conditions including technically feasible, use or sale intention, market, finance, resources, and etc. The judgment should be made according to every project and agreed by all related departments. In addition, for projects that have been capitalized in the past, the judgment whether the expenditures in development can be continuing capitalized should be made according the latest progress and future expectations of the project. The judgment made by the management would have a significant impact on the financial statements.</p> <p>Refer to Note III 18, 33 and Note V 17 of the consolidated financial statements for the disclosures of capitalization of internal development costs.</p>	<p>With regard to the capitalization of internal development costs audited by us:</p> <ul style="list-style-type: none"> • We understood, evaluated and validated the key controls over the capitalization of internal development costs. • We assessed the criteria set by the management related to the capitalization of the costs under development stage. We assessed the accuracy of the start point and the stop point for capitalization of internal development costs. We also tested samples of projects to review the feasibility reports and other reports for important stages. • We reviewed the adequacy of disclosures in the financial statements.

Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2022) No. 60662431_V01
Chongqing Changan Automobile Company Limited

Other information

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

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

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

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

Management's and governance' responsibility for the financial statements

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

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

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

Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2022) No. 60662431_V01
Chongqing Changan Automobile Company Limited

Auditor's responsibilities for the audit of the financial statements

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

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

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

Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2022) No. 60662431_V01
Chongqing Changan Automobile Company Limited

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

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

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

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

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

Qiao Chun

Ernst & Young Hua Ming (LLP)

Chinese Certified Public Accountant
(Engagement partner)

Yuan Yong

Chinese Certified Public Accountant

Beijing, the People's Republic of China

26 April 2022

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET
31 December 2021
(Expressed in Renminbi Yuan)

Assets	Notes V	2021/12/31	2020/12/31 (Restated)
Current assets			
Cash	1	51,976,242,149.37	32,001,775,600.07
Financial assets held for trading	2	195,798,300.00	204,254,400.00
Notes receivable	3	24,267,633,416.65	28,371,541,054.75
Accounts receivable	4	1,675,427,534.87	2,141,197,139.45
Prepayments	5	3,241,248,831.28	460,703,603.80
Other receivables	6	632,122,942.37	723,919,037.36
Inventories	7	6,852,874,420.59	5,967,516,230.57
Contract assets	8	1,151,292,247.36	1,450,031,414.61
Other current assets	9	<u>1,147,798,871.42</u>	<u>1,568,711,870.61</u>
Total current assets		<u>91,140,438,713.91</u>	<u>72,889,650,351.22</u>
Non-current assets			
Long-term equity investments	10	13,245,374,860.55	12,109,089,795.67
Other equity instrument investment	11	701,409,600.00	691,990,000.00
Investment property	12	6,649,426.60	6,876,138.16
Fixed assets	13	21,325,959,850.16	24,300,590,850.02
Construction in progress	14	1,460,176,539.43	1,048,036,148.70
Right-of-use assets	15	66,313,062.98	-
Intangible assets	16	4,385,997,657.67	4,431,582,944.74
Development expenditure	17	727,568,248.78	596,577,787.95
Goodwill	18	48,883,188.37	48,883,188.37
Long-term deferred expenses	19	15,032,814.19	10,642,512.51
Deferred tax assets	20	<u>2,280,819,516.99</u>	<u>2,131,266,677.52</u>
Total non-current assets		<u>44,264,184,765.72</u>	<u>45,375,536,043.64</u>
TOTAL ASSETS		<u>135,404,623,479.63</u>	<u>118,265,186,394.86</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET (continued)
31 December 2021
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2021/12/31</u>	<u>2020/12/31</u> (Restated)
Current liabilities			
Short-term loans	21	19,000,000.00	578,000,000.00
Notes payable	22	24,292,268,371.12	17,574,014,553.46
Accounts payable	23	23,650,604,870.98	23,118,793,794.42
Contract liabilities	24	9,840,509,514.39	4,471,158,190.75
Payroll payable	25	2,566,570,928.52	2,015,868,366.57
Taxes payable	26	1,121,313,397.52	1,292,001,263.86
Other payables	27	4,562,626,344.69	4,475,215,625.98
Contingent liabilities	28	3,839,015,677.84	3,125,170,942.46
Non-current liabilities due within one year	29	533,839,583.57	100,000,000.00
Other current liabilities	30	<u>5,680,959,029.22</u>	<u>5,842,758,104.08</u>
Total current liabilities		<u>76,106,707,717.85</u>	<u>62,592,980,841.58</u>
Non-current liabilities			
Long-term loans	31	600,000,000.00	955,300,000.00
Lease Liabilities	32	38,679,735.59	-
Long-term payables	33	825,473,490.08	261,260,928.70
Long term payroll payable	34	39,103,000.00	41,634,000.00
Deferred income	35	924,749,731.12	818,398,430.22
Deferred tax liabilities	20	217,441,992.37	115,304,728.61
Other non-current liabilities	36	<u>786,227,868.42</u>	<u>-</u>
Total non-current liabilities		<u>3,431,675,817.58</u>	<u>2,191,898,087.53</u>
Total liabilities		<u>79,538,383,535.43</u>	<u>64,784,878,929.11</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET (continued)
31 December 2021
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2021/12/31</u>	<u>2020/12/31</u> (Restated)
Owners' equity			
Share capital	37	7,632,153,402.00	5,363,396,174.00
Capital reserves	38	9,776,193,360.38	10,930,781,918.64
Less: treasury shares	39	655,812,327.60	-
Other			
comprehensive Income	40	69,442,469.53	78,420,720.78
Special reserves	41	27,988,260.61	40,847,443.41
Surplus reserves	42	2,982,292,413.67	2,681,698,087.00
Retained earnings	43	<u>35,900,674,525.13</u>	<u>34,315,048,892.26</u>
Equity attributable to owners		55,732,932,103.72	53,410,193,236.09
Minority interests		<u>133,307,840.48</u>	<u>70,114,229.66</u>
Total equity		<u>55,866,239,944.20</u>	<u>53,480,307,465.75</u>
TOTAL LIABILITIES AND OWNERS' EQUITY			
		<u>135,404,623,479.63</u>	<u>118,265,186,394.86</u>

The financial statements have been signed by:

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

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2021</u>	<u>2020</u> (Restated)
Operating revenue	44	105,141,877,237.05	84,565,544,146.58
Less: Operating cost	44	87,648,705,534.14	72,101,062,128.83
Tax and surcharges	45	3,972,433,040.45	3,228,273,573.84
Operating expenses	46	4,645,654,234.59	3,405,913,730.59
General and administrative expenses	47	3,499,654,508.49	4,171,768,588.16
Research and development expenses	48	3,515,029,178.76	2,888,873,626.82
Financial income	49	(780,923,197.18)	(210,389,449.63)
Interest expense		45,160,385.56	46,672,055.34
Interest income		868,952,893.13	341,543,220.81
Add: Other incomes	50	330,174,796.23	-
Investment income	51	1,013,650,091.28	3,153,614,176.97
Including: Investment income/(loss) from associates and joint venture		924,827,870.13	(566,732,463.22)
Earnings from fair value changes	52	42,078,804.00	2,035,390,665.86
Impairment loss of credit	53	(23,050,864.57)	(107,743,059.89)
Impairment loss on assets	54	(1,019,254,832.79)	(1,517,807,107.17)
Gain on disposal of assets	55	745,601,530.26	80,607,908.05
Operating profit		3,730,523,462.21	2,624,104,531.79
Add: Non-operating income	56	130,170,270.12	61,938,556.89
Less: Non-operating expenses	57	40,084,896.60	89,458,043.64
Total profit		3,820,608,835.73	2,596,585,045.04
Less: Income tax expense	59	216,390,645.75	(691,893,597.66)
Net profit		<u>3,604,218,189.98</u>	<u>3,288,478,642.70</u>
Classification by going concern			
Net profit from continuing operations		3,604,218,189.98	3,288,478,642.70
Classification by ownership attribution			
Net profit attributable to owners		3,552,463,320.03	3,324,251,164.16
Minority interests		51,754,869.95	(35,772,521.46)

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED INCOME STATEMENT (continued)
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2021</u>	<u>2020</u> (Restated)
Other comprehensive income, net of tax			
Total comprehensive income attributable to owners, net of tax		(8,978,251.25)	(61,573,859.41)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Change in net liability or assets from defined benefit plan		(1,519,000.00)	(207,000.00)
Other comprehensive income under the equity method cannot be converted into profit or loss		(1,279,985.89)	-
Changes in fair value of other equity investment		<u>8,006,660.00</u>	<u>(33,588,685.00)</u>
		5,207,674.11	(33,795,685.00)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency reserve		<u>(14,185,925.36)</u>	<u>(27,778,174.41)</u>
		(14,185,925.36)	(27,778,174.41)
Total comprehensive income attributable to minority interests, net of tax		<u>19,231.15</u>	-
Total comprehensive income		<u>3,595,259,169.88</u>	<u>3,226,904,783.29</u>
<i>Including:</i>			
Total comprehensive income attributable to owners		3,543,485,068.78	3,262,677,304.75
Total comprehensive income attributable to minority interest		51,774,101.10	(35,772,521.46)
Earnings per share			
Basic earnings per share	60	<u>0.4700</u>	<u>0.4842</u>
Diluted earnings per share	60	<u>0.4631</u>	<u>Not Applicable</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

2021

	Equity attributable to owners							Minority interest	Total equity	
	Share capital	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings			Subtotal
At 31 December 2020	5,363,396,174.00	10,930,781,918.64	-	78,420,720.78	40,847,443.41	2,681,698,087.00	34,315,048,892.26	53,410,193,236.09	70,114,229.66	53,480,307,465.75
Changes during the year:										
Total comprehensive income	-	-	-	(8,978,251.25)	-	-	3,552,463,320.03	3,543,485,068.78	51,774,101.10	3,595,259,169.88
Capital contributed by owners and capital decreases										
1.Amount of share-based payments included in shareholders' equity	93,956,600.00	858,413,347.92	683,830,080.00	-	-	-	-	268,539,867.92	-	268,539,867.92
2.Cancellation of restricted shares	(1,036,000.00)	(3,667,440.00)	(4,703,440.00)	-	-	-	-	-	-	-
3.Others	-	166,502,161.82	-	-	-	-	-	166,502,161.82	11,376,990.65	177,879,152.47
Distribution of profit										
1.Surplus reserve	-	-	-	-	-	300,594,326.67	(300,594,326.67)	-	-	-
2.Distribution to owners	-	-	(23,314,312.40)	-	-	-	(1,666,243,360.49)	(1,642,929,048.09)	-	(1,642,929,048.09)
Internal transfer of shareholder equity										
1.Capital reserve converted into share capital	2,175,836,628.00	(2,175,836,628.00)	-	-	-	-	-	-	-	-
Special reserves										
1.Provided	-	-	-	-	85,032,433.05	-	-	85,032,433.05	2,604,021.39	87,636,454.44
2.Utilized	-	-	-	-	(97,891,615.85)	-	-	(97,891,615.85)	(2,561,502.32)	(100,453,118.17)
At 31 December 2021	7,632,153,402.00	9,776,193,360.38	655,812,327.60	69,442,469.53	27,988,260.61	2,982,292,413.67	35,900,674,525.13	55,732,932,103.72	133,307,840.48	55,866,239,944.20

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

2020

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

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		128,548,576,993.05	87,031,938,095.61
Refunds of taxes		1,031,417,236.58	444,012,154.77
Cash received relating to other operating activities	61	<u>3,267,694,695.32</u>	<u>2,038,287,059.25</u>
Subtotal of cash inflows		<u>132,847,688,924.95</u>	<u>89,514,237,309.63</u>
Cash paid for goods and services		90,214,683,838.52	63,468,931,047.14
Cash paid to and on behalf of employees		7,600,050,569.34	6,048,636,349.99
Cash paid for all types of taxes		6,961,836,584.35	4,803,725,415.52
Cash paid relating to other operating activities	61	<u>5,099,394,721.90</u>	<u>4,516,991,017.74</u>
Subtotal of cash outflows		<u>109,875,965,714.11</u>	<u>78,838,283,830.39</u>
Net cash flows from operating activities	62	<u>22,971,723,210.84</u>	<u>10,675,953,479.24</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from recovery of investment		79,892,280.00	5,040,464,165.86
Cash received from return on investment		985,428,249.71	1,100,783,602.42
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		85,134,014.22	599,808,833.61
Cash received relating to other investing activities	61	<u>300,000,000.00</u>	<u>80,310,705.55</u>
Subtotal of cash inflows		<u>1,450,454,543.93</u>	<u>6,821,367,307.44</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,009,773,990.95	2,960,046,781.42
Cash paid for investment		929,905,994.00	152,201,597.00
Other cash disbursed in connection with investment activities	61	<u>-</u>	<u>104,416,061.73</u>
Subtotal of cash outflows		<u>2,939,679,984.95</u>	<u>3,216,664,440.15</u>
Net cash flows from investing activities		<u>(1,489,225,441.02)</u>	<u>3,604,702,867.29</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT (continued)
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM			
FINANCING ACTIVITIES:			
Cash received from absorbing investments		942,392,939.15	6,342,679,154.12
Including: cash received by the subsidiary from absorbing minority shareholders' investment		4,812,859.15	4,620,000.00
Cash received from borrowings		48,000,000.00	2,223,525,472.30
Cash received relating to other financing activities	61	<u>836,125,136.66</u>	<u>34,712,775.00</u>
Sub-total of cash inflows		<u>1,826,518,075.81</u>	<u>8,600,917,401.42</u>
Cash repayments of borrowings		708,000,000.00	875,105,472.30
Cash paid for distribution of dividends or profits and interest expenses		1,704,968,349.69	45,485,683.50
Cash paid relating to other financing activities	61	<u>2,009,509,141.05</u>	<u>632,935,841.72</u>
Sub-total of cash outflows		<u>4,422,477,490.74</u>	<u>1,553,526,997.52</u>
Net cash flows from financing activities		<u>(2,595,959,414.93)</u>	<u>7,047,390,403.90</u>
EFFECT OF CHANGES IN			
EXCHANGE RATE ON CASH		<u>(24,589,577.53)</u>	<u>(32,553,367.69)</u>
NET INCREASE IN CASH			
AND CASH EQUIVALENTS		18,861,948,777.36	21,295,493,382.74
Add: Opening balance of cash and cash equivalents		<u>30,655,968,057.63</u>	<u>9,360,474,674.89</u>
CLOSING BALANCE OF			
CASH AND CASH EQUIVLANT	62	<u>49,517,916,834.99</u>	<u>30,655,968,057.63</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
BALANCE SHEET
31 December 2021
(Expressed in Renminbi Yuan)

	<u>Notes</u> <u>XIV</u>	<u>2021/12/31</u>	<u>2020/12/31</u> (Restated)
Current assets			
Cash		41,917,770,676.45	25,238,014,025.38
Financial assets held for trading		195,798,300.00	180,929,400.00
Notes receivable		21,500,746,660.99	27,248,111,565.13
Accounts receivable	1	7,931,510,606.59	5,464,541,185.63
Prepayments		2,935,068,191.78	294,088,044.01
Other receivables	2	1,756,623,581.93	1,990,616,778.83
Inventories		4,137,987,048.19	4,332,579,774.46
Contract assets		635,112,994.60	941,046,613.60
Other current assets		21,082,615.46	322,467,261.74
Total current assets		<u>81,031,700,675.99</u>	<u>66,012,394,648.78</u>
Non-current assets			
Long-term equity investments	3	17,660,819,978.70	15,911,304,527.87
Other equity instrument investment		691,156,200.00	681,630,000.00
Fixed assets		16,001,089,813.79	18,282,066,893.17
Construction in progress		475,209,255.90	586,144,839.34
Right-of-use assets		53,789,648.12	-
Intangible assets		3,205,472,940.52	3,166,178,373.33
Development expenditure		422,291,074.50	555,569,523.02
Long-term deferred expenses		12,065,475.24	7,470,626.86
Deferred tax assets		1,893,957,371.71	1,803,491,965.40
Total non-current assets		<u>40,415,851,758.48</u>	<u>40,993,856,748.99</u>
TOTAL ASSETS		<u><u>121,447,552,434.47</u></u>	<u><u>107,006,251,397.77</u></u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
BALANCE SHEET (continued)
31 December 2021
(Expressed in Renminbi Yuan)

	<u>Notes</u> <u>XIV</u>	<u>2021/12/31</u>	<u>2020/12/31</u> (Restated)
Current liabilities			
Short term loans		-	510,000,000.00
Notes payable		19,118,739,562.85	14,600,240,612.86
Accounts payable		20,181,845,700.58	18,770,044,628.44
Contract liabilities		8,446,500,016.04	3,885,522,883.33
Payroll payable		2,074,732,440.77	1,604,474,120.45
Taxes payable		784,928,251.22	1,045,768,022.62
Other payables		4,330,506,737.23	3,166,636,684.63
Contingent liabilities		3,050,701,028.41	2,196,924,682.57
Non-current liabilities due within one year		374,210,756.73	100,000,000.00
Other current liabilities		4,955,516,106.11	5,235,294,795.79
Total current liabilities		<u>63,317,680,599.94</u>	<u>51,114,906,430.69</u>
Non-current liabilities			
Long term loans		600,000,000.00	955,300,000.00
Lease Liabilities		30,751,928.99	-
Long term payable		120,409,242.99	187,142,303.66
Long term payroll payable		21,995,000.00	21,657,000.00
Deferred income		150,000,000.00	150,000,000.00
Deferred tax liabilities		178,583,323.79	75,158,651.38
Other non-current liabilities		715,087,257.75	-
Total non-current liabilities		<u>1,816,826,753.52</u>	<u>1,389,257,955.04</u>
Total liabilities		<u>65,134,507,353.46</u>	<u>52,504,164,385.73</u>
Owner's equity			
Share capital		7,632,153,402.00	5,363,396,174.00
Capital reserves		9,293,065,334.91	10,440,896,902.52
Less: treasury shares		655,812,327.60	-
Other comprehensive income		166,051,336.11	159,954,052.00
Special reserves		7,552,984.45	7,505,438.57
Surplus reserves		2,982,292,413.67	2,681,698,087.00
Retained earnings		36,887,741,937.47	35,848,636,357.95
Total owner's equity		<u>56,313,045,081.01</u>	<u>54,502,087,012.04</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>121,447,552,434.47</u>	<u>107,006,251,397.77</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
INCOME STATEMENT
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

	<u>Notes</u>	<u>2021/12/31</u>	<u>2020/12/31</u> (Restated)
	<u>XIV</u>		
Operating revenue	4	98,302,939,371.97	81,557,686,002.18
Less: Operating cost	4	84,138,585,800.66	71,223,068,326.58
Tax and surcharges		2,898,309,008.73	2,076,319,015.77
Operating expenses		3,670,173,505.37	2,673,085,110.62
General and administrative expenses		2,610,713,089.51	3,465,750,427.80
Research and development expenses		3,371,837,869.71	2,763,337,705.94
Financial income		(695,999,209.03)	(240,371,881.20)
Interest expense		39,147,654.54	30,585,489.75
Interest income		752,571,893.13	283,501,457.93
Add: Other incomes		40,860,900.00	-
Investment income	5	1,531,325,711.97	5,645,410,110.30
Including: Investment Income/(loss) from associates and joint venture		1,441,363,553.71	(345,896,085.57)
Income/(loss) from fair value changes		(2,805,696.00)	8,051,845.07
Credit impairment loss		(8,817,825.93)	(74,210,826.52)
Impairment loss		(861,714,244.01)	(960,333,823.74)
Gain/(loss) on disposal of assets		10,187,339.53	(12,218,555.20)
Operating profit		3,018,355,492.58	4,203,196,046.58
Add: Non-operating income		23,020,197.15	43,045,534.64
Less: Non-operating expenses		23,902,086.95	88,772,476.11
Total profit		3,017,473,602.78	4,157,469,105.11
Less: Income tax expense		11,530,336.10	(473,687,949.10)
Net profit		<u>3,005,943,266.68</u>	<u>4,631,157,054.21</u>
Classification by going concern			
Net profit from continuing operations		3,005,943,266.68	4,631,157,054.21

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
INCOME STATEMENT (continued)
 Year ended 31 December 2021
 (Expressed in Renminbi Yuan)

	<u>Notes</u> <u>XIV</u>	<u>2021/12/31</u>	<u>2020/12/31</u> (Restated)
Other comprehensive income, net of tax			
Total comprehensive income attributable to owners, net of tax			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Change in net liability or assets from defined benefit plan		(720,000.00)	(52,000.00)
Other comprehensive income under the equity method cannot be converted into profit or loss		(1,279,985.89)	-
Changes in fair value of other equity investment		8,097,270.00	(33,727,490.00)
		<u>6,097,284.11</u>	<u>(33,779,490.00)</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Reclassification of financial assets recognized in other comprehensive income amounts		-	(65,646,871.58)
Total comprehensive income		<u>3,012,040,550.79</u>	<u>4,531,730,692.63</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

2021

	Share capital	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
At 31 December 2020	5,363,396,174.00	10,440,896,902.52	-	159,954,052.00	7,505,438.57	2,681,698,087.00	35,848,636,357.95	54,502,087,012.04
Changes during the year:								
Total comprehensive income	-	-	-	6,097,284.11	-	-	3,005,943,266.68	3,012,040,550.79
Capital contributed by owners and capital decreases								
1.Amount of share-based payments included in shareholders' equity	93,956,600.00	858,413,347.92	683,830,080.00	-	-	-	-	268,539,867.92
2.Cancellation of restricted shares	(1,036,000.00)	(3,667,440.00)	(4,703,440.00)	-	-	-	-	-
3.Others	-	173,259,152.47	-	-	-	-	-	173,259,152.47
Distribution of profit								
1.Surplus reserve	-	-	-	-	-	300,594,326.67	(300,594,326.67)	-
2.Distribution to owners	-	-	(23,314,312.40)	-	-	-	(1,666,243,360.49)	(1,642,929,048.09)
Internal transfer of shareholder equity								
1.Capital reserve converted into share capital	2,175,836,628.00	(2,175,836,628.00)	-	-	-	-	-	-
Special reserves								
1.Provided	-	-	-	-	52,743,013.00	-	-	52,743,013.00
2.Utilized	-	-	-	-	(52,695,467.12)	-	-	(52,695,467.12)
At 31 December 2021	<u>7,632,153,402.00</u>	<u>9,293,065,334.91</u>	<u>655,812,327.60</u>	<u>166,051,336.11</u>	<u>7,552,984.45</u>	<u>2,982,292,413.67</u>	<u>36,887,741,937.47</u>	<u>56,313,045,081.01</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

2020

	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
At 31 December 2019	<u>4,802,648,511.00</u>	<u>5,014,772,792.87</u>	<u>259,380,413.58</u>	<u>19,917,658.63</u>	<u>2,401,324,255.50</u>	<u>31,852,751,052.34</u>	<u>44,350,794,683.92</u>
Changes during the year:							
Total comprehensive income	-	-	(99,426,361.58)	-	-	4,631,157,054.21	4,531,730,692.63
Capital contributed by owners and capital decreases							
1. Ordinary shares invested by shareholders	560,747,663.00	5,426,124,109.65	-	-	-	-	5,986,871,772.65
Distribution of profit							
1. Distribution to owners	-	-	-	-	280,373,831.50	(280,373,831.50)	-
Special reserves							
1. Provided	-	-	-	47,093,693.47	-	-	47,093,693.47
2. Utilized	-	-	-	(59,505,913.53)	-	-	(59,505,913.53)
Disposal subsidiaries	-	-	-	-	-	(354,897,917.10)	(354,897,917.10)
At 31 December 2020	<u>5,363,396,174.00</u>	<u>10,440,896,902.52</u>	<u>159,954,052.00</u>	<u>7,505,438.57</u>	<u>2,681,698,087.00</u>	<u>35,848,636,357.95</u>	<u>54,502,087,012.04</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CASH FLOW STATEMENT
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sale of goods or rendering of services	111,833,846,959.34	76,182,140,798.10
Cash received relating to other operating activities	<u>1,467,818,250.53</u>	<u>649,216,551.28</u>
Subtotal of cash inflows	<u>113,301,665,209.87</u>	<u>76,831,357,349.38</u>
Cash paid for goods and services	78,605,485,054.62	56,827,422,505.14
Cash paid to and on behalf of employees	5,542,027,671.21	4,447,227,440.62
Cash paid for all types of taxes	5,258,611,669.40	2,531,097,548.18
Cash paid relating to other operating activities	<u>4,133,449,098.11</u>	<u>4,442,718,068.09</u>
Subtotal of cash outflows	<u>93,539,573,493.34</u>	<u>68,248,465,562.03</u>
Net cash flows from operating activities	<u>19,762,091,716.53</u>	<u>8,582,891,787.35</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from recovery of investment	79,892,280.00	5,032,818,905.43
Cash received from return on investment	918,427,083.03	1,706,242,444.17
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	14,915,738.17	4,999,947.95
Cash received relating to other investing activities	<u>500,000,000.00</u>	<u>16,388,900.00</u>
Subtotal of cash inflows	<u>1,513,235,101.20</u>	<u>6,760,450,197.55</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,479,062,944.86	1,884,767,686.71
Cash paid for investment	<u>1,429,902,283.00</u>	<u>2,268,598,581.00</u>
Subtotal of cash outflows	<u>2,908,965,227.86</u>	<u>4,153,366,267.71</u>
Net cash flows from investing activities	<u>(1,395,730,126.66)</u>	<u>2,607,083,929.84</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CASH FLOW STATEMENT (continued)
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM		
FINANCING ACTIVITIES:		
Cash received from absorbing investments	683,830,080.00	5,988,059,154.12
Cash received from borrowings	-	2,039,580,000.00
Sub-total of cash inflows	<u>683,830,080.00</u>	<u>8,027,639,154.12</u>
Cash repayments of borrowings	611,000,000.00	559,160,000.00
Cash paid for distribution of dividends or profits and interest expenses	1,702,697,363.56	29,417,041.35
Cash paid relating to other financing activities	37,526,537.08	1,187,381.47
Sub-total of cash outflows	<u>2,351,223,900.64</u>	<u>589,764,422.82</u>
Net cash flows from financing activities	<u>(1,667,393,820.64)</u>	<u>7,437,874,731.30</u>
EFFECT OF CHANGES IN		
EXCHANGE RATE ON CASH	-	-
NET INCREASE IN CASH		
AND CASH EQUIVALENTS	16,698,967,769.23	18,627,850,448.49
Add: Opening balance of cash and cash equivalents	25,190,870,784.06	6,563,020,335.57
CLOSING BALANCE OF		
CASH AND CASH EQUIVLANT	<u>41,889,838,553.29</u>	<u>25,190,870,784.06</u>

The notes form an integral part of the financial statements.

I CORPORATE INFORMATION

Chongqing Changan Automobile Company Limited (hereafter referred to as "the Company") is a company limited by shares registered in Chongqing, People's Republic of China. It was established on 31 October 1996 with an indefinite business period. The ordinary A shares of Renminbi issued by the company and the B shares of domestically listed foreign shares have been listed on the Shenzhen Stock Exchange. The company is headquartered at 260 Jianxin East Road, Jiangbei District, Chongqing, China, and its office address is T2 Building, No. 2, Financial City, No. 61 Dongshengmen Road, Jiangbei District, Chongqing, China.

In 2021, due to the implementation of the restricted A-share stock incentive plan and the capital reserve conversion plan, the total share capital of the company increased by RMB2,268,757,228.00. On 31 December 2021, the total share capital of the company was RMB7,632,153,402.00.

Until December 31, 2021, the controlling shareholder of the company, China Changan Automobile Group Co., Ltd. (hereinafter referred to as "China Changan"), and its wholly-owned subsidiary, Zhonghui Futong (Hong Kong) Investment Co., Ltd., hold a total of 1,587,376,135 ordinary shares of the company, representing an equity ratio of 20.80%. China South Industries Group Co., Ltd. (hereinafter referred to as "South Group"), which is the parent company of China Changan, and its wholly-owned subsidiaries, Nanfang Industrial Asset Management Co., Ltd. (hereinafter referred to as "Nanfang Asset") and China Southern Industries International Holdings (Hong Kong) Co., Ltd., hold a total of 1,586,013,729 ordinary shares of the Company, representing a shareholding ratio of 20.79%. China Changan and South Group hold a total of 3,173,389,864 ordinary shares of the company, with an equity ratio of 41.59%.

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

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

According to the Articles of Association, the financial statements, which has been approved by the board of directors on 26 April 2022, was submitted to general meeting of shareholders for approval.

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

II BASIS OF PREPERATION

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

The financial statements are presented on a going concern basis.

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

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully, the financial position of the company on 31 December 2021 and the financial results and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

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

3. Functional currency

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

4. Business combination

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

4. Business combination (continued)

Business combination involving entities under common control

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

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

Business combination involving entities not under common control

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

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

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

5. Consolidated financial statements

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

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

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

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

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

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

6. Joint venture arrangement classification and joint operation

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

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

7. Cash and cash equivalents

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

8. Foreign currency translation

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

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

When preparing consolidated financial statements, the financial statements of the subsidiaries presented in foreign currencies are translated into Renminbi as follows: asset and liability accounts are translated into Renminbi at exchange rates ruling at the balance sheet date; shareholders' equity accounts other than retained profits are translated into Renminbi at the applicable exchange rates ruling at the transaction dates; income and expense in income statement are translated into Renminbi average exchange rate of the period in which the transaction occurred (unless the exchange rate fluctuation makes it inappropriate to adopt this exchange rate for conversion, the spot exchange rate on the date of cash flow shall be adopted for conversion); 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 overseas 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 (unless the exchange rate fluctuation makes it inappropriate to adopt this exchange rate for conversion, the spot exchange rate on the date of cash flow shall be adopted for conversion). 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.

9. Financial instruments(continued)

Classification and measurement of financial assets(continued)

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

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

Debt investments measured at amortized cost

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

Debt investments at fair value through other comprehensive income

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

Equity investments at fair value through other comprehensive income

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

9. Financial instruments (continued)

Classification and measurement of financial assets (continued)

Financial assets at fair value through profit or loss

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

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 recognized in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss.

Other financial liabilities

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

9. Financial instruments (continued)

Impairment of financial assets

On the basis of expected credit loss, the Group carries out impairment treatment on financial assets, measured at amortized cost and contract assets and recognizes loss reserves

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

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

9. Financial instruments (continued)

Offsetting of financial instruments

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

Transfer of financial assets

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

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

10. Inventories

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

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

The Group applies a perpetual counting method of inventory.

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

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

11. Long-term equity investments

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

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

11. Long-term equity investments (continued)

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

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

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

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

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

11. Long-term equity investments (continued)

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

12. Investment property

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

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

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

13. Fixed assets

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

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

13. Fixed assets (continued)

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

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

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

14. Construction in progress

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

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

15. Borrowing costs

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

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

15. Borrowing costs (continued)

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.

16. Right-of-use assets

The Group's right-of-use assets are mainly buildings.

At the commencement date of the lease period, the Group recognizes its right to use the leased assets during the lease period as a right-of-use asset, including: the initial measured amount of the lease liability; the amount of lease payments paid on or before the start date of the lease period, in addition, the relevant amount of lease incentive should be deducted; Initial direct expenses incurred by the lessee; the estimated cost incurred by the lessee 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. the Group adopts the average age method to depreciate the assets of the right of use. If it can be reasonably determined that the ownership of the leased asset is obtained at the expiration of the lease term, the Group adopts depreciation 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, the Group adopts depreciation within the shorter of the lease term and the remaining service life of the leased asset.

When the Group remeasures the lease liability according to the present value of the changed lease payment and adjusts the book value of the right of use asset, if the carrying amount of the right-of-use assets has been reduced to zero but the lease liabilities still need to be further reduced, the Group will include the remaining amount in the profit or loss of the current period.

17. Intangible assets

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

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

The useful lives of the intangible assets are as follow:

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

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

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

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

18. Research and development expenditures

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

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

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

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

19. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventory, contract assets, 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.

19. Impairment of assets (continued)

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

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

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

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

20. Long-term deferred expenses

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

21. Employee benefits

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

21. Employee benefits (continued)

Short-term employee salaries

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

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plan)

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

Remeasurements arising from defined benefit pension plans are recognized 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 recognized in profit or loss at the earlier of: the date of the plan amendment or curtailment; and the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes 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 recognizes restructuring costs involving the payment of termination benefits.

22. Lease liabilities

At the commencement date of the lease period, the Group recognizes the present value of the outstanding lease payments as a lease liability, excluding short-term leases and leases of low-value assets. When calculating the present value of the lease payment, the Group uses the lease implied rate as the discount rate, and if the lease implied interest rate cannot be determined, the lessee incremental borrowing rate is 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. Variable lease payments that are not included in the measurement of lease liabilities are included in the profit or loss of the current period when actually incurred, unless otherwise specified to be included in the cost of the underlying assets.

After the commencement date of the lease period, the Group remeasures the lease liability against the present value of the changed lease payment amount when there is a change in the amount of substantial fixed payments, a change in the amount expected to pay due to the residual value of the guarantee, a change in the index or ratio used to determine the amount of the lease payment, the assessment of the purchase option, the renewal option or the option to terminate the lease.

23. Provisions

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

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

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

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

24. Share-based payments

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments as consideration for settlement.

An equity-settled share-based payment in exchange for services received from employees is measured at the fair value of the equity instruments granted to the employees. If such equity-settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date are recognized, with a corresponding increase in capital reserves; if such equity-settled share-based payment could not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group at each balance sheet date during the vesting period recognizes the services received for the current period as related costs and expenses, with a corresponding increase in capital reserves, at an amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to vest. The fair value is determined using the closing price of the company's shares on the grant date.

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

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

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

25. 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.

25. Revenue from contracts with customers (continued)

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, 23. 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.

26. Contract assets and contract liabilities

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

Contract assets

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

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

26. Contract assets and contract liabilities (continued)

Contract liabilities

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

27. 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 net 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.

28. 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.

28. Income taxes (continued)

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.

29. Leases

Identification of leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customer has both of the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

29. Leases (continued)

Assessment of the lease term

The lease term is the non-cancellable period of a lease for which the Group has the right to use an underlying asset. If the Group has an option to extend the lease, that is, the Group has the right to extend the lease, and is reasonably certain to exercise that option, the lease term also includes periods covered by an option to extend the lease. If the Group has an option to terminate the lease, that is, the Group has the right to terminate the lease, but is reasonably certain not to exercise that option, the lease term includes periods covered by an option to terminate the lease. The Group reassesses whether it is reasonably certain to exercise an extension option, purchase option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in the circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term.

As lessee

The Group's general accounting treatment as a lessee is provided in Notes III, 16 and 22.

Short-term leases and leases of low-value assets

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease with a lower value of a single leased asset is recognized as a low value asset lease.

As lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

The Group recording the operating lease as a lessor

Rental income under an operating lease is recognized on a straight-line basis over the lease term, through profit or loss. Variable lease payments that are not included in the measurement of lease receivables are charged to profit or loss as incurred.

29. Leases (continued)

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

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

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.

32. Fair value measurement (continued)

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 arrangement 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 and contract assets

The Group uses the expected credit loss model to assess the impairment of financial instruments and contract assets. 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.

33. Significant accounting judgments and estimates (continued)

Uncertainty of accounting estimates (continued)

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

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

Fair value of unlisted equity investments

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

Development expenditures

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

Deferred tax assets

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

Warranty

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

33. Significant accounting judgments and estimates (continued)

Uncertainty of accounting estimates (continued)

Depreciation and amortization

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

34. Changes in accounting policies and estimates

Changes in accounting policies

New lease standard

In 2018, the Ministry of Finance issued the revised "Accounting Standards for Business Enterprises No. 21-Lease" (referred to as the "New Lease Standards"). The new lease criteria adopted a single model similar to the current accounting treatment of financial leasing, requiring the lessee to confirm all the leased assets and leased liabilities except for short-term leases and low value assets leases, and to confirm depreciation and interest charges respectively. Since January 1, 2021, the Group has carried out accounting treatment in accordance with the newly revised leasing standards, and according to the connection provisions, the information of comparable periods will not be adjusted. The difference between the new leasing standards and the current leasing standards on the date of first implementation will be retroactively adjusted to the retained earnings at the beginning of 2021:

- (1) For operating leases before the first execution date, the Group measures the lease liabilities according to the present value discounted by the incremental loan interest rate on the first execution date according to the remaining lease payments, and measures the right to use assets according to the amount equal to the lease liabilities according to each lease, and makes necessary adjustments according to the prepaid rent;
- (2) The Group conducts impairment test on the right of use assets and carries out corresponding accounting treatment in accordance with note III,19.

The Group adopts simplified treatment of operating leases in which the leased assets are low-value assets before the date of first execution or operating leases that will be completed within 12 months, and the right-of-use assets and lease liabilities are not recognized.

For the outstanding minimum lease payments for major operating leases disclosed in the 2020 financial statements, the current value discounted by the Group at the incremental borrowing rate of the Group on 1 January 2021 and the lease liabilities recorded on the balance sheet on 1 January 2021 are adjusted as follows:

34. Changes in accounting policies and estimates (continued)

Changes in accounting policies (continued)

New lease standard (continued)

Minimum lease payments for major operating leases on December 31, 2021	110,343,579.34
Less: lease payments with simplified treatment	47,604,762.67
Including: short-term lease	24,943,763.34
Leases with a remaining lease term of less than 12 months	<u>22,660,999.33</u>
Weighted average incremental borrowing rate	4.75%
Present value of operating lease payments / lease liabilities on January 1, 2021	<u>55,163,093.63</u>

The impact of the implementation of the new lease standards on the balance sheet items on January 1, 2021 is as follows:

Consolidated balance sheet	Carrying amount	Under the original requirements	Effect
Right-of-use assets	55,163,093.63	-	55,163,093.63
Non-current liability within 1 year	120,503,881.76	100,000,000.00	20,503,881.76
Lease liabilities	<u>34,659,211.87</u>	<u>-</u>	<u>34,659,211.87</u>
Company's balance sheet	Carrying amount	Under the original requirements	Effect
Right-of-use assets	52,544,645.35	-	52,544,645.35
Non-current liability within 1 year	119,288,818.63	100,000,000.00	19,288,818.63
Lease liabilities	<u>33,255,826.72</u>	<u>-</u>	<u>33,255,826.72</u>

34. Changes in accounting policies and estimates (continued)

Changes in accounting policies (continued)

New lease standard (continued)

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

Consolidated financial statements	Carrying amount	Under the original requirements	Effect
Right-of-use assets	66,313,062.98	-	66,313,062.98
Non-current liability within 1 year	533,839,583.57	508,893,759.05	24,945,824.52
Lease liabilities	38,679,735.59	-	38,679,735.59
Operating cost	87,648,705,534.14	87,648,754,008.14	(48,474.00)
Operating expenses	4,645,654,234.59	4,647,025,145.10	(1,370,910.51)
General and administrative expenses	3,499,654,508.49	3,502,746,180.45	(3,091,671.96)
Financial income	<u>(780,923,197.18)</u>	<u>(784,161,223.76)</u>	<u>3,238,026.58</u>
Company's financial statements	Carrying amount	Under the original requirements	Effect
Right-of-use assets	53,789,648.12	-	53,789,648.12
Non-current liability within 1 year	374,210,756.73	354,300,000.00	19,910,756.73
Lease liabilities	30,751,928.99	-	30,751,928.99
Operating expenses	3,670,173,505.37	3,671,505,911.67	(1,332,406.30)
General and administrative expenses	2,610,713,089.51	2,613,804,761.47	(3,091,671.96)
Financial income	<u>(695,999,209.03)</u>	<u>(699,030,102.21)</u>	<u>3,030,893.18</u>

In addition, from the first execution date, the Group will include the cash paid for repaying the principal and interest of lease liabilities in the cash flow statement into the cash outflow from financing activities. The short-term lease payments and low-value asset lease payments paid with simplified treatment and the variable lease payments not included in the measurement of lease liabilities are still included in the cash outflow from operating activities.

Changes in accounting treatment methods of government subsidies

In order to provide more reliable and relevant accounting information and better reflect the operating activities and financial situation, the Group changed the Group's government subsidy accounting policy from the total amount method to the net amount method, and offset the government subsidies related to assets against the book value of relevant assets according to the "Accounting Standards for Business

34. Changes in accounting policies and estimates (continued)

Changes in accounting policies (continued)

Changes in government subsidies accounting policies

Enterprises No. 16 – Government Subsidies” from January 1. The accounting policy change has been adopted at the 16th meeting of the 8th board of directors of the Group. According to the “Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Error Correction”, the Group adopts the retroactive adjustment method to retroactively adjust the data of previous years.

The main impacts of the above changes in government subsidy accounting policies on the financial statements of 2021 are as follows:

Consolidated financial statements	Carrying amount	Under the original policy	Reclassification effect
Fixed asset	21,325,959,850.16	23,583,255,354.98	(2,257,295,504.82)
Intangible asset	4,385,997,657.67	4,886,584,167.64	(500,586,509.97)
Deferred income	924,749,731.12	3,682,631,745.91	(2,757,882,014.79)
Operating cost	87,648,705,534.14	88,001,120,607.40	(352,415,073.26)
Operating expenses	4,645,654,234.59	4,655,616,992.16	(9,962,757.57)
General and administrative expenses	3,499,654,508.49	3,555,840,034.73	(56,185,526.24)
Research and development expenses	3,515,029,178.76	4,078,658,978.23	(563,629,799.47)
Financial income	(780,923,197.18)	(780,832,197.18)	(91,000.00)
Gain on disposal of assets	745,601,530.26	722,108,377.23	23,493,153.03
Other income	<u>330,174,796.23</u>	<u>1,335,952,105.80</u>	<u>(1,005,777,309.57)</u>
Company's financial statements	Carrying amount	Under the original policy	Reclassification effect
Fixed asset	16,001,089,813.79	17,495,448,067.16	(1,494,358,253.37)
Intangible asset	3,205,472,940.52	3,680,312,743.59	(474,839,803.07)
Deferred income	150,000,000.00	2,119,198,056.44	(1,969,198,056.44)
Operating cost	84,138,585,800.66	84,283,741,390.76	(145,155,590.10)
Operating expenses	3,670,173,505.37	3,673,913,004.20	(3,739,498.83)
General and administrative expenses	2,610,713,089.51	2,647,990,655.45	(37,277,565.94)
Research and development expenses	3,371,837,869.71	3,532,600,960.19	(160,763,090.48)
Financial income	(695,999,209.03)	(695,908,209.03)	(91,000.00)
Other income	<u>40,860,900.00</u>	<u>387,887,645.35</u>	<u>(347,026,745.35)</u>

34. Changes in accounting policies and estimates (continued)

Changes in accounting policies (continued)

Changes in government subsidies accounting policies (continued)

The main impact of the retroactive adjustment caused by the change of the above government subsidy accounting policies on the financial statements of 2020 is as follows:

Consolidated financial statements	Carrying amount before changes in accounting policy	Changes in accounting policy of government subsidies reclassification	Carrying amount after changes in accounting policy
Fixed asset	26,436,757,696.96	(2,136,166,846.94)	24,300,590,850.02
Intangible asset	4,946,035,052.46	(514,452,107.72)	4,431,582,944.74
Deferred income	3,469,017,384.88	(2,650,618,954.66)	818,398,430.22
Operating cost	72,473,471,726.85	(372,409,598.02)	72,101,062,128.83
Operating expenses	3,413,296,854.70	(7,383,124.11)	3,405,913,730.59
General and administrative expenses	4,273,555,030.82	(101,786,442.66)	4,171,768,588.16
Research and development expenses	3,153,888,007.29	(265,014,380.47)	2,888,873,626.82
Financial income	(210,224,449.63)	(165,000.00)	(210,389,449.63)
Gain on disposal of assets	29,465,046.07	51,142,861.98	80,607,908.05
Other income	<u>797,901,407.24</u>	<u>(797,901,407.24)</u>	-
Company's financial statements	Carrying amount before changes in accounting policy	Changes in accounting policy of government subsidies reclassification	Carrying amount after changes in accounting policy
Fixed asset	19,757,553,675.99	(1,475,486,782.82)	18,282,066,893.17
Intangible asset	3,653,199,216.48	(487,020,843.15)	3,166,178,373.33
Deferred income	2,112,507,625.97	(1,962,507,625.97)	150,000,000.00
Operating cost	71,325,749,326.52	(102,680,999.94)	71,223,068,326.58
Operating expenses	2,676,426,234.73	(3,341,124.11)	2,673,085,110.62
General and administrative expenses	3,508,937,049.67	(43,186,621.87)	3,465,750,427.80
Research and development expenses	2,833,804,608.42	(70,466,902.48)	2,763,337,705.94
Financial income	(240,206,881.20)	(165,000.00)	(240,371,881.20)
Other income	<u>219,840,648.40</u>	<u>(219,840,648.40)</u>	-

IV TAXES

1. Main taxes and tax rates

- Value added tax ("VAT") - The income from the sale of goods and the income from the provision of services are calculated at the tax rates of 13% and 6%, respectively, and the VAT is calculated on the basis of the difference after deducting the input tax that is allowed to be deducted in the current period.
- Consumption tax - Consumption tax is calculated at 1%, 3% or 5% of taxable income.
- City maintenance and construction tax - 5% or 7% of the turnover tax paid is calculated and paid.
- Educational surcharge - 3% of the actual turnover tax paid is calculated and paid.
- Local educational surcharge - 2% of the turnover tax actually paid is calculated and paid.
- Corporate income tax - Corporate income tax is paid at 15%, 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 (2021-2023), and the Company's subsidiaries including Hefei Changan Automobile Company Limited (2019-2021), Hebei Changan Automobile Company Limited (2020-2022), Baoding Changan Bus Manufacturing Company Limited (2020-2022).

According to the Announcement on Continuing the Income Tax Policy for Enterprises in the Large-scale Development of the Western Region jointly issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission, from January 1, 2021 to December 31, 2030, enterprise income tax will be levied at a reduced rate of 15% for encouraged industrial enterprises located in the western region. Chongqing Changan Automobile International Sales Service Co., Ltd., Chongqing Changan Special Purpose Vehicle Co., Ltd., Chongqing Changan Automobile Customer Service Co., Ltd., Chongqing Lingyao Automobile Co., Ltd. and Chongqing Chehemei Technology Co., Ltd., subsidiaries of the Company, meet the above requirements and are subject to corporate income tax calculated at a 15% corporate income tax rate.

According to the Announcement on Enterprise Income Tax Policies on Promoting the High-quality Development of the Integrated Circuit Industry and the Software Industry jointly issued by the Ministry of Finance, the State Administration of Taxation, the Development and Reform Commission and the Ministry of Industry and Information Technology, software enterprises encouraged by the state are exempt from enterprise income tax from the first to second year from the year of profit, and from the third to the fifth year, the statutory tax rate of 25% is halved. Chongqing Changan Automobile Software Technology Co., Ltd., a subsidiary of the Company, meets the above conditions, and this year is the second profit year and is exempt from corporate income tax.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash

	2021	2020
Cash	36,881.35	52,569.13
Cash at bank	49,517,879,953.64	30,655,915,488.50
Other cash	<u>2,458,325,314.38</u>	<u>1,345,807,542.44</u>
Total	<u>51,976,242,149.37</u>	<u>32,001,775,600.07</u>

On 31 December 2021, the book value of restricted cash was RMB2,458,325,314.38, which was mainly restricted for the issuance of acceptance bill (December 2020: RMB1,345,807,542.44).

On December 2021, the cash at bank overseas is equivalent to RMB 300,347,944.86 (31 December 2020: RMB220,217,500.18).

On December 31, 2021, the cash deposited by the Group in the finance company (related party) was RMB 31,652,980,551.77 (December 31, 2020: RMB 18,272,951,856.71). Refer to note IX,7.

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

2. Financial assets held for trading

	2021	2020
Equity instrument investment	177,902,700.00	180,929,400.00
Others	<u>17,895,600.00</u>	<u>23,325,000.00</u>
Total	<u>195,798,300.00</u>	<u>204,254,400.00</u>

As of December 31, 2021, the equity instrument investment was 33.63 million ordinary shares of Southwest Securities Co., Ltd. held by the Group without selling restrictions (December 31, 2020: 33.63 million shares).

3. Notes receivable

(1) Classification of notes receivable

	2021	2020
Commercial acceptance bill	7,080,362,856.62	11,456,829,106.12
Bank acceptance bill	<u>17,187,270,560.03</u>	<u>16,914,711,948.63</u>
Total	<u><u>24,267,633,416.65</u></u>	<u><u>28,371,541,054.75</u></u>

(2) Pledged notes receivable

	2021	2020
Commercial acceptance bill	1,042,916,400.00	1,707,332,200.00
Bank acceptance bill	<u>6,164,348,540.74</u>	<u>5,613,218,260.00</u>
Total	<u><u>7,207,264,940.74</u></u>	<u><u>7,320,550,460.00</u></u>

As at 31 December 2021 and 2020, notes receivable with above carrying amount were pledged to issue notes payable.

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

	2021		2020	
	Derecognition	Un-derecognition	Derecognition	Un-derecognition
Commercial acceptance bill	10,249,473.84	-	270,434,540.00	-
Bank acceptance bill	<u>2,381,317,582.00</u>	-	<u>4,823,033,140.36</u>	-
Total	<u><u>2,391,567,055.84</u></u>	-	<u><u>5,093,467,680.36</u></u>	-

(4) As at 31 December 2021, there was no note receivables converted to accounts receivable due to the inability of the drawer to perform the contract. (As at 31 December 2020: RMB999,460.00.)

4. Accounts receivable

(1) Aging analysis of the accounts receivable on 31 December 2021 is as follows:

	2021	2020
Within 1 year	1,605,244,476.97	1,801,562,183.50
1 to 2 years	28,484,908.94	371,018,064.79
2 to 3 years	116,846,682.50	60,086,826.22
Over 3 years	<u>140,125,844.08</u>	<u>98,021,103.16</u>
Total	1,890,701,912.49	2,330,688,177.67
Less: Provision	<u>(215,274,377.62)</u>	<u>(189,491,038.22)</u>
	<u><u>1,675,427,534.87</u></u>	<u><u>2,141,197,139.45</u></u>

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

	Beginning balance	Accrual	Reversal	Write-off	Ending balance
2021	189,491,038.22	31,121,598.40	3,933,948.00	1,404,311.00	215,274,377.62
2020	<u>84,152,474.01</u>	<u>105,402,877.08</u>	<u>28,657.87</u>	<u>35,655.00</u>	<u>189,491,038.22</u>

(3) Analysis of accounts receivable by category as at 31 December 2021 is as follows:

	2021			
	Balance		Accrual	
	Amount	(%)	Amount	(%)
Individually analyzed for provision	1,116,005,410.48	59.03	161,822,950.43	14.50
Provision based on the combination of credit risk characteristics	<u>774,696,502.01</u>	<u>40.97</u>	<u>53,451,427.19</u>	<u>6.90</u>
Total	<u><u>1,890,701,912.49</u></u>	<u><u>100.00</u></u>	<u><u>215,274,377.62</u></u>	<u><u>11.39</u></u>
	2020			
	Balance		Accrual	
	Amount	(%)	Amount	(%)
Individually analyzed for provision	1,739,103,610.26	74.62	129,549,853.46	7.45
Provision based on the combination of credit risk characteristics	<u>591,584,567.41</u>	<u>25.38</u>	<u>59,941,184.76</u>	<u>10.13</u>
Total	<u><u>2,330,688,177.67</u></u>	<u><u>100.00</u></u>	<u><u>189,491,038.22</u></u>	<u><u>8.13</u></u>

4. Accounts receivable (continued)

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

	2021			2020		
	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	572,882,251.72	0.13	759,937.11	380,624,542.70	0.43	1,629,902.59
1 to 2 years	28,352,246.25	8.57	2,429,794.47	114,659,032.16	12.32	14,121,441.41
2 to 3 years	92,634,562.67	12.47	11,548,535.79	52,003,007.12	40.07	20,836,462.37
Over 3 years	80,827,441.37	47.90	38,713,159.82	44,297,985.43	52.72	23,353,378.39
Total	<u>774,696,502.01</u>	<u>6.90</u>	<u>53,451,427.19</u>	<u>591,584,567.41</u>	<u>10.13</u>	<u>59,941,184.76</u>

- (5) As at 31 December 2021, accounts receivable from Top 5 clients amounted to RMB924,920,983.66, accounted for 48.92% of the total accounts receivable (2020 : RMB1,427,737,884.48, accounted for 61.26% of the total amount).

- (6) There were no accounts receivable derecognized due to transfer of financial assets during 2021 (2020: Nil).

5. Prepayments

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

Aging	2021		2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	3,223,697,503.44	99.46	399,060,385.64	86.61
1 to 2 years	12,192,890.74	0.38	25,223,574.66	5.48
2 to 3 years	3,934,439.12	0.12	36,342,451.32	7.89
Over 3 years	<u>1,423,997.98</u>	<u>0.04</u>	<u>77,192.18</u>	<u>0.02</u>
Total	<u>3,241,248,831.28</u>	<u>100.00</u>	<u>460,703,603.80</u>	<u>100.00</u>

- (2) As at 31 December 2021, prepayments to Top 5 suppliers amounted to RMB1,151,298,912.20, which accounted for 35.52% of the total prepayments (2020: RMB346,863,258.58, which accounted for 75.29% of the total amount).

6. Other receivables

(1) Aging analysis of other receivables as at 31 December 2021 is as follows:

	2021	2020
Within 1 year	617,564,020.74	331,458,596.48
1 to 2 years	1,762,913.64	129,964,617.73
2 to 3 years	2,737,081.98	194,978,317.34
Over 3 years	<u>17,525,165.97</u>	<u>79,338,758.60</u>
Total	639,589,182.33	735,740,290.15
Less: Provision	<u>(7,466,239.96)</u>	<u>(11,821,252.79)</u>
	<u><u>632,122,942.37</u></u>	<u><u>723,919,037.36</u></u>

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

	2021	2020
New energy subsidy	409,468,872.96	517,224,182.80
Reserve	23,921,846.41	18,868,220.28
Margin	84,465,512.53	4,075,233.90
Other	<u>114,266,710.47</u>	<u>183,751,400.38</u>
Total	<u><u>632,122,942.37</u></u>	<u><u>723,919,037.36</u></u>

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

	Beginning balance	Provision	Reversal	Write-off	Ending balance
2021	11,821,252.79	68,455.17	4,205,241.00	218,227.00	7,466,239.96
2020	<u>12,955,071.11</u>	<u>4,323,884.00</u>	<u>1,955,043.32</u>	<u>3,502,659.00</u>	<u>11,821,252.79</u>

6. Other receivables (continued)

(4) at 31 December 2021, top five debtors of other receivables are as follows:

2021

	Amount	Nature	Aging	Proportion of total other receivables (%)	Provision
First	358,470,077.96	New energy subsidy	Within 1year	56.05	-
Second	50,998,795.00	New energy subsidy	Within 1year	7.97	-
Third	49,018,367.96	Disposal income of assets	Within 1year	7.66	-
Fourth	33,331,404.62	Margin	Within 1year	5.21	-
Fifth	<u>26,670,000.00</u>	Equity investment	Within 1year	<u>4.17</u>	-
Total	<u>518,488,645.54</u>			<u>81.06</u>	-

2020

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

(5) For the year ended 2021, there were no accounts receivable derecognized due to transfer of financial assets. (2020: Nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
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7. Inventories

(1) Classification of inventories

	2021			2020		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	814,952,436.64	313,721,126.17	501,231,310.47	774,157,630.94	361,595,043.64	412,562,587.30
Material in transit	355,550,319.54	-	355,550,319.54	221,894,049.90	-	221,894,049.90
Work in progress	2,759,775,787.47	72,995,707.72	2,686,780,079.75	870,386,230.20	74,926,608.94	795,459,621.26
Finish goods	3,420,908,192.91	166,294,516.69	3,254,613,676.22	4,703,486,357.31	214,237,621.88	4,489,248,735.43
Consigned processing material	29,535,580.80	-	29,535,580.80	18,085,079.75	-	18,085,079.75
Consumables	25,163,453.81	-	25,163,453.81	30,266,156.93	-	30,266,156.93
Total	7,405,885,771.17	553,011,350.58	6,852,874,420.59	6,618,275,505.03	650,759,274.46	5,967,516,230.57

(2) Provision for inventories

2021

	Beginning balance	Provision	Deduction		Ending balance
			Reversal	Written off	
Raw materials	361,595,043.64	63,699,792.10	25,532.23	111,548,177.34	313,721,126.17
Work in progress	74,926,608.94	33,974,479.46	25,024.29	35,880,356.39	72,995,707.72
Finish goods	214,237,621.88	82,003,406.68	1,522.21	129,944,989.66	166,294,516.69
Total	650,759,274.46	179,677,678.24	52,078.73	277,373,523.39	553,011,350.58

2020

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

(3) Note for inventory provision

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

Chongqing Changan Automobile Company Limited
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8. Contract assets

	2021		
	Book balance	Impairment	Book value
Contract assets	<u>1,320,954,229.34</u>	<u>169,661,981.98</u>	<u>1,151,292,247.36</u>
	2020		
	Book balance	Impairment	Book value
Contract assets	<u>1,584,180,347.49</u>	<u>134,148,932.88</u>	<u>1,450,031,414.61</u>

The movement of impairment for contract assets is as follows: :

	Balance at the beginning of the year	Provision	Reverse	Write off	end of year balance
2021	134,148,932.88	49,094,830.06	7,431,781.00	6,149,999.96	169,661,981.98
2020	<u>112,639,013.00</u>	<u>50,796,386.88</u>	<u>29,286,467.00</u>	-	<u>134,148,932.88</u>

9. Other current assets

	2021	2020
Input VAT to be deducted	1,140,996,871.24	847,632,683.61
Prepaid taxes and fees	3,078,565.10	402,351,805.17
Entrusted loan	-	300,000,000.00
Others	<u>3,723,435.08</u>	<u>18,727,381.83</u>
Total	<u>1,147,798,871.42</u>	<u>1,568,711,870.61</u>

Chongqing Changan Automobile Company Limited
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10. Long-term equity investments

2021

	Beginning balance	Addition	Investment income under equity method	Other equity variation	Cash dividends declared	Other Deduction	Provision	Ending balance	Ending balance of provision
Joint Venture									
Changan Ford Automobile Co., Ltd.	1,791,533,495.17	-	1,143,342,548.82	-	-	-	-	2,934,876,043.99	-
Changan Mazda Automobile Co., Ltd.	1,995,998,622.28	-	417,328,331.92	-	173,259,152.47	(719,500,000.00)	-	1,867,086,106.67	-
Changan Mazda Engine Co., Ltd.	832,869,256.44	-	41,752,307.94	-	-	(39,500,000.00)	-	835,121,564.38	-
Nanchang Jiangling Holding Co., Ltd.	1,545,807,633.84	-	86,068,773.02	(1,279,985.89)	-	-	-	1,630,596,420.97	-
Subtotal	6,166,209,007.73	-	1,688,491,961.70	(1,279,985.89)	173,259,152.47	(759,000,000.00)	-	7,267,680,136.01	-
Associates									
Chongqing Changan Kuayue Automobile Co., Ltd.	237,736,134.21	-	8,486,062.65	-	-	(3,430,000.00)	-	242,792,196.86	-
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	-	247,691,770.61	-	-	(65,191,812.92)	-	2,520,349,332.44	-
Hainan Anxinxing Information Technology Co., Ltd. (note1)	2,316,052.92	-	(2,316,052.92)	-	-	-	-	-	-
Nanjing Chelai Travel Technology Co., Ltd.	1,192,605.27	-	(325,716.37)	-	-	-	-	866,888.90	-
Hunan Guoxin Semiconductor Technology Co., Ltd.	25,373,809.47	-	47,460.39	-	-	(136,152.91)	-	25,285,116.95	-
Chongqing Wutong Chelian Technology Co., Ltd. (note1)	-	3,711.00	(3,711.00)	-	-	-	-	-	-
Anhe (Chongqing) Equity Investment Fund Management Co., Ltd.	1,518,177.47	-	681,039.27	-	-	-	-	2,199,216.74	-
Hangzhou Chelizi Intelligent Technology Co., Ltd.	9,692,964.92	-	(236,728.34)	-	-	-	-	9,456,236.58	-
Nanjing Leading Equity Investment Management Co., Ltd. (Limited Partnership)	999,636,607.63	741,732,283.00	682,775,058.89	-	-	-	-	2,424,143,949.52	-
Nanjing Leading Equity Investment Partnership	1,262,180.39	-	(129,114.79)	-	-	-	-	1,133,065.60	-
Pakistan Master Automobile Co., Ltd.	33,550,101.47	-	6,617,173.35	-	-	-	-	40,167,274.82	-
Jiangling Holding Co., Ltd.	201,736,644.25	-	(131,243,854.17)	-	-	-	-	70,492,790.08	-
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	1,991,016,135.19	-	(1,565,750,063.91)	-	-	-	-	425,266,071.28	-
Zhongqi Chuangzhi Technology Co., Ltd.	100,000,000.00	100,000,000.00	(9,465,002.85)	-	-	-	-	190,534,997.15	-
Chongqing Changxin Zhiqi Private Equity Investment Fund Partnership (Limited Partnership)	-	25,500,000.00	(492,412.38)	-	-	-	-	25,007,587.62	-
Subtotal	5,942,880,787.94	867,235,994.00	(763,664,091.57)	-	-	(68,757,965.83)	-	5,977,694,724.54	-
Total	12,109,089,795.67	867,235,994.00	924,827,870.13	(1,279,985.89)	173,259,152.47	(827,757,965.83)	-	13,245,374,860.55	-

10. Long-term equity investments(continued)

Note 1: On 2021 December 31, the Group of Chongqing Changan Kuayue Automobile Co., Ltd., Beijing Fang'an crescent taxi Co., Ltd., Chongqing Wutong Chelian Technology Co., Ltd. and Hainan Anxinxing Information Technology Co., Ltd. did not have the obligation to undertake extra losses, so the excess loss when it occurs, only the long-term equity investment was written down to zero. The excess losses related to the investment in the above three companies were not recognized.

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10. Long-term equity investments (continued)

2020

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

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11. Investment in other equity instruments

2021

	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	5,959,600.00	205,959,600.00	-	Unlisted equity instruments
China South Industry Group Finance Co., Ltd.	174,979,200.00	332,000,000.00	70,203,905.15	Unlisted equity instruments
Guoqi (Beijing) Intelligent Network Association Automotive Research Institute Co., Ltd.	100,000.00	50,100,000.00	-	Unlisted equity instruments
Guoqi Automobile Power Cell Research Co., Ltd.	6,700,000.00	46,700,000.00	-	Unlisted equity instruments
China South Industry Group Financial Leasing Co., Ltd.	12,098,000.00	42,650,000.00	-	Unlisted equity instruments
Zhong Fa Lian Investment Co., Ltd.	-	21,000,000.00	8,296,000.00	Unlisted equity instruments
CAERI(Beijing) automobile Lightweight Technology Research Institution Co., Ltd.	-	3,000,000.00	-	Unlisted equity instruments
Sichuan Glass Co., Ltd.	-	-	-	Unlisted equity instruments
Total	199,836,800.00	701,409,600.00	78,499,905.15	

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11. Investment in other equity instruments (continued)

2020

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

12. Investment property

Cost Model

Buildings	2021	2020
Original cost		
Beginning and Ending balance	<u>10,050,100.00</u>	<u>10,050,100.00</u>
Accumulated depreciation and amortization		
Beginning	3,173,961.84	2,947,250.28
Accrual	<u>226,711.56</u>	<u>226,711.56</u>
Ending	<u>3,400,673.40</u>	<u>3,173,961.84</u>
Impairment Provision		
Beginning and Ending	<u>-</u>	<u>-</u>
Carrying amount		
Ending	<u>6,649,426.60</u>	<u>6,876,138.16</u>
Beginning	<u>6,876,138.16</u>	<u>7,102,849.72</u>

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

As at 31 December 2021, there was no investment property without property certificate (As at 31 December 2020: Nil).

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13. Fixed assets

(1) Details of fixed assets

2021

	Buildings	Machinery	Vehicles	Other Equipment	Total
Original cost					
Beginning (Restated)	10,066,169,441.77	26,288,090,298.73	1,226,140,443.01	8,865,870,472.93	46,446,270,656.44
Purchase	11,306.95	17,077,558.92	3,115,387.73	6,458,371.45	26,662,625.05
Transfer from Construction in progress	10,913,289.22	56,958,774.50	389,549,047.56	647,311,794.62	1,104,732,905.90
Government grants	58,219,853.53	280,095,599.82	14,203,669.96	29,234,649.46	381,753,772.77
Disposal	<u>137,573,033.19</u>	<u>68,099,707.48</u>	<u>183,430,550.81</u>	<u>48,311,016.39</u>	<u>437,414,307.87</u>
Ending	<u>9,881,301,151.22</u>	<u>26,013,931,324.85</u>	<u>1,421,170,657.53</u>	<u>9,442,094,973.15</u>	<u>46,758,498,106.75</u>
Accumulated depreciation					
Beginning (Restated)	2,477,068,266.00	13,020,076,877.36	507,000,274.31	4,428,190,094.09	20,432,335,511.76
Accrual	389,459,177.13	1,811,920,566.61	118,631,361.81	605,254,490.57	2,925,265,596.12
Disposal	<u>35,757,044.70</u>	<u>61,010,747.97</u>	<u>88,278,752.44</u>	<u>44,755,370.90</u>	<u>229,801,916.01</u>
Ending	<u>2,830,770,398.43</u>	<u>14,770,986,696.00</u>	<u>537,352,883.68</u>	<u>4,988,689,213.76</u>	<u>23,127,799,191.87</u>
Impairment provision					
Beginning	100,679,400.66	1,255,840,090.86	124,040,034.63	232,784,768.51	1,713,344,294.66
Accrual	6,495,998.00	521,868,181.56	556,175.52	102,761,810.82	631,682,165.90
Disposal	<u>7,754,346.50</u>	<u>5,290,549.68</u>	<u>24,662,607.60</u>	<u>2,579,892.06</u>	<u>40,287,395.84</u>
Ending	<u>99,421,052.16</u>	<u>1,772,417,722.74</u>	<u>99,933,602.55</u>	<u>332,966,687.27</u>	<u>2,304,739,064.72</u>
Carrying amount					
Ending	<u>6,951,109,700.63</u>	<u>9,470,526,906.11</u>	<u>783,884,171.30</u>	<u>4,120,439,072.12</u>	<u>21,325,959,850.16</u>
Beginning	<u>7,488,421,775.11</u>	<u>12,012,173,330.51</u>	<u>595,100,134.07</u>	<u>4,204,895,610.33</u>	<u>24,300,590,850.02</u>

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13. Fixed assets (continued)

(1) Details of fixed assets (continued)

2020(Restated)

	Buildings	Machinery	Vehicles	Other Equipment	Total
Original cost					
Beginning	9,283,510,549.88	24,995,818,934.61	1,111,850,076.46	8,048,903,996.45	43,440,083,557.40
Purchase	3,782,255.92	10,233,771.87	716,168.53	712,526.80	15,444,723.12
Transfer from Construction in progress	784,639,293.15	1,838,596,599.52	358,185,689.31	956,035,182.68	3,937,456,764.66
Other addition	-	797,980.55	433,482.76	1,277,742.96	2,509,206.27
Other deduction	-	501,642.49	-	28,817,283.39	29,318,925.88
Government grants	-	317,916,017.19	86,628,000.00	5,946,607.45	410,490,624.64
Disposal	<u>5,762,657.18</u>	<u>238,939,328.14</u>	<u>158,416,974.05</u>	<u>106,295,085.12</u>	<u>509,414,044.49</u>
Ending	<u>10,066,169,441.77</u>	<u>26,288,090,298.73</u>	<u>1,226,140,443.01</u>	<u>8,865,870,472.93</u>	<u>46,446,270,656.44</u>
Accumulated depreciation					
Beginning	2,111,029,253.15	11,217,226,484.96	530,903,805.63	3,878,779,639.79	17,737,939,183.53
Accrual	368,587,402.08	1,875,146,770.13	104,916,770.49	608,200,995.59	2,956,851,938.29
Other addition	-	151,492.51	104,035.84	289,523.48	545,051.83
Other deduction	-	101,641.45	-	5,787,985.65	5,889,627.10
Disposal	<u>2,548,389.23</u>	<u>72,346,228.79</u>	<u>128,924,337.65</u>	<u>53,292,079.12</u>	<u>257,111,034.79</u>
Ending	<u>2,477,068,266.00</u>	<u>13,020,076,877.36</u>	<u>507,000,274.31</u>	<u>4,428,190,094.09</u>	<u>20,432,335,511.76</u>
Impairment provision					
Beginning	85,592,184.71	631,047,449.99	36,761,889.19	106,993,818.46	860,395,342.35
Accrual	15,087,215.95	716,207,552.01	112,398,091.09	174,235,148.79	1,017,928,007.84
Disposal	-	91,414,911.14	25,119,945.65	48,444,198.74	164,979,055.53
Ending	<u>100,679,400.66</u>	<u>1,255,840,090.86</u>	<u>124,040,034.63</u>	<u>232,784,768.51</u>	<u>1,713,344,294.66</u>
Carrying amount					
Ending	<u>7,488,421,775.11</u>	<u>12,012,173,330.51</u>	<u>595,100,134.07</u>	<u>4,204,895,610.33</u>	<u>24,300,590,850.02</u>
Beginning	<u>7,086,889,112.02</u>	<u>13,147,544,999.66</u>	<u>544,184,381.64</u>	<u>4,063,130,538.20</u>	<u>24,841,749,031.52</u>

(2) Fixed assets that are temporarily unused

On December 31, 2021, fixed assets with a book value of approximately RMB 150,232,534.30 (December 31, 2020: book value of approximately RMB 135,900,346.33) were temporarily idle due to product planning and other reasons.

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

2021

	Buildings	Machinery	Vehicles	Total
Original cost				
Beginning	262,415,513.45	156,809,971.64	896,182,876.14	1,315,408,361.23
Addition	144,970,404.33	37,112,431.50	388,057,070.59	570,139,906.42
Deduction	-	-	141,723,534.54	141,723,534.54
Ending	<u>407,385,917.78</u>	<u>193,922,403.14</u>	<u>1,142,516,412.19</u>	<u>1,743,824,733.11</u>
Accumulated depreciation				
Beginning	76,364,071.98	61,385,064.83	415,268,200.97	553,017,337.78
Accrual	22,457,459.22	7,404,924.60	108,398,037.71	138,260,421.53
Disposal	-	-	84,891,147.51	84,891,147.51
Ending	<u>98,821,531.20</u>	<u>68,789,989.43</u>	<u>438,775,091.17</u>	<u>606,386,611.80</u>
Impairment provision				
Beginning and ending balance	<u>13,971,205.80</u>	<u>63,528,839.55</u>	-	<u>77,500,045.35</u>
Carrying amount				
Ending	<u>294,593,180.78</u>	<u>61,603,574.16</u>	<u>703,741,321.02</u>	<u>1,059,938,075.96</u>
Beginning	<u>172,080,235.67</u>	<u>31,896,067.26</u>	<u>480,914,675.17</u>	<u>684,890,978.10</u>
2020				
	Buildings	Machinery	Vehicles	Total
Ending	<u>172,080,235.67</u>	<u>31,896,067.26</u>	<u>480,914,675.17</u>	<u>684,890,978.10</u>

13. Fixed assets (continued)

(4) Fixed assets without property certificate as at 31 December 2021 are as follow:

	Carrying amount	Reason for incomplete
R&D Center	771,348,960.91	Under processing
Assembly workshop	513,691,774.45	Under processing
Other plants	412,768,724.01	Under processing
Welding workshop	370,632,476.79	Under processing
Painting workshop	343,973,001.53	Under processing
H plant Phase IV	139,107,134.31	Under processing
Stamping Workshop	139,070,336.04	Under processing
Engine workshop	72,200,937.45	Under processing
Yuzui Auto City	61,167,785.10	Under processing
S series machine plant	57,873,030.16	Under processing
Emission Capability Laboratory	37,042,397.81	Under processing
Vehicle capability Lab	28,792,190.15	Under processing
Other supporting facilities	19,209,382.18	Under processing
Staff cafeteria	18,238,928.24	Under processing
Office building	13,372,526.11	Under processing
No.2 factory building, No.2 public station building	4,431,007.00	Under processing
Buildings in testing projects of Dianjiang	4,341,350.06	Under processing
Technology center workshop	<u>3,769,144.52</u>	Under processing

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14. Construction in progress

(1) Details of construction in progress

Item	2021			2020		
	Balance	Provision	Carrying amount	Balance	Provision	Carrying amount
Mini-bus production equipment	110,892,336.09	-	110,892,336.09	17,743,577.36	-	17,743,577.36
Car production equipment	304,941,771.34	21,313,648.08	283,628,123.26	330,425,654.32	21,532,971.11	308,892,683.21
Engine plant	127,069,581.90	-	127,069,581.90	146,394,397.19	-	146,394,397.19
Vehicle research institution	27,661,450.64	-	27,661,450.64	38,021,494.37	-	38,021,494.37
Car production Project of Hefei Changan	13,073,052.88	-	13,073,052.88	336,334.75	-	336,334.75
Light vehicle project	20,953,663.84	-	20,953,663.84	8,029,777.67	-	8,029,777.67
Others	927,276,352.74	50,378,021.92	876,898,330.82	578,437,872.16	49,819,988.01	528,617,884.15
Total	1,531,868,209.43	71,691,670.00	1,460,176,539.43	1,119,389,107.82	71,352,959.12	1,048,036,148.70

The movement of impairment for construction in progress is as follows:

	Beginning balance	Provision	Write-off	Ending balance
2021	71,352,959.12	558,034.00	219,323.12	71,691,670.00
2020	49,398,728.00	21,954,231.12	-	71,352,959.12

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14. Construction in progress (continued)

(2) Movements of significant construction in progress in 2021

	Budget (RMB0,000)	Beginning balance	Addition	Other deduction	Transfer to fixed assets	The project investments' proportion of budget	Progress of construction	Source of funds	Ending balance
Mini-bus production equipment	104,349.00	17,743,577.36	108,291,158.23	-	15,142,399.50	63%	63%	Self-funded	110,892,336.09
Car production equipment	335,015.50	308,892,683.21	307,662,699.16	-	332,927,259.11	35%	35%	Self-raised and additional issuance	283,628,123.26
Engine plant	445,907.12	146,394,397.19	1,726,013.42	-	21,050,828.71	57%	57%	Self-raised and additional issuance	127,069,581.90
Vehicle research institution	209,906.00	38,021,494.37	39,150,347.51	-	49,510,391.24	73%	73%	Self-funded	27,661,450.64
Car production project of Hefei Changan	394,980.00	336,334.75	21,135,448.23	-	8,398,730.10	86%	86%	Self-raised and additional issuance	13,073,052.88
Light vehicle project	52,008.34	8,029,777.67	47,344,748.00	-	34,420,861.83	45%	45%	Self-funded	20,953,663.84
Car-sharing project		391,178,598.20	750,682,874.26	-	420,668,573.00				721,192,899.46
Others		<u>137,439,285.95</u>	<u>240,880,007.82</u>	-	<u>222,613,862.41</u>				<u>155,705,431.36</u>
Total		<u>1,048,036,148.70</u>	<u>1,516,873,296.63</u>	-	<u>1,104,732,905.90</u>				<u>1,460,176,539.43</u>

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14. Construction in progress (continued)

(2) Movements of significant construction in progress in 2020: (continued)

	Budget (RMB0,000)	Beginning balance	Addition	Other deduction	Transfer to fixed assets	The project investments' proportion of budget	Progress of construction	Source of funds	Ending balance
Mini-bus production equipment	119,667.00	59,110,263.16	139,253,474.77	-	180,620,160.57	54%	54%	Self-funded	17,743,577.36
Car production equipment	249,829.00	388,644,116.74	497,485,913.68	-	577,237,347.21	45%	45%	Self-raised and additional issuance	308,892,683.21
Engine plant	408,002.12	880,128,770.64	612,968,962.61	-	1,346,703,336.06	52%	52%	Self-raised and additional issuance	146,394,397.19
Vehicle research institution	222,906.00	40,087,119.45	223,477,230.09	-	225,542,855.17	70%	70%	Self-funded	38,021,494.37
Car production project of Hefei Changan	394,980.00	6,491,703.97	756,193,521.41	-	762,348,890.63	85%	85%	Self-raised and additional issuance	336,334.75
Light vehicle project	89,936.93	84,157,130.62	99,318,381.20	-	175,445,734.15	13%	13%	Self-funded	8,029,777.67
Others		<u>271,183,923.85</u>	<u>927,610,985.25</u>	<u>618,584.08</u>	<u>669,558,440.87</u>				<u>528,617,884.15</u>
Total		<u>1,729,803,028.43</u>	<u>3,256,308,469.01</u>	<u>618,584.08</u>	<u>3,937,456,764.66</u>				<u>1,048,036,148.70</u>

15. Right-of-use assets

2021

	Buildings
Cost	
Beginning	55,163,093.63
Addition	<u>37,701,453.27</u>
Ending	<u><u>92,864,546.90</u></u>
Accumulated depreciation	
Beginning	-
Accrua	<u>26,551,483.92</u>
Ending	<u><u>26,551,483.92</u></u>
Carrying amount	
Ending	<u><u>66,313,062.98</u></u>
Beginning	<u><u>55,163,093.63</u></u>

The Group began accounting treatment in accordance with the newly revised leasing standards from January 1, 2021, details for note III, 34.

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16. Intangible assets

2021

	Land use rights	Software use rights	Trademark use rights	Non-patent technology	Total
Original cost					
Beginning	2,303,983,300.91	730,114,323.90	211,784,400.00	7,564,874,038.93	10,810,756,063.74
Purchase	5,790,686.14	55,246,221.11	79,757.55	4,716.98	61,121,381.78
Internal research and development	-	-	-	1,147,021,839.86	1,147,021,839.86
Disposal	<u>25,118,961.45</u>	<u>-</u>	<u>-</u>	<u>2,068,551,226.87</u>	<u>2,093,670,188.32</u>
Ending	<u>2,284,655,025.60</u>	<u>785,360,545.01</u>	<u>211,864,157.55</u>	<u>6,643,349,368.90</u>	<u>9,925,229,097.60</u>
Accumulated amortization					
Beginning (Restated)	402,078,843.59	618,795,694.50	205,953,466.62	4,744,811,854.08	5,971,639,858.79
Accrual	50,147,493.85	52,633,120.51	5,833,333.38	966,237,928.00	1,074,851,875.74
Disposal	<u>11,968,312.81</u>	<u>-</u>	<u>-</u>	<u>1,741,268,209.76</u>	<u>1,753,236,522.57</u>
Ending	<u>440,258,024.63</u>	<u>671,428,815.01</u>	<u>211,786,800.00</u>	<u>3,969,781,572.32</u>	<u>5,293,255,211.96</u>
Impairment provision					
Beginning	-	23,617,923.17	-	383,915,337.04	407,533,260.21
Accrual	-	-	-	165,725,984.32	165,725,984.32
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>327,283,017.10</u>	<u>327,283,017.10</u>
Ending	<u>-</u>	<u>23,617,923.17</u>	<u>-</u>	<u>222,358,304.26</u>	<u>245,976,227.43</u>
Carrying amount					
Ending	<u>1,844,397,000.97</u>	<u>90,313,806.83</u>	<u>77,357.55</u>	<u>2,451,209,492.32</u>	<u>4,385,997,657.67</u>
Beginning	<u>1,901,904,457.32</u>	<u>87,700,706.23</u>	<u>5,830,933.38</u>	<u>2,436,146,847.81</u>	<u>4,431,582,944.74</u>

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16. Intangible assets(continued)

2020(Restated)

	Land use rights	Software use rights	Trademark use rights	Non-patent technology	Total
Original cost					
Beginning	2,120,603,534.35	705,159,803.48	211,784,400.00	6,820,364,590.14	9,857,912,327.97
Purchase	183,379,766.56	27,638,917.08	-	84,000.00	211,102,683.64
Internal research and development	-	-	-	813,240,999.00	813,240,999.00
Other addition	-	388,564.73	-	-	388,564.73
Government grants	-	2,712,638.29	-	-	2,712,638.29
Other deduction	-	-	-	68,815,550.21	68,815,550.21
Disposal	-	360,323.10	-	-	360,323.10
Ending	<u>2,303,983,300.91</u>	<u>730,114,323.90</u>	<u>211,784,400.00</u>	<u>7,564,874,038.93</u>	<u>10,810,756,063.74</u>
Accumulated amortization					
Beginning	354,731,928.40	564,665,067.35	188,453,466.62	3,788,586,893.37	4,896,437,355.74
Accrual	47,346,915.19	54,387,791.13	17,500,000.00	959,903,041.03	1,079,137,747.35
Other addition	-	100,148.02	-	-	100,148.02
Other deduction	-	-	-	3,678,080.32	3,678,080.32
Disposal	-	357,312.00	-	-	357,312.00
Ending	<u>402,078,843.59</u>	<u>618,795,694.50</u>	<u>205,953,466.62</u>	<u>4,744,811,854.08</u>	<u>5,971,639,858.79</u>
Impairment provision					
Beginning	-	23,617,923.17	-	253,467,013.57	277,084,936.74
Accrual	-	-	-	130,448,323.47	130,448,323.47
Ending	-	<u>23,617,923.17</u>	-	<u>383,915,337.04</u>	<u>407,533,260.21</u>
Carrying amount					
Ending	<u>1,901,904,457.32</u>	<u>87,700,706.23</u>	<u>5,830,933.38</u>	<u>2,436,146,847.81</u>	<u>4,431,582,944.74</u>
Beginning	<u>1,765,871,605.95</u>	<u>116,876,812.96</u>	<u>23,330,933.38</u>	<u>2,778,310,683.20</u>	<u>4,684,390,035.49</u>

As of December 31, 2021, intangible assets formed through internal research and development accounted for 55.89% of the year-end book value of intangible assets (December 31, 2020: 54.97%).

As of December 31, 2021, there is no land use rights that have not completed the land use right certificate (December 31, 2020: RMB 181,350,887.85)

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17. Development expenditure

2021

	Beginning balance	Addition Internal research and development	Deduction		Ending balance	
			Recognized as intangible assets	Charged to income Statement of the current year		Other deduction
Automobile Development	<u>596,577,787.95</u>	<u>1,311,917,325.01</u>	<u>1,147,021,839.86</u>	<u>33,905,024.32</u>	<u>-</u>	<u>727,568,248.78</u>

2020

	Beginning balance	Addition Internal research and development	Deduction		Ending balance	
			Recognized as intangible assets	Charged to income Statement of the current year		Other deduction
Automobile Development	<u>814,745,464.20</u>	<u>987,864,041.99</u>	<u>813,240,999.00</u>	<u>169,848,928.41</u>	<u>222,941,790.83</u>	<u>596,577,787.95</u>

18. Goodwill

2021

	Beginning balance	Addition	Deduction	Ending balance
Hebei Changan Automobile Co., Ltd.	9,804,394.00	-	-	9,804,394.00
Nanjing Changan Automobile Co., Ltd.	-	-	-	-
Avatr Technology (Chongqing) Co., Ltd.	<u>39,078,794.37</u>	-	-	<u>39,078,794.37</u>
Total	<u>48,883,188.37</u>	-	-	<u>48,883,188.37</u>

2020

	Beginning balance	Addition	Deduction	Ending balance
Hebei Changan Automobile Co., Ltd.	9,804,394.00	-	-	9,804,394.00
Nanjing Changan Automobile Co., Ltd.	-	-	-	-
Avatr Technology (Chongqing) Co., Ltd.	-	<u>39,078,794.37</u>	-	<u>39,078,794.37</u>
Total	<u>9,804,394.00</u>	<u>39,078,794.37</u>	-	<u>48,883,188.37</u>

The movement of provision for goodwill is as follow:

2021 and 2020

	Beginning balance	Addition	Deduction	Ending balance
Nanjing Changan Automobile Co., Ltd.	<u>73,465,335.00</u>	-	-	<u>73,465,335.00</u>

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

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19. Long-term deferred expenses

	Beginning balance	Addition	Deduction	Ending balance
2021	<u>10,642,512.51</u>	<u>8,950,773.44</u>	<u>4,560,471.76</u>	<u>15,032,814.19</u>
2020	<u>14,327,639.90</u>	<u>2,068,879.75</u>	<u>5,754,007.14</u>	<u>10,642,512.51</u>

20. Deferred tax assets and liabilities

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

Deferred tax assets	2021		2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets provision	2,777,356,777.37	416,729,166.66	2,269,403,109.47	340,410,466.42
Accrued expenses and contingent liabilities	6,824,636,821.50	1,034,344,964.94	7,445,862,452.35	1,116,879,367.85
Unpaid tech development expense and advertisement expense	371,602,577.37	55,740,386.60	847,106,263.84	127,040,348.39
Deferred income	2,897,724,045.52	434,658,606.83	2,844,260,662.36	426,639,099.35
Unpaid salary and bonus and others	<u>2,252,471,662.68</u>	<u>339,346,391.96</u>	<u>801,812,028.91</u>	<u>120,297,395.51</u>
Total	<u>15,123,791,884.44</u>	<u>2,280,819,516.99</u>	<u>14,208,444,516.93</u>	<u>2,131,266,677.52</u>

Deferred tax liabilities:	2021		2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Available-for-sale financial assets on the changes in fair value recorded in capital reserve	366,226,945.07	54,934,041.76	383,159,045.10	57,473,856.77
Fair value adjustment of business combination not under common control	223,598,108.60	33,539,716.29	243,865,514.87	36,579,827.23
Long-term equity investment	824,671,946.85	123,700,792.03	141,673,630.78	21,251,044.61
Other	<u>35,116,281.93</u>	<u>5,267,442.29</u>	-	-
Total	<u>1,449,613,282.45</u>	<u>217,441,992.37</u>	<u>768,698,190.75</u>	<u>115,304,728.61</u>

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

	2021	2020
The deductible temporary difference	2,557,584,132.14	2,819,701,163.81
The deductible tax loss	<u>7,599,963,296.27</u>	<u>4,237,027,432.33</u>
Total	<u>10,157,547,428.41</u>	<u>7,056,728,596.14</u>

20. Deferred tax assets and liabilities (continued)

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

Maturity period for unrecognized deductible tax losses:

	2021	2020
2021	-	35,367,098.10
2022	186,827,208.01	190,021,844.24
2023	719,486,343.29	719,486,343.29
2024	644,243,430.69	767,913,990.65
2025	804,477,322.53	861,137,317.91
2026 and beyond	<u>5,244,928,991.75</u>	<u>1,663,100,838.14</u>
Total	<u><u>7,599,963,296.27</u></u>	<u><u>4,237,027,432.33</u></u>

21. Short-term loans

Classification of short-term loans:

	2021	2020
Mortgage loans	19,000,000.00	48,000,000.00
Guaranteed loan	<u>-</u>	<u>530,000,000.00</u>
Total	<u><u>19,000,000.00</u></u>	<u><u>578,000,000.00</u></u>

As at 31 December 2021, the interest rates of the above loans were 4.75% (as at 31 December 2020: 1.60%-5.20%).

As at 31 December 2021, there was no overdue short-term loan (as at 31 December 2020: Nil).

In 2021, the Group used land use rights with a book value of RMB 17,242,713.12 and fixed assets with a book value of RMB 16,987,667.52 as collateral to obtain a working capital mortgage loan of RMB 19,000,000.00 from the China South Industries Group Finance Co., Ltd. (2020: The Group used land use rights with a book value of RMB 17,661,564.48 and fixed assets with a book value of RMB 22,953,779.68 to obtain a liquidity mortgage loan of RMB 48,000,000.00 from the China South Industries Group Finance Co., Ltd.).

22. Notes payable

	2021	2020
Commercial acceptance bill	5,419,108,409.88	4,562,217,151.91
Bank acceptance bill	<u>18,873,159,961.24</u>	<u>13,011,797,401.55</u>
Total	<u>24,292,268,371.12</u>	<u>17,574,014,553.46</u>

As at 31 December 2021, there is no overdue unpaid notes payable (as at 31 December 2020: Nil)

23. Accounts payable

	2021	2020
Accounts payable	<u>23,650,604,870.98</u>	<u>23,118,793,794.42</u>

As at 31 December 2021, there were no significant accounts payable aged over one year (as at 31 December 2020: Nil).

24. Contract liabilities/Advances from customers

	2021	2020
Advance payment	9,274,445,050.60	3,779,593,859.42
Advance service payment	<u>566,064,463.79</u>	<u>691,564,331.33</u>
Total	<u>9,840,509,514.39</u>	<u>4,471,158,190.75</u>

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25. Payroll payable

2021

	Beginning balance	Addition	Deduction	Ending balance
Short term salary benefits	1,920,693,265.47	7,623,229,078.65	7,069,507,953.86	2,474,414,390.26
Defined contribution plans	91,080,101.10	558,047,277.44	559,910,840.28	89,216,538.26
Early retirement benefits	<u>4,095,000.00</u>	<u>2,728,535.70</u>	<u>3,883,535.70</u>	<u>2,940,000.00</u>
Total	<u>2,015,868,366.57</u>	<u>8,184,004,891.79</u>	<u>7,633,302,329.84</u>	<u>2,566,570,928.52</u>

2020

	Beginning balance	Addition	Deduction	Ending balance
Short term salary benefits	972,606,354.60	6,737,651,651.49	5,789,564,740.62	1,920,693,265.47
Defined contribution plans	68,484,427.31	347,393,568.42	324,797,894.63	91,080,101.10
Early retirement benefits	<u>5,245,000.00</u>	<u>4,246,951.86</u>	<u>5,396,951.86</u>	<u>4,095,000.00</u>
Total	<u>1,046,335,781.91</u>	<u>7,089,292,171.77</u>	<u>6,119,759,587.11</u>	<u>2,015,868,366.57</u>

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25. Payroll payable (continued)

Short term salary benefits:

2021

	Beginning balance	Addition	Deduction	Ending balance
Salary, bonus, allowance and subsidy	1,575,687,212.16	6,202,178,861.73	5,726,463,362.36	2,051,402,711.53
Employee benefit	50,451,868.33	316,335,971.16	316,157,404.27	50,630,435.22
Social insurance				
Medical insurance	19,319,679.31	332,968,337.05	331,266,672.12	21,021,344.24
Industrial injury insurance	9,388,780.46	35,224,367.34	33,494,464.54	11,118,683.26
Maternity insurance	1,337,197.59	767,729.44	722,601.50	1,382,325.53
Housing accumulation fund	74,632,036.37	386,080,540.13	377,939,834.20	82,772,742.30
Labor fund and employee education fund	<u>189,876,491.25</u>	<u>349,673,271.80</u>	<u>283,463,614.87</u>	<u>256,086,148.18</u>
Total	<u>1,920,693,265.47</u>	<u>7,623,229,078.65</u>	<u>7,069,507,953.86</u>	<u>2,474,414,390.26</u>

2020

	Beginning balance	Addition	Deduction	Ending balance
Salary, bonus, allowance and subsidy	777,811,109.08	5,592,280,564.92	4,794,404,461.84	1,575,687,212.16
Employee benefit	11,657,039.54	317,688,040.15	278,893,211.36	50,451,868.33
Social insurance				
Medical insurance	1,520,154.30	279,890,193.81	262,090,668.80	19,319,679.31
Industrial injury insurance	8,620,121.14	24,401,854.30	23,633,194.98	9,388,780.46
Maternity insurance	1,240,141.99	611,161.26	514,105.66	1,337,197.59
Housing accumulation fund	2,797,302.45	376,304,300.74	304,469,566.82	74,632,036.37
Labor fund and employee education fund	<u>168,960,486.10</u>	<u>146,475,536.31</u>	<u>125,559,531.16</u>	<u>189,876,491.25</u>
Total	<u>972,606,354.60</u>	<u>6,737,651,651.49</u>	<u>5,789,564,740.62</u>	<u>1,920,693,265.47</u>

25. Payroll payable (continued)

Defined contribution plans:

2021

	Beginning balance	Addition	Deduction	Ending balance
Basic retirement security	82,228,882.36	539,914,162.66	542,659,056.97	79,483,988.05
Unemployment insurance	<u>8,851,218.74</u>	<u>18,133,114.78</u>	<u>17,251,783.31</u>	<u>9,732,550.21</u>
Total	<u>91,080,101.10</u>	<u>558,047,277.44</u>	<u>559,910,840.28</u>	<u>89,216,538.26</u>

2020

	Beginning balance	Addition	Deduction	Ending balance
Basic retirement security	61,036,996.88	336,307,315.34	315,115,429.86	82,228,882.36
Unemployment insurance	<u>7,447,430.43</u>	<u>11,086,253.08</u>	<u>9,682,464.77</u>	<u>8,851,218.74</u>
Total	<u>68,484,427.31</u>	<u>347,393,568.42</u>	<u>324,797,894.63</u>	<u>91,080,101.10</u>

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

26. Taxes payable

	2021	2020
Value-added tax	226,203,631.00	441,502,809.12
Consumption tax	677,686,833.74	730,908,794.38
Corporate income tax	105,632,071.69	60,154,873.22
City maintenance and construction tax and Others	<u>40,480,950.08</u>	<u>35,664,425.85</u>
	<u>71,309,911.01</u>	<u>23,770,361.29</u>
Total	<u>1,121,313,397.52</u>	<u>1,292,001,263.86</u>

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27. Other payables

	2021	2020
Purchase and construction of fixed assets, intangible assets and engineering deposits	949,561,307.22	1,627,340,431.42
Advertisement fees	890,826,555.71	642,353,999.96
Treasury stock repurchase	655,812,327.60	-
Customer and supplier margin	614,910,836.94	190,379,159.39
Capital increase from third parties received in advance by subsidiaries	253,750,000.00	-
Maintenance fees	212,946,188.78	213,623,566.01
Storage fees and freight	159,463,618.29	120,627,263.12
Advanced receipt of land and plant disposal fees	-	1,000,000,000.00
Others	<u>825,355,510.15</u>	<u>680,891,206.08</u>
Total	<u><u>4,562,626,344.69</u></u>	<u><u>4,475,215,625.98</u></u>

28. Contingent liabilities

2021

	Beginning	Addition	Deduction	Ending
Warranty	2,555,699,406.23	1,573,355,355.84	833,781,978.57	3,295,272,783.50
Contingent liabilities of contract performance	<u>569,471,536.23</u>	<u>144,904,107.11</u>	<u>170,632,749.00</u>	<u>543,742,894.34</u>
Total	<u><u>3,125,170,942.46</u></u>	<u><u>1,718,259,462.95</u></u>	<u><u>1,004,414,727.57</u></u>	<u><u>3,839,015,677.84</u></u>

2020

	Beginning	Addition	Deduction	Other deduction	Ending
Warranty	2,263,529,197.22	1,118,651,818.06	724,142,611.51	102,338,997.54	2,555,699,406.23
Contingent liabilities of contract performance	<u>589,814,491.78</u>	<u>45,679,606.87</u>	<u>66,022,562.42</u>	<u>-</u>	<u>569,471,536.23</u>
Total	<u><u>2,853,343,689.00</u></u>	<u><u>1,164,331,424.93</u></u>	<u><u>790,165,173.93</u></u>	<u><u>102,338,997.54</u></u>	<u><u>3,125,170,942.46</u></u>

29. Non-current liability within 1 year

	2021	2020
Long-term loan within 1 year	354,300,000.00	100,000,000.00
Long-term payables within 1 year	154,593,759.05	-
Lease liabilities within 1 year	<u>24,945,824.52</u>	<u>-</u>
	<u><u>533,839,583.57</u></u>	<u><u>100,000,000.00</u></u>

Non-current liability within 1 year refer to refer to Note V 31, 32 and 33.

30. Other current liabilities

	2021	2020
Accrued commercial discount payable	3,367,324,452.66	3,661,553,908.15
Accrued market development expense	808,031,552.57	475,834,141.44
Accrued transportation fee	729,390,155.06	646,608,569.79
Accrued technology royalty	342,675,110.58	78,382,904.18
Accrued integrated services fee	79,555,300.00	79,555,300.00
Accrued labor service fee	63,197,022.32	56,717,786.02
Accrued utilities	48,068,943.51	25,513,787.11
Accrued negative points for fuel consumption	33,239,495.00	674,762,264.15
Others	<u>209,476,997.52</u>	<u>143,829,443.24</u>
Total	<u>5,680,959,029.22</u>	<u>5,842,758,104.08</u>

31. Long-term Loan

	2021	2020
Credit loan	954,300,000.00	1,055,300,000.00
Deduction: Loan within 1 year	<u>354,300,000.00</u>	<u>100,000,000.00</u>
Net long-term borrowings	<u>600,000,000.00</u>	<u>955,300,000.00</u>

As at 31 December 2021, the interest rates of the above loans were 1.00%-3.00% (as at 31 December 2020: 1.00%-3.00%).

As at 31 December 2021, there is no overdue long-term loans (as at 31 December 2020: Nil).

32. Lease liabilities

	2021
Lease liabilities	63,625,560.11
Less: Lease liabilities within 1 year	<u>24,945,824.52</u>
	<u>38,679,735.59</u>

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33. Long-term payables

	2021	2020
Long-term payables	642,513,537.69	-
Special payables	<u>182,959,952.39</u>	<u>261,260,928.70</u>
Total	<u>825,473,490.08</u>	<u>261,260,928.70</u>

Long-term payables:

	2021	2020
Purchase of fixed assets	797,107,296.74	-
Less: Long-term payables within 1 year	<u>154,593,759.05</u>	<u>-</u>
Total	<u>642,513,537.69</u>	<u>-</u>

Special payables:

2021

	Beginning	Addition	Deduction	Ending
Land relocation compensation of Nanjing changan	55,350,709.40	-	-	55,350,709.40
Intelligent manufacturing project	131,865,237.97	38,618,400.00	87,706,436.61	82,777,201.36
Lightweight design of automobile structure	6,914,468.49	24,922,500.00	12,933,201.99	18,903,766.50
Others	<u>67,130,512.84</u>	<u>18,126,077.00</u>	<u>59,328,314.71</u>	<u>25,928,275.13</u>
Total	<u>261,260,928.70</u>	<u>81,666,977.00</u>	<u>159,967,953.31</u>	<u>182,959,952.39</u>

2020

	Beginning	Addition	Deduction	Other deduction	Ending
Land relocation compensation of Nanjing changan	555,350,709.40	-	500,000,000.00	-	55,350,709.40
Intelligent manufacturing project	167,757,531.08	129,500,264.00	165,392,557.11	-	131,865,237.97
Lightweight design of automobile structure	48,960,118.00	1,997,500.00	44,043,149.51	-	6,914,468.49
Others	<u>85,288,065.23</u>	<u>29,079,748.00</u>	<u>45,237,300.39</u>	<u>2,000,000.00</u>	<u>67,130,512.84</u>
Total	<u>857,356,423.71</u>	<u>160,577,512.00</u>	<u>754,673,007.01</u>	<u>2,000,000.00</u>	<u>261,260,928.70</u>

34. Long-term payroll payable

	2021	2020
Net obligation of defined benefit plan	30,917,000.00	30,832,000.00
Early retirement	<u>8,186,000.00</u>	<u>10,802,000.00</u>
Total	<u><u>39,103,000.00</u></u>	<u><u>41,634,000.00</u></u>

In addition to basic retirement security and unemployment insurance, which are managed by local government, the Group offers different kinds of overall pension and annual compensation to some retired employees until their death. The Group provides subsidies to former military personnel who participated in specific wars and offers large medical treatment insurance for all retired personnel. The Group also offered early-retired salary, social insurances and housing accumulation fund with different standards until their formal retirement (Male: Age 60; Female: Age 50 or 55). These amounts of social insurances and housing accumulation fund are based on cost base and statutory proportion.

The present value of the defined benefits plans is valued by expected cumulative welfare units determination, which was ensured by Aon Hewitt Consulting (Shanghai) Co., Ltd. at 31 December 2021.

The related plans recognized in the profit and loss of the defined benefit plan are as follows:

	2021	2020
Service costs- current period	47,000.00	45,000.00
Net interest	<u>964,000.00</u>	<u>1,000,000.00</u>
Net post-employment benefit costs	<u>1,011,000.00</u>	<u>1,045,000.00</u>
Recorded in general administrative expenses	1,011,000.00	1,045,000.00

Movement of present value of defined benefits plan is as follows:

	<u>Defined Benefit Plan Obligation</u>	
	2021	2020
Beginning balance	30,832,000.00	31,965,000.00
Charged to income Statement of the current period		
Service costs- current period	47,000.00	45,000.00
Interest expense, net	964,000.00	1,000,000.00
Actuarial losses charged to other comprehensive income	1,519,000.00	207,000.00
Benefits Payment	<u>(2,445,000.00)</u>	<u>(2,385,000.00)</u>
Ending balance	<u><u>30,917,000.00</u></u>	<u><u>30,832,000.00</u></u>

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35. Deferred income

2021

	2020.12.31 (Restated)	Addition	Deduction	2021.12.31
Government grants related to assets	205,752,282.46	400,905,095.77	381,753,772.77	224,903,605.46
Government grants related to gains	<u>612,646,147.76</u>	<u>599,550,000.00</u>	<u>512,350,022.10</u>	<u>699,846,125.66</u>
	<u>818,398,430.22</u>	<u>1,000,455,095.77</u>	<u>894,103,794.87</u>	<u>924,749,731.12</u>

2020(Restated)

	2019.12.31	Addition	Deduction	2020.12.31
Government grants related to assets	235,902,282.46	383,053,262.93	413,203,262.93	205,752,282.46
Government grants related to gains	<u>209,830,081.10</u>	<u>557,180,000.00</u>	<u>154,363,933.34</u>	<u>612,646,147.76</u>
	<u>445,732,363.56</u>	<u>940,233,262.93</u>	<u>567,567,196.27</u>	<u>818,398,430.22</u>

As at 31 December 2021, details of liabilities related to government grants are as follows:

	2020.12.31 (Restated)	Addition	Deduction	2021.12.31
Related to assets:	<u>205,752,282.46</u>	<u>400,905,095.77</u>	<u>381,753,772.77</u>	<u>224,903,605.46</u>
Production and construction subsidies	150,000,000.00	389,895,095.77	381,753,772.77	158,141,323.00
Other government subsidies	55,752,282.46	11,010,000.00	-	66,762,282.46
Related to gains:	<u>612,646,147.76</u>	<u>599,550,000.00</u>	<u>512,350,022.10</u>	<u>699,846,125.66</u>
R&D technology subsidies	356,547,561.96	599,000,000.00	385,705,022.31	569,842,539.65
Other government subsidies	256,098,585.80	550,000.00	126,644,999.79	130,003,586.01
Total	<u>818,398,430.22</u>	<u>1,000,455,095.77</u>	<u>894,103,794.87</u>	<u>924,749,731.12</u>

35. Deferred income (continued)

As at 31 December 2020, details of liability related to government grants are as follows(Restated):

	2019.12.31	Addition	Deduction	2020.12.31
Related to assets:	235,902,282.46	383,053,262.93	413,203,262.93	205,752,282.46
Production and Construction subsidies	180,150,000.00	380,340,624.64	410,490,624.64	150,000,000.00
Other government subsidies	55,752,282.46	2,712,638.29	2,712,638.29	55,752,282.46
Related to gains	209,830,081.10	557,180,000.00	154,363,933.34	612,646,147.76
R&D technology subsidies	204,560,206.76	304,000,000.00	152,012,644.80	356,547,561.96
Other government subsidies	<u>5,269,874.34</u>	<u>253,180,000.00</u>	<u>2,351,288.54</u>	<u>256,098,585.80</u>
Total	<u>445,732,363.56</u>	<u>940,233,262.93</u>	<u>567,567,196.27</u>	<u>818,398,430.22</u>

36. Other non-current liabilities

	2021
Advance service payment	1,352,292,332.21
Deduction: Advance service payment within 1 year	<u>566,064,463.79</u>
	<u>786,227,868.42</u>

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37. Share capital

2021

	Beginning	movement				Sub-total	Ending
		Issuance of shares	Stock dividend	Transfer of reserve to common shares	Others		
I. Restricted shares							
1 Shares held by state-owned legal persons	283,138,318.00	-	-	113,255,327.00	-	113,255,327.00	396,393,645.00
2 Other domestic shareholdings	244,917,965.00	93,956,600.00	-	30,485,720.00	(245,935,065.00)	(121,492,745.00)	123,425,220.00
Including:							
shares held by domestic legal persons	244,899,065.00	-	-	-	(244,899,065.00)	(244,899,065.00)	-
shares held by domestic natural persons	18,900.00	93,956,600.00	-	30,485,720.00	(1,036,000.00)	123,406,320.00	123,425,220.00
3 Foreign shareholdings	32,710,280.00	-	-	-	(32,710,280.00)	(32,710,280.00)	-
Total of restricted shares	<u>560,766,563.00</u>	<u>93,956,600.00</u>	<u>-</u>	<u>143,741,047.00</u>	<u>(278,645,345.00)</u>	<u>(40,947,698.00)</u>	<u>519,818,865.00</u>
II. Unrestricted shares							
1 RMB ordinary shares	3,900,643,469.00	-	-	1,671,301,125.00	277,609,345.00	1,948,910,470.00	5,849,553,939.00
2 Foreign-funded shares listed domestically	901,986,142.00	-	-	360,794,456.00	-	360,794,456.00	1,262,780,598.00
Total of unrestricted shares	<u>4,802,629,611.00</u>	<u>-</u>	<u>-</u>	<u>2,032,095,581.00</u>	<u>277,609,345.00</u>	<u>2,309,704,926.00</u>	<u>7,112,334,537.00</u>
III. Total shares	<u>5,363,396,174.00</u>	<u>93,956,600.00</u>	<u>-</u>	<u>2,175,836,628.00</u>	<u>(1,036,000.00)</u>	<u>2,268,757,228.00</u>	<u>7,632,153,402.00</u>

Note: According to the company's 2020 profit distribution plan and the plan of converting capital reserve into share capital, the company increased 4 shares for every 10 shares to all shareholders with capital reserve. The capital reserve is converted into share capital, which increases the share capital by RMB 2,175,836,628.00 and decreases the capital reserve by RMB 2,175,836,628.00.

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37. Share capital (continued)

2020

	Beginning	movement				Sub-total	Ending
		Issuance of shares	Stock dividend	Transfer of reserve to common shares	Others		
I. Restricted shares							
1 Shares held by state-owned legal persons	-	283,138,318.00	-	-	-	283,138,318.00	283,138,318.00
2 Other domestic shareholdings	18,900.00	244,899,065.00	-	-	-	244,899,065.00	244,917,965.00
Including:							
shares held by domestic legal persons	-	244,899,065.00	-	-	-	244,899,065.00	244,899,065.00
shares held by domestic natural persons	18,900.00	-	-	-	-	-	18,900.00
3 Foreign shareholdings	-	32,710,280.00	-	-	-	32,710,280.00	32,710,280.00
Total of restricted shares	18,900.00	560,747,663.00	-	-	-	560,747,663.00	560,766,563.00
II. Unrestricted shares							
1 RMB ordinary shares	3,900,643,469.00	-	-	-	-	-	3,900,643,469.00
2 Foreign-funded shares listed domestically	901,986,142.00	-	-	-	-	-	901,986,142.00
Total of unrestricted shares	4,802,629,611.00	-	-	-	-	-	4,802,629,611.00
III. Total shares	4,802,648,511.00	560,747,663.00	-	-	-	560,747,663.00	5,363,396,174.00

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38. Capital reserves

2021

	Beginning	Addition	Deduction	Ending
Share premium	10,364,453,940.59	589,873,480.00	2,179,504,068.00	8,774,823,352.59
Share-based payments	-	268,539,867.92	-	268,539,867.92
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Restricted capital reserve of equity investments	17,015,985.20	-	-	17,015,985.20
Others (Note 1)	<u>504,815,093.85</u>	<u>166,502,161.82</u>	<u>-</u>	<u>671,317,255.67</u>
Total	<u>10,930,781,918.64</u>	<u>1,024,915,509.74</u>	<u>2,179,504,068.00</u>	<u>9,776,193,360.38</u>

Note 1: In 2021, the increase in other capital reserves amounting to RMB 166,502,161.82 was due to the capital increase of the minority shareholders of Changan Mazda automobile co. LTD., a joint venture of the company.

2020

	Beginning	Addition	Deduction	Ending
Share premium	4,938,329,830.94	5,426,124,109.65	-	10,364,453,940.59
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Restricted capital reserve of equity investments	17,015,985.20	-	-	17,015,985.20
Others (Note 1)	<u>366,254,879.52</u>	<u>139,735,920.92</u>	<u>1,175,706.59</u>	<u>504,815,093.85</u>
Total	<u>5,366,097,594.66</u>	<u>5,565,860,030.57</u>	<u>1,175,706.59</u>	<u>10,930,781,918.64</u>

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39. Treasury stock

	Beginning	Addition	Deduction	Ending
Treasury stock	-	683,830,080.00	28,017,752.40	655,812,327.60

Note: The increase of treasury stock this year is due to the granting of restricted shares to incentive objects by the Group, and the decrease this year is due to the distribution of cash dividends and cancellation of restricted shares of partial incentive objects by the Group. Refer to note X for details.

40. Other comprehensive income

Accumulated other comprehensive income in consolidated balance sheet attributable to parent company is as follows:

2021

	2020.12.31	Movement	2021.12.31
Re-measurement of changes in defined benefit plans	1,222,000.00	(1,519,000.00)	(297,000.00)
Other comprehensive income that cannot be transferred to profit or loss under the equity method	(2,088,068.00)	(1,279,985.89)	(3,368,053.89)
Changes in the fair value of other equity instrument investments	161,854,620.00	8,006,660.00	169,861,280.00
Translation difference of foreign currency financial statements	(82,567,831.22)	(14,185,925.36)	(96,753,756.58)
Total	<u>78,420,720.78</u>	<u>(8,978,251.25)</u>	<u>69,442,469.53</u>

2020

	2019.12.31	Movement	2020.12.31
Re-measurement of changes in defined benefit plans	1,429,000.00	(207,000.00)	1,222,000.00
Other comprehensive income that cannot be transferred to profit or loss under the equity method	(2,088,068.00)	-	(2,088,068.00)
Changes in the fair value of other equity instrument investments	195,443,305.00	(33,588,685.00)	161,854,620.00
Translation difference of foreign currency financial statements	(54,789,656.81)	(27,778,174.41)	(82,567,831.22)
Total	<u>139,994,580.19</u>	<u>(61,573,859.41)</u>	<u>78,420,720.78</u>

Current occurrence amount of other comprehensive income in consolidated income statement attributable to parent company:

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40. Other comprehensive income (continued)

2021

	Amount before tax	Deduct: amounts transferred to income statement which were recognized in other comprehensive income in prior period	Deduct: Income tax	Amount attributable to owners	Amount attributable to minority interests
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period</i>					
Change in net liability or assets from defined benefit plan	1,519,000.00	-	-	1,519,000.00	-
Other comprehensive income that cannot be transferred to profit or loss under the equity method	1,279,985.89	-	-	1,279,985.89	-
Fair value change of Investment in other equity instruments	<u>(9,419,600.00)</u>	-	<u>(1,412,940.00)</u>	<u>(8,006,660.00)</u>	-
Subtotal	<u>(6,620,614.11)</u>	-	<u>(1,412,940.00)</u>	<u>(5,207,674.11)</u>	-
<i>Other comprehensive income will be reclassified to profit or loss in subsequent period</i>					
Foreign currency translation difference	<u>14,166,694.21</u>	-	-	<u>14,185,925.36</u>	<u>(19,231.15)</u>
Subtotal	<u>14,166,694.21</u>	-	-	<u>14,185,925.36</u>	<u>(19,231.15)</u>
Total	<u>7,546,080.10</u>	-	<u>(1,412,940.00)</u>	<u>8,978,251.25</u>	<u>(19,231.15)</u>

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40. Other comprehensive income (continued)

2020

	Amount before tax	Deduct: amounts transferred to income statement which were recognized in other comprehensive income in prior period	Deduct: Income tax	Amount attributable to owners	Amount attributable to minority interests
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period</i>					
Change in net liability or assets from defined benefit plan	207,000.00	-	-	207,000.00	-
Fair value change of Investment in other equity instruments	<u>39,516,100.00</u>	-	<u>5,927,415.00</u>	<u>33,588,685.00</u>	-
Subtotal	<u>39,723,100.00</u>	-	<u>5,927,415.00</u>	<u>33,795,685.00</u>	-
<i>Other comprehensive income will be reclassified to profit or loss in subsequent period</i>					
Foreign currency translation difference	<u>27,778,174.41</u>	-	-	<u>27,778,174.41</u>	-)
Subtotal	<u>27,778,174.41</u>	-	-	<u>27,778,174.41</u>	-)
Total	<u>67,501,274.41</u>	-	<u>5,927,415.00</u>	<u>61,573,859.41</u>	-)

41. Special reserves

2021

	Beginning	Addition	Deduction	Ending
Safety fund	<u>40,847,443.41</u>	<u>85,032,433.05</u>	<u>97,891,615.85</u>	<u>27,988,260.61</u>

2020

	Beginning	Addition	Deduction	Ending
Safety fund	<u>47,076,242.71</u>	<u>75,056,248.96</u>	<u>81,285,048.26</u>	<u>40,847,443.41</u>

The Group accrued safety fund according to the circular of <the Guidance of Safety Fund Accrual and Usage> (Cai Qi [2012] No. 16) issued by the Ministry of Finance and the State Administration of work safety on 14 February 2012.

42. Surplus reserves

2021

	Beginning	Addition	Deduction	Ending
Statutory surplus	<u>2,681,698,087.00</u>	<u>300,594,326.67</u>	<u>-</u>	<u>2,982,292,413.67</u>

2020

	Beginning	Addition	Deduction	Ending
Statutory surplus	<u>2,401,324,255.50</u>	<u>280,373,831.50</u>	<u>-</u>	<u>2,681,698,087.00</u>

The Company appropriated statutory surplus reserves based on profit after tax. When statutory surplus reserves account for 50% of paid-in capital, no further surplus reserve will be appropriated.

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43. Retained earnings

	2021	2020
Retained earnings at beginning of the year	34,315,048,892.26	31,271,171,559.60
Add: Profits attributable to parent company for the current year	3,552,463,320.03	3,324,251,164.16
Less: Appropriation to statutory surplus reserves	300,594,326.67	280,373,831.50
Less: Ordinary share dividend of cash	<u>1,666,243,360.49</u>	-
Retained earnings at the end of year	<u><u>35,900,674,525.13</u></u>	<u><u>34,315,048,892.26</u></u>

According to the decision of the thirty-eighth meeting of the eighth session of the company's board of directors, the 2021 profit distribution plan is: based on the total share capital of 7,632,153,402 shares on the date of announcement, to distribute cash of RMB2.33 (including tax) for every 10 shares to all shareholders, totaling the distribution cash RMB 1, 778,291,742.67 (tax included), and the capital reserve will be converted to 3 shares for every 10 shares. After the conversion, the total share capital will be changed to 9,921,799,423 shares. The above plan is yet to be reviewed and approved by the company's general meeting of shareholders.

44. Operating revenue and cost

	2021		2020	
	Revenue	Cost	Revenue	Cost (Restated)
Main business	102,696,170,307.57	86,348,567,579.13	82,944,092,566.82	71,134,054,024.11
Other business	<u>2,445,706,929.48</u>	<u>1,300,137,955.01</u>	<u>1,621,451,579.76</u>	<u>967,008,104.72</u>
Total	<u><u>105,141,877,237.05</u></u>	<u><u>87,648,705,534.14</u></u>	<u><u>84,565,544,146.58</u></u>	<u><u>72,101,062,128.83</u></u>

Operating revenue listed as follows:

	2021	2020
Sale of goods	99,238,618,010.70	80,899,429,445.67
Provide labor and other services	<u>5,903,259,226.35</u>	<u>3,666,114,700.91</u>
Total	<u><u>105,141,877,237.05</u></u>	<u><u>84,565,544,146.58</u></u>

The breakdown of operating revenue generated from contracts with customers is as follows:

44. Operating revenue and cost (continued)

	2021	2020
Revenue recognition time		
Recognize revenue at a certain point in time	104,253,879,828.51	83,994,052,692.32
Recognize revenue within a certain period of time	<u>887,997,408.54</u>	<u>571,491,454.26</u>
Total	<u><u>105,141,877,237.05</u></u>	<u><u>84,565,544,146.58</u></u>

The income recognized in the current year and included in the book value of contract liabilities at the beginning of the year is as follows:

	2021	2020
Sales of goods	3,779,593,859.42	2,315,641,685.78
Provision of services and others	<u>154,187,357.35</u>	<u>138,296,090.10</u>
Total	<u><u>3,933,781,216.77</u></u>	<u><u>2,453,937,775.88</u></u>

The estimated time when the total transaction price that has not been fulfilled (or partially fulfilled) performance obligations allocated to the end of the year is recognized as revenue is as follows:

	2021	2020
Within 1 year	9,840,509,514.39	3,933,781,216.77
More than 1 year	<u>786,227,868.42</u>	<u>537,376,973.98</u>
Total	<u><u>10,626,737,382.81</u></u>	<u><u>4,471,158,190.75</u></u>

45. Tax and surcharges

	2021	2020
Consumption tax	3,002,762,967.36	2,524,467,098.37
City maintenance and construction tax	373,005,368.21	257,640,935.66
Educational surcharge	188,365,736.49	190,517,078.15
Others	<u>408,298,968.39</u>	<u>255,648,461.66</u>
Total	<u><u>3,972,433,040.45</u></u>	<u><u>3,228,273,573.84</u></u>

46. Operating expenses

	2021	2020 (Restated)
Payroll and welfare	570,208,149.45	472,740,938.97
Promotion, advertising fee	1,872,615,623.45	1,468,788,200.29
Sales service fee	1,657,420,104.39	1,093,632,556.09
Transportation and storage fees	347,165,629.82	231,401,208.99
Travelling expenses	71,196,292.69	65,224,349.32
Package expenses	35,130,297.34	15,020,690.68
Consulting fee	7,580,858.70	7,974,664.26
Training fee	29,950,509.42	12,005,918.53
Others	<u>54,386,769.33</u>	<u>39,125,203.46</u>
Total	<u><u>4,645,654,234.59</u></u>	<u><u>3,405,913,730.59</u></u>

47. General and administrative expenses

	2021	2020 (Restated)
Payroll and welfare	2,239,444,389.16	2,608,374,416.48
Administrative expenses	351,316,057.92	290,703,720.70
Share-based payments	268,539,867.92	-
Depreciation and amortization	196,426,684.61	246,546,382.19
Negative points for fuel consumption	175,899,501.68	738,036,573.58
Traffic expenses	43,244,134.99	38,609,198.85
Travelling expenses	16,681,419.45	13,777,623.02
Others	<u>208,102,452.76</u>	<u>235,720,673.34</u>
Total	<u><u>3,499,654,508.49</u></u>	<u><u>4,171,768,588.16</u></u>

48. Research and development expenses

	2021	2020 (Restated)
Payroll and welfare	1,320,641,894.55	1,071,054,626.63
Depreciation and amortization	1,223,956,918.63	1,206,793,291.03
Subcontract fee	339,472,444.83	175,437,188.11
Material fee	168,390,304.98	141,189,749.12
Test fee	135,140,093.55	142,173,069.92
Others	<u>327,427,522.22</u>	<u>152,225,702.01</u>
Total	<u><u>3,515,029,178.76</u></u>	<u><u>2,888,873,626.82</u></u>

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49. Financial income

	2021	2020 (Restated)
Interest income	868,952,893.13	341,543,220.81
Less: Foreign exchange gain or loss	16,412,404.08	47,017,013.03
Interest expense	45,160,385.56	46,672,055.34
Others	<u>26,456,906.31</u>	<u>37,464,702.81</u>
Total	<u>780,923,197.18</u>	<u>210,389,449.63</u>

50. Other income

	2021	2020 (Restated)	Amount recognized in 2021 as non-recurring profit and loss
Government subsidies related to daily activities	<u>330,174,796.23</u>	-	<u>330,174,796.23</u>

Government subsidies related to daily activities are as follows:

	2021	2020
Production and construction subsidies	248,073,126.32	-
Other government subsidies	<u>82,101,669.91</u>	-
	<u>330,174,796.23</u>	-

51. Investment income

	2021	2020
Long-term equity investment losses accounted for by the equity method	924,827,870.13	(566,732,463.22)
Losses arising from business combination not under common control	-	(6,937,641.07)
The investment income of financial asset held for trading during its holding period	3,363,000.00	2,840,290.34
Dividend income from remaining investments in other equity instruments	78,499,905.15	25,354,391.86
Investment income from disposal of long-term equity investments	-	1,438,639,602.10
Gains from the remeasurement of the remaining equity at fair value after the loss of control	-	2,246,681,836.54
Interest income from entrusted loan	<u>6,959,316.00</u>	<u>13,768,160.42</u>
Total	<u>1,013,650,091.28</u>	<u>3,153,614,176.97</u>

52. Fair value change

	2021	2020
Equity instrument investment	(3,026,700.00)	2,000,217,365.86
Others	<u>45,105,504.00</u>	<u>35,173,300.00</u>
Total	<u>42,078,804.00</u>	<u>2,035,390,665.86</u>

53. Impairment loss of credit

	2021	2020
Bad debt for account receivable	27,187,650.40	105,374,219.21
Bad debt for other receivables	<u>(4,136,785.83)</u>	<u>2,368,840.68</u>
Total	<u>23,050,864.57</u>	<u>107,743,059.89</u>

54. Impairment loss on assets

	2021	2020
Impairment of inventory	179,625,599.51	325,966,624.86
Impairment of contract assets	41,663,049.06	21,509,919.88
Impairment of fixed assets	631,682,165.90	1,017,928,007.84
Impairment of intangible assets	165,725,984.32	130,448,323.47
Impairment of construction in progress	<u>558,034.00</u>	<u>21,954,231.12</u>
Total	<u>1,019,254,832.79</u>	<u>1,517,807,107.17</u>

55. Gain on disposal of assets

	2021	2020 (Restated)	Amount recognized in 2021 as non- recurring profit and loss
Gain on disposal of fixed-assets	<u>745,601,530.26</u>	<u>80,607,908.05</u>	<u>745,601,530.26</u>

56. Non-operating income

	2021	2020	Amount recognized in 2021 as non-recurring profit and loss
Fines, penalties and others	<u>130,170,270.12</u>	<u>61,938,556.89</u>	<u>130,170,270.12</u>

57. Non-operating expenses

	2021	2020	Amount recognized in 2021 as non-recurring profit and loss
Donation	16,259,600.00	17,300,950.00	16,259,600.00
Fines and penalties	6,225,500.39	69,135,425.39	6,225,500.39
Others	<u>17,599,796.21</u>	<u>3,021,668.25</u>	<u>17,599,796.21</u>
Total	<u>40,084,896.60</u>	<u>89,458,043.64</u>	<u>40,084,896.60</u>

58. Government grants

The government grants accounted by the Group with the net method offset the book value of relevant assets and related costs as follows:

	2021	2020
Government grants related to assets		
Write down: Fixed assets	381,753,772.77	410,490,624.64
Intangible assets	<u>-</u>	<u>2,712,638.29</u>
Government grants related to income		
Write down: Operating cost	169,371,137.15	94,729,840.30
Operating expenses	9,941,452.49	7,374,923.35
General and administrative expenses	30,312,480.16	81,611,018.07
Research and development expenses	521,570,527.20	228,465,516.58
Financial income	<u>91,000.00</u>	<u>165,000.00</u>

For other government grants, refer to notes V, 35 and 50.

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59. Income tax expense

	2021	2020
Current income tax expense	265,219,161.46	72,283,291.61
Deferred income tax expense	<u>(48,828,515.71)</u>	<u>(764,176,889.27)</u>
Total	<u>216,390,645.75</u>	<u>(691,893,597.66)</u>

The relationship between income tax expense and profit/(loss) before tax is as follows:

	2021	2020
Profit before tax	<u>3,820,608,835.73</u>	<u>2,596,585,045.04</u>
Tax at the applicable tax rate	573,091,325.37	389,487,756.76
Impact of different tax rates of subsidiaries	65,824,174.22	(23,809,703.40)
Adjustments to current income tax of previous period	(28,003,351.23)	(50,457,750.46)
Profit or loss attributable to joint ventures and associates	(37,003,883.24)	100,558,727.83
Non-taxable income	(13,064,084.90)	(452,046,612.16)
Non-deductible tax expense	10,747,006.40	9,866,001.00
Usage previous deductible losses	(104,980,345.46)	(714,292,371.18)
Unrecognized deductible temporary differences and deductible losses	209,941,859.03	268,065,428.20
Additional deduction arising from research and development expense	<u>(460,162,054.44)</u>	<u>(219,265,074.25)</u>
Tax expense under actual tax rate of the Group	<u>216,390,645.75</u>	<u>(691,893,597.66)</u>

6o. Earnings per share ("EPS")

	2021	2020
Basic EPS		
Going concern	<u>0.4700</u>	<u>0.4842</u>
Diluted EPS		
Going concern	<u>0.4631</u>	<u>Not applicable</u>

The basic EPS is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares.

The numerator of diluted earnings per share is determined based on the current net profit attributable to the ordinary shareholders of the company after adjusting the following factors: (1) the interest of diluted potential ordinary shares that have been recognized as expenses in the current period; (2) The proceeds or expenses that will be incurred upon conversion of diluted potential ordinary shares; (3) the income tax impact related to the above adjustment.

The denominator of diluted earnings per share is equal to the sum of the following two items: (1) the weighted average number of ordinary shares issued by the parent company in the basic earnings per share; (2) the weighted average number of ordinary shares increased by assuming the conversion of diluted potential ordinary shares into ordinary shares.

When calculating the weighted average number of ordinary shares increased by the conversion of diluted potential ordinary shares into issued ordinary shares, the diluted potential ordinary shares issued in previous periods are assumed to be converted at the beginning of the current period; Diluted potential ordinary shares issued in the current period are assumed to be converted on the issuance date. In 2021, the restricted stock incentive plan implemented by the company diluted earnings per share.

Note: according to the plan of converting capital reserve into share capital approved by the general meeting of shareholders, in May 2021, the company converted capital reserve into 4 shares for every 10 shares. The adjusted earnings per share are taken as the basis for calculation of basic earnings per share and diluted earnings per share. Refer to note V 37 for details of capital reserve converted into share capital.

61. Notes to cash flow statement

(1) Items of cash received relating to other operating activities are as follows:

	2021	2020
Interest income	868,952,893.13	341,543,220.81
Government grants	1,580,573,924.48	1,358,793,139.94
Others	<u>818,167,877.71</u>	<u>337,950,698.50</u>
Total	<u>3,267,694,695.32</u>	<u>2,038,287,059.25</u>

(2) Items of cash paid relating to other operating activities are as follows:

	2021	2020
Selling expense	2,851,733,499.00	2,907,979,028.67
Administrative expense	635,117,562.52	595,726,462.97
Research and development expenses	1,146,120,474.66	650,927,200.65
Others	<u>466,423,185.72</u>	<u>362,358,325.45</u>
Total	<u>5,099,394,721.90</u>	<u>4,516,991,017.74</u>

(3) Items of cash received relating to other investing activities are as follows:

	2021	2020
Entrusted loan received	300,000,000.00	-
Net cash received from business combinations	-	63,921,805.55
Capital occupation fee for equity transfer	<u>-</u>	<u>16,388,900.00</u>
Total	<u>300,000,000.00</u>	<u>80,310,705.55</u>

(4) Items of cash received relating to other investing activities are as follows:

	2021	2020
Cash transferred out from the loss of control of the subsidiary	<u>-</u>	<u>104,416,061.73</u>

(5) Items of cash received relating to other financing activities are as follows:

	2021	2020
Withdraw for deposit of bill	<u>836,125,136.66</u>	<u>34,712,775.00</u>

61. Notes to cash flow statement (continued)

(6) Items of cash paid relating to other financing activities are as follows:

	2021	2020
Payment for deposit of bill	1,967,854,026.77	619,498,751.25
Repurchase restricted share	4,703,440.00	-
Acquisition of minority shareholders' equity	-	12,249,709.00
Others	<u>36,951,674.28</u>	<u>1,187,381.47</u>
Total	<u><u>2,009,509,141.05</u></u>	<u><u>632,935,841.72</u></u>

62. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Cash flows from operating activities calculated by adjusting the net profit:

	2021	2020 (Restated)
Net profit	3,604,218,189.98	3,288,478,642.70
Add: Impairment provision for assets	1,042,305,697.36	1,625,550,167.06
Depreciation of fixed assets	2,925,265,596.12	2,956,851,938.29
Right-of-use assets depreciation	26,551,483.92	-
Depreciation and amortization of investment property	226,711.56	226,711.56
Amortization of intangible assets	1,074,851,875.74	1,079,137,747.35
Amortization of long-term deferred expense	4,560,471.76	5,754,007.14
Increase in deferred income	464,611,919.67	785,869,329.64
Disposal income on fixed assets, intangible assets and others		
long-term assets	(745,601,530.26)	(80,607,908.05)
Loss/(income) of abandonment of fixed assets	964,155.31	(15,036,905.39)
Income of fair value movement	(42,078,804.00)	(2,035,390,665.86)
Financial expense	45,450,807.95	30,283,155.34
Investment income	(1,013,650,091.28)	(3,153,614,176.97)
Increase in deferred tax assets	(149,552,839.47)	(588,666,142.59)
Increase in inventory	(1,064,983,789.53)	(3,384,304,795.07)
Deferred income tax liabilities Increased/(decreased)	100,724,323.76	(175,510,746.68)
Increase/(decrease) in operating receivables	2,050,313,410.12	(3,375,612,982.71)
Increase in operating payables	14,395,488,567.44	13,720,446,966.40
Share-based payments cost	268,539,867.92	-
Others	(16,482,813.23)	(7,900,862.92)
Net cash flows from operating activities	<u>22,971,723,210.84</u>	<u>10,675,953,479.24</u>
Movement of cash and cash equivalents:		
Ending balance of cash	49,517,916,834.99	30,655,968,057.63
Less: beginning balance of cash	<u>30,655,968,057.63</u>	<u>9,360,474,674.89</u>
Increase in cash and cash equivalents	<u>18,861,948,777.36</u>	<u>21,295,493,382.74</u>

62. Supplementary information of cash flow statement (continued)

(2) Endorsement of bills:

	2021	2020
Endorsed bank acceptance received by sales and providing service	<u>5,101,549,250.90</u>	<u>9,857,912,334.04</u>

(3) Cash and cash equivalents

	2021	2020
Cash		
Including: Cash	36,881.35	52,569.13
Bank deposits that can be readily used	49,517,879,953.64	30,655,915,488.50
Cash equivalents	<u>-</u>	<u>-</u>
Ending balance of cash and cash equivalents	<u>49,517,916,834.99</u>	<u>30,655,968,057.63</u>

Note: The restricted cash and cash equivalents of the Group are not included in the cash and cash equivalents.

63. The assets with ownership or right restricted

	2021	2020	Notes
Cash and cash equivalents	2,458,325,314.38	1,345,807,542.44	Note V 1
Note receivables	7,207,264,940.74	7,320,550,460.00	Note V 3(2)
Intangible assets	17,242,713.12	17,661,564.48	Note V 21
Fixed assets	<u>16,987,667.52</u>	<u>22,953,779.68</u>	Note V 21
	<u>9,699,820,635.76</u>	<u>8,706,973,346.60</u>	

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64. Foreign Monetary Item

	2021			2020		
	Original Currency	Exchange Rate	Translated to RMB	Original Currency	Exchange Rate	Translated to RMB
Cash						
USD	57,387,026.02	6.3757	365,882,461.80	21,483,168.61	6.5249	140,175,526.85
GBP	5,209,847.34	8.6064	44,838,030.15	4,066,951.80	8.8903	36,156,421.59
EUR	9,516,883.92	7.2197	68,709,046.84	7,424,040.68	8.0250	59,577,926.46
JPY	179,758,385.00	0.0554	9,961,310.90	152,166,150.48	0.0632	9,616,900.71
SUR	1,529,465,059.95	0.0855	130,719,040.37	1,115,202,784.15	0.0877	97,803,284.17
BRL	571,122.09	1.1443	653,558.85	572,816.92	1.2563	719,629.90
Accounts receivable						
USD	36,727,588.87	6.3757	234,164,088.36	12,537,939.36	6.5249	81,808,800.53
SUR	-	0.0855	-	230,799,878.57	0.0877	20,241,149.35
Other receivables						
USD	32,000.00	6.3757	204,022.40	30,144.60	6.5249	196,690.50
JPY	13,365,572.00	0.0554	740,653.17	14,802,218.99	0.0632	935,500.24
EUR	1,587,999.00	7.2197	11,464,876.38	907,595.17	8.0250	7,283,451.24
GBP	606,906.32	8.6064	5,223,278.55	736,839.36	8.8903	6,550,722.96
Accounts Payable						
JPY	-	0.0554	-	10,281,275.00	0.0632	649,776.58
EUR	-	7.2197	-	1,835,735.94	8.0250	14,731,780.92
GBP	-	8.6064	-	193,751.55	8.8903	1,722,509.40
SUR	-	0.0855	-	226,057,035.01	0.0877	19,825,201.97
Other Payables						
USD	33,900.00	6.3757	216,136.23	31,839.33	6.3757	207,748.44
GBP	11,860.01	8.6064	102,071.99	166,491.56	8.8903	1,480,159.92
EUR	7,790.84	7.2197	56,247.53	-	7.2197	-

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VI Shares in other entities

1. Shares in subsidiaries

The subsidiaries of the Company are as follows:

Company name	Main operating place	Registered place	Nature of business	Registered capital (0,000)	Total proportion of shareholders (%)	
					direct	indirect
I.The subsidiary formed by establish or investment						
Chongqing Changan International Automobile Sales Co., Ltd.	Chongqing	Chongqing	Sales	1,376.00	100.00	-
Chongqing Changan Connected Car Technology Co., Ltd.	Chongqing	Chongqing	Lease	8,850.00	100.00	-
Chongqing Changan Special Automobile Co., Ltd.(note 2)	Chongqing	Chongqing	Sales	2,000.00	50.00	-
Chongqing Changan Automobile Supporting Service Co., Ltd.	Chongqing	Chongqing	Sales	3,000.00	99.00	1.00
Chongqing Changan New Energy Automobile Co. Ltd.	Chongqing	Chongqing	R&D	2,900.00	100.00	-
Chongqing Changan Europe Design Academy Co., Ltd.	Turin, Italy	Turin, Italy	R&D	EUR1,738	100.00	-
Changan United Kingdom R&D Center Co., Ltd.	Nottingham, United Kingdom	Nottingham, United Kingdom	R&D	GBP2,639	100.00	-
Beijing Changan R&D Center Co., Ltd.	Beijing	Beijing	R&D	100.00	100.00	-
Changan Japan Designing Center Co.,Ltd.	Yokohama, Japan	Yokohama, Japan	R&D	JPY1,000	100.00	-
Changan United States R&D Center Co., Ltd.	Troy, United states	Detroit, United states	R&D	USD154	100.00	-
Changan Automobile Russia Co., Ltd.	Moscow, Russia	Moscow, Russia	Sales	SUR220,382	100.00	-
Changan Brazil Holdings Limited	St. Paul, Brazil	St. Paul, Brazil	Sales	BRL100	99.00	1.00
Changan Automobile Investment (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Sales	23,525.00	100.00	-
Nanjing Changan New Energy Automobile Sales & Service Co., Ltd.	Nanjing	Nanjing	Sales	5,000.00	100.00	-
Chongqing Anyi Automobile Technical Service Co., Ltd. (note 4)	Chongqing	Chongqing	Sales	200.00	100.00	-
Xiamen Changan New Energy Automobile Co. Ltd.	Xiamen	Xiamen	Sales	200.00	100.00	-
Guangzhou Changan New Energy Automobile Co. Ltd.	Guangzhou	Guangzhou	Sales	400.00	100.00	-
Chongqing Chehemei Technology Co., Ltd.	Chongqing	Chongqing	Sales	1,000.00	100.00	-
Chongqing Changan Kaicheng Automobile Technology Co., Ltd.	Chongqing	Chongqing	Sales	100,000.00	83.64	-
Chongqing Changan Automobile Software Technology Co., Ltd.	Chongqing	Chongqing	R&D	9,900.00	100.00	-
II.Subsidiaries acquired through business combinations not under common control						
Nanjing Changan Automobile Co., Ltd. (note 1)	Nanjing	Nanjing	Manufacturing	60,181.00	84.73	-
Chongqing Changan Lingyao Automobile Co., Ltd.	Chongqing	Chongqing	Manufacturing	133,764.00	100.00	-
Avatr Technology (Chongqing) Co., Ltd. (note 3)	Nanjing	Nanjing	R&D	28,800.00	95.38	-
III.The subsidiary formed by business combination under common control						
Hefei Changan Automobile Co.,Ltd.	Hefei	Hefei	Manufacturing	227,500.00	100.00	-

1. Shares in subsidiaries (continued)

Note 1: The proportion of the company's voting rights in Nanjing Changan Automobile Co., Ltd. is 91.53%. The reason for the inconsistency between the shareholding ratio and the proportion of voting rights is that some minority shareholders entrust the company to exercise their voting rights.

Note 2: The remaining shareholders of Chongqing Changan Special Purpose Vehicle Co., Ltd. have signed the "Concerted Acting Persons Agreement" with the company, all agreeing to vote in accordance with the company's voting intentions, so the company can exercise control over it, so it is included in the scope of consolidated financial report.

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

Note 4: The original Fuqing Changan New Energy Automobile Co. Ltd. was renamed Chongqing Anyi Automobile Technical Service Co., Ltd. in December 2021.

As at 31 December 2021, the Group has no subsidiaries with important minority interests.

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2. Shares in joint ventures and associates

Company name	Main operating place	Registered place	Nature of business	Registered capital (0,000)	Total proportion of shareholders (%)		Accounting treatment
					direct	indirect	
I. Joint ventures							
Changan Ford Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD24,100	50.00	-	The equity method
Changan Mazda Automobile Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD11,681	47.50	-	The equity method
Changan Mazda Engine Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD20,996	50.00	-	The equity method
Nanchang Jiangling Investment Co., Ltd.	Nanchang	Nanchang	Management of investment, industry and assets	100,000	50.00	-	The equity method
II. Associates							
Chongqing Changan Kuayue Automobile Co., Ltd.	Chongqing	Chongqing	Develop, product and sale of automobile and components; import and export goods.	6,533	34.30	-	The equity method
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	Chongqing	Chongqing	Sale of Changan Kuayue's automobile and agricultural cars and components. Technical advisory services for automobile	300	34.30	-	The equity method
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	Chongqing	Chongqing	Production and sales of new energy vehicles and parts	20,223	48.95	-	The equity method
Beijing Fang'an crescent taxi Co., Ltd.	Beijing	Beijing	Regional taxi operation	2,898	22.24	-	The equity method
Changan Automobile Finacing Co., Ltd.	Chongqing	Chongqing	Provide car loan; provide vehicle loans and operating equipment loans to car dealers, including the construction loans of exhibition hall, spare parts loans and maintenance equipment loans, etc.	476,843	28.66	-	The equity method
Hainan Anxinxing Information Technology Co., Ltd.	Chengmai	Chengmai	Software and hardware technology development, technical consulting, auto parts sales	3,000	30.00	-	The equity method
Nanjing Chelai Travel Technology Co., Ltd.	Nanjing	Nanjing	Car sales, leasing, software technology development, technical services	10,000	10.00	-	The equity method
Coresing Semiconductor Technology Co., Ltd.	Zhuzhou	Zhuzhou	Technology development consulting, technical services, technology transfer in the field of power semiconductors	50,000	25.00	-	The equity method
Chongqing Wutong Chelian Technology Co., Ltd.	Chongqing	Chongqing	Technology development, transfer and consulting services	40,858	-	37.11	The equity method
Anhe (Chongqing) Equity Investment Fund Management Co., Ltd.	Chongqing	Chongqing	Equity investment management	1,260	-	23.81	The equity method
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Hangzhou	Hangzhou	Car travel service	630	-	20.00	The equity method
Pakistan Master Automobile Co., Ltd.	Pakistan	Pakistan	Car travel service	PKR75,000	-	30.00	The equity method
Jiangling Holding Co., Ltd.	Nanchang	Nanchang	Production and sales of automobiles and auto parts	200,000	25.00	-	The equity method
Nanjing Leading Equity Investment Partnership (Limited Partnership)	Nanjing	Nanjing	Equity investment, venture capital; investment in non-publicly traded equity such as non-listed companies' equity, listed companies' non-publicly issued equity, and related services.	976,000	16.39	-	The equity method
Nanjing Leading Equity Investment Management Co., Ltd.	Nanjing	Nanjing	Entrusted with the management of private equity investment funds, engaged in equity investment management and related services	1,000	15.00	-	The equity method
Zhongqi Chuangzhi Technology Co., Ltd.	Nanjing	Nanjing	R&D	1,600,000	3.125	-	The equity method
Chongqing Changxin Zhiqi Private Equity Investment Fund Partnership (Limited Partnership)	Chongqing	Chongqing	Private equity	50,200	49.80	-	The equity method

2. Shares in joint ventures and associates (continued)

Changan Ford Automobile Co., Ltd. is the important joint venture to the Group and makes great influence in the share of profit and loss in joint venture and associates, the Group adopts equity method to deal with the investment to it.

The table below shows the financial status of Changan Ford Automobile Co., Ltd., and all the information has been adjusted to eliminate the difference of the accounting policies.

	2021	2020
Current assets	13,985,198,069.00	14,624,244,894.00
Including: cash and cash equivalent	5,495,088,974.00	6,755,423,262.00
Non-current assets	<u>26,699,638,722.00</u>	<u>28,801,167,167.00</u>
Total assets	<u>40,684,836,791.00</u>	<u>43,425,412,061.00</u>
Current liabilities	28,816,791,001.00	31,412,152,044.00
Non-current liabilities	<u>5,889,087,187.00</u>	<u>8,318,215,122.00</u>
Total liabilities	<u>34,705,878,188.00</u>	<u>39,730,367,166.00</u>
Minority interests	-	-
Equity attributable to owners	5,978,958,603.00	3,695,044,895.00
Net asset owned according to share proportion	2,989,479,301.50	1,847,522,447.50
Adjustment	<u>(54,603,257.51)</u>	<u>(55,988,952.33)</u>
Book value of investment	<u>2,934,876,043.99</u>	<u>1,791,533,495.17</u>
Operating revenue	61,765,317,548.00	49,248,182,245.00
Financial expenses- interest income	117,633,590.00	90,144,727.00
Financial expenses- interest expense	453,750,578.00	796,370,449.00
Income tax expense	235,034,761.00	165,666,598.00
Net profit	<u>2,283,913,708.00</u>	<u>15,753,435.00</u>
Dividend	<u>-</u>	<u>-</u>

2. Shares in joint ventures and associates (continued)

The table below shows the financial status of the less important joint ventures and associates:

	2021	2020
Joint venture		
Total book value of the investment	4,332,804,092.02	4,374,675,512.56
Total amount calculated by shareholding proportion		
Net profit	545,149,412.88	94,675,503.73
Other comprehensive income	<u>(1,279,985.89)</u>	<u>-</u>
Total comprehensive income	<u>543,869,426.99</u>	<u>94,675,503.73</u>
Associates		
Total book value of the investment	5,977,694,724.54	5,942,880,787.94
Total amount calculated by shareholding proportion		
Net profit	(763,664,091.57)	(670,118,134.21)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>(763,664,091.57)</u>	<u>(670,118,134.21)</u>

As at 31 December 2021, since the Group has no obligation to undertake the extra loss of Chongqing Changan Kuayue Automobile Sales Co., Ltd, Beijing Fang'an crescent taxi Co., Ltd., Chongqing Wutong Chelian Technology Co., Ltd and Hainan Anxinixing Information Technology Co., Ltd. When extra loss occurs, the Group writes down the long-term investment to zero without recognizing the extra loss.

VII Risks associated with financial instruments

1. Classification of financial instruments

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

Financial assets

2021	Financial assets measured at fair value and whose changes are recorded in the current profit and loss (standard required)	Financial assets measured at amortized cost	Financial assets measured at fair value and whose changes are recorded in Other comprehensive income (specified)	Total
Cash	-	51,976,242,149.37	-	51,976,242,149.37
Financial assets for trading	195,798,300.00	-	-	195,798,300.00
Notes receivable	-	24,267,633,416.65	-	24,267,633,416.65
Accounts receivable	-	1,675,427,534.87	-	1,675,427,534.87
Other receivables	-	632,122,942.37	-	632,122,942.37
Other current assets	-	3,723,435.08	-	3,723,435.08
Investment in other equity instrument	-	-	701,409,600.00	701,409,600.00
Total	195,798,300.00	78,555,149,478.34	701,409,600.00	79,452,357,378.34
2020	Financial assets measured at fair value and whose changes are recorded in the current profit and loss (standard required)	Financial assets measured at amortized cost	Financial assets measured at fair value and whose changes are recorded in Other comprehensive income (specified)	Total
Cash	-	32,001,775,600.07	-	32,001,775,600.07
Financial assets for trading	204,254,400.00	-	-	204,254,400.00
Notes receivable	-	28,371,541,054.75	-	28,371,541,054.75
Accounts receivable	-	2,141,197,139.45	-	2,141,197,139.45
Other receivables	-	723,919,037.36	-	723,919,037.36
Other current assets	-	317,063,888.99	-	317,063,888.99
Investment in other equity instrument	-	-	691,990,000.00	691,990,000.00
Total	204,254,400.00	63,555,496,720.62	691,990,000.00	64,451,741,120.62

1. Classification of financial instruments (continued)

Financial liabilities

	Financial liabilities measured at amortized cost	
	2021	2020
Short-term loans	19,000,000.00	578,000,000.00
Notes payable	24,292,268,371.12	17,574,014,553.46
Accounts payable	23,650,604,870.98	23,118,793,794.42
Other payables	4,562,626,344.69	4,475,215,625.98
Non-current liabilities due within 1 year	533,839,583.57	100,000,000.00
Long-term loan	600,000,000.00	955,300,000.00
Lease liabilities	38,679,735.59	-
Long-term payables	642,513,537.69	-
Total	<u>54,339,532,443.64</u>	<u>46,801,323,973.86</u>

2. Transfer of financial assets

The transferred financial assets that entirely derecognized but continuing involved

As at 31 December 2021, the Group has endorsed acceptance bill with a carrying amount of RMB2,391,567,055.84 (31 December 2020: RMB5,093,467,680.36) to suppliers to settle the accounts payable. The maturities of the notes are between 1 to 6 months. According to the relevant provisions of the "law of negotiable instruments", if the banks refuse the payment, the holder may exercise the right of recourse against any one, several or all of the debtors of the bill, including the Group, regardless of the order of the debtors of the bill (the "continuing involvement"). The Group holds the view that almost all the risks and rewards concerned have been transferred; therefore, the book value of the accounts payable should be derecognized. The maximum loss and the undiscounted cash flow of the continuing involvement and repurchase is equal to its book value, the Group regards the fair value of the continuing involvement is not significant.

In 2021, the Group didn't recognize profit or loss on the transferring date. No revenue or expense should be recognized in accordance with the continuing involvement in the current period. The indorsement occurred flatly in this period.

3. Risks of financial instruments

The Group faces risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and price risk). The main financial instruments of the Group include monetary funds, equity investments, loans, bills receivable, accounts receivable, bills payable, accounts payable, lease liabilities, 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 2021, 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. 48.92% 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.

3. Risks of financial instruments (continued)

Credit risk (continued)

Judgment criteria for significant increase in credit risk

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

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

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

Definition of assets that have incurred credit impairment

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

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

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

3. Risks of financial instruments (continued)

Credit risk (continued)

A parameter for measuring expected credit losses

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

The relevant definition is as follows:

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

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

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3. Risks of financial instruments (continued)

Credit risk (continued)

	Balance of book value of 2021		Balance of book value of 2020	
	Within the next 12 months	Entire duration	Within the next 12 months	Entire duration
	Expected credit loss	Expected credit loss	Expected credit loss	Expected credit loss
Cash	51,976,242,149.37	-	32,001,775,600.07	-
Financial assets for trading	195,798,300.00	-	204,254,400.00	-
Notes receivable	24,267,633,416.65	-	28,371,541,054.75	-
Accounts Receivable	-	1,890,701,912.49	-	2,330,688,177.67
Other receivables	628,049,812.50	11,539,369.83	720,859,859.96	14,880,430.19
Other current assets	3,723,435.08	-	317,063,888.99	-
Investment in other equity instrument	701,409,600.00	-	691,990,000.00	-
	<u>77,772,856,713.60</u>	<u>1,902,241,282.32</u>	<u>62,307,484,803.77</u>	<u>2,345,568,607.86</u>

3. Risks of financial instruments (continued)

Liquidity risk

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

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

The table below summarizes the maturity profile of the Group's financial liabilities based on the non-discounted cash flow of the contracts:

2021

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Short-term loans	19,795,625.00	-	-	-	19,795,625.00
Notes payable	24,292,268,371.12	-	-	-	24,292,268,371.12
Accounts payable	23,650,604,870.98	-	-	-	23,650,604,870.98
Other payable	4,562,626,344.69	-	-	-	4,562,626,344.69
Non-current liabilities due within 1 year	586,179,931.75	-	-	-	586,179,931.75
Long-term loan	-	609,000,000.00	-	-	609,000,000.00
Lease liabilities	-	28,962,720.73	12,810,301.90	763,259.70	42,536,282.33
Long-term payables	-	212,672,500.00	212,672,500.00	248,724,166.67	674,069,166.67
Total	53,111,475,143.55	850,635,220.73	225,482,801.90	249,487,426.37	54,437,080,592.55

2020

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Short-term loans	588,058,750.00	-	-	-	588,058,750.00
Notes payable	17,574,014,553.46	-	-	-	17,574,014,553.46
Accounts payable	23,118,793,794.42	-	-	-	23,118,793,794.42
Other payable	4,475,215,625.98	-	-	-	4,475,215,625.98
Long-term loan	27,553,000.00	382,853,000.00	613,500,000.00	-	1,023,906,000.00
Non-current liabilities due within 1 year	101,500,000.00	-	-	-	101,500,000.00
Total	45,885,135,723.86	382,853,000.00	613,500,000.00	-	46,881,488,723.86

3. Risks of financial instruments (continued)

Market risk

Interest rate risk

The Group's revenue and operating cash flows are seldomly influenced by the interest fluctuation. As at 31 December 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 2021, the Group only has transactional currency exposures of 5.41% (2020: 3.63%) of its total revenue that is valued in currencies other than the units' functional currency. Since most of the Group's businesses are operated in China mainland, the estimated influence of fluctuation of foreign currency is insignificant; therefore, the Group hasn't carried out large amount of hedging to reduce the risk.

Equity instruments investment price risk

The price risk of equity instrument investment refers to the risk that the fair value of equity securities is reduced due to changes in the level of stock indexes and changes in the value of individual securities. On December 31, 2021, the Group's listed equity instrument investment (Note V. 2) was listed on the Shanghai Stock Exchange and measured on the basis of market quotes on the balance sheet date. The following table illustrates the sensitivity of the Group's net profit and loss to every 5% change in the fair value of equity instrument investments (based on the book value at the balance sheet date) under the assumption that all other variables remain constant.

2021

	Carrying amount of equity instrument investments	Change in fair value	Increase/ (decrease) in net profit	Increase/ (decrease) in equity
Shanghai- Equity investment included in financial assets at fair value through profit or loss	177,902,700.00	5%	7,560,864.75	7,560,864.75
Shanghai- Equity investment included in financial assets at fair value through profit or loss	177,902,700.00	(5%)	(7,560,864.75)	(7,560,864.75)

3. Risks of financial instruments (continued)

Market risk(continued)

Equity instruments investment price risk (continued)

2020

	Carrying amount of equity instrument investments	Change in fair value	Increase/ (decrease) in net profit	Increase/(decreas e) in equity
Shanghai- Equity investment included in financial assets at fair value through profit or loss	180,929,400.00	5%	7,689,499.50	7,689,499.50
Shanghai- Equity investment included in financial assets at fair value through profit or loss	180,929,400.00	(5%)	(7,689,499.50)	(7,689,499.50)

4. Capital management

The main goal of the Group's capital management is to ensure that the ability of continuous operation and maintain healthy capital ratios in order to support business development, and to maximize shareholder value.

The Group manages the capital structure and adjusts it with the change of economy trend and the risk feature of the assets. To maintain or adjust the capital structure, the Group can rectify dividend distribution, return capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements constraints. The goal, principle and procedure of capital management stay the same in 2021 and 2020.

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

	31 December 2021	31 December 2020 (Restated)
Leverage ratio	<u>58.74%</u>	<u>54.78%</u>

VIII Disclosure of fair value

1. Assets and liabilities measured at fair value

2021

	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)	
Financial asset held for trading				
Equity instrument investment	177,902,700.00	-	-	177,902,700.00
Debt investments	-	-	17,895,600.00	17,895,600.00
Others	-	-	701,409,600.00	701,409,600.00
Total	<u>177,902,700.00</u>	<u>-</u>	<u>719,305,200.00</u>	<u>897,207,900.00</u>

2020

	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)	
Financial asset held for trading				
Equity instrument investment	180,929,400.00	-	-	180,929,400.00
Derivative financial assets	-	23,325,000.00	-	23,325,000.00
Investment in other equity instruments	-	-	691,990,000.00	691,990,000.00
Total	<u>180,929,400.00</u>	<u>23,325,000.00</u>	<u>691,990,000.00</u>	<u>896,244,400.00</u>

2. Fair value estimation

Management has assessed and concluded accounts, including cash, notes receivable, accounts receivable, other receivables, other payables, notes payable and accounts payable and so on, whose fair value equals to book value because of its short term to overdue.

Financial assets and financial liabilities are measured at the amount that an asset could be exchanged for or by which a liability could be incurred or settled by knowledge, willing parties in a current arm's-length transaction, other than liquidation or unwilling sales. Methods and hypothesis followed are used for determining fair value.

2. Fair value estimation (continued)

Long-term loans and long-term payables use discounted cash flow method to determine its fair value, with discount rate in accordance with market return of other financial instruments based on similar terms, credit risks and remaining terms. As at 31 December 2021, the default risk of long-term loans and short-term loans were considered immaterial.

The equity instruments listed by the Group are ordinary shares with unrestricted sale conditions, and their fair value is determined at the quoted market price. The Group's unlisted equity instruments use a series of valuation models to estimate the fair value, and the assumptions used are not supported by observable market prices or interest rates. The Group mainly refers to the evaluation reports of independent qualified professional appraisers. The Group believes that the fair value and its changes estimated by valuation techniques are reasonable and are also the most appropriate value on the balance sheet date.

The Group entered into a derivative financial instrument contract with the bank. The Group's derivative financial instruments are foreign exchange forward contracts, which are measured using valuation techniques similar to the present value method. The observable input value of the market covered by the model is the forward exchange rate. The book value of a foreign exchange forward contract is the same as the fair value.

3. Unobservable input

The following is an overview of the important unobservable input value of the third level fair value measurement:

	Fair value	Valuation techniques	Non-observable input value
Investment in other equity instrument			
2021	701,409,600.00	Market approach/ Income approach	Comparable transaction value multiplier / Post-tax discount rate
2020	691,990,000.00	Market approach/ Income approach	Comparable transaction value multiplier / Post-tax discount rate
Financial asset held for trading-Others			
2021	17,895,600.00	Expected yield as per the contract	Expected yield contained in the contract

IX Related party relationships and transactions

1. The holding company

Holding company	Place of registration	Registered capital	Nature of the business	Proportion of shares in the Company	Proportion of voting rights in the company
China Changan Automobile Group Co., Ltd.	Beijing	6,092,273,400.00	Automobile and its engines, spare parts manufacturing, marketing	20.80%	20.80%

The ultimate holding company is China South Industries Group Corporation.

2. Subsidiaries

Refer to Note VI 1 for details of the Group's subsidiaries.

3. Joint ventures and associates

Refer to Note VI 2 for details of the Group's joint ventures and associates.

4. Other related parties

Related parties	Relationship
Anhui Wanyou Automobile Sales Service Co., Ltd.	Controlled by the same ultimate holding company
Bazhong Wanyou Auto Sales & Service Co., Ltd.	Controlled by the same ultimate holding company
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	Controlled by the same ultimate holding company
China South Industry Group Finance Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Huachuan Electric Equipment 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 Oil 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
Chengdu Wanyou Trading Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Wanyou Auto Sales and Service co.,Ltd.	Controlled by the same ultimate holding company
Chengdu Wanyou Auto Trade Service Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Harbin Botong Auto Parts Co.,Ltd.	Controlled by the same ultimate holding company
Harbin Dongan Auto Engine Co., Ltd.	Controlled by the same ultimate holding company
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Controlled by the same ultimate holding company
Hubei Huazhong Marelli Automobile Lighting Co., Ltd.	Controlled by the same ultimate holding company
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Controlled by the same ultimate holding company
Jiangsu Wanyou Automobile Sales Service Co., Ltd.	Controlled by the same ultimate holding company
Longchang Shanchuan Precision Welded Tube Co., Ltd.	Controlled by the same ultimate holding company
Luzhou Wanyou Automobile Service Co., Ltd.	Controlled by the same ultimate holding company
SIAMC Management Co., Ltd.	Controlled by the same ultimate holding company
Panzhuhua Wanyou Auto Sales & Service Co., Ltd.	Controlled by the same ultimate holding company

4. Other related parties (continued)

Related parties	Relationship
Sichuan Jian'an Industrial Co.,Ltd.	Controlled by the same ultimate holding company
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Controlled by the same ultimate holding company
Wanyou Automobile Investment Co., Ltd.	Controlled by the same ultimate holding company
Ya'an Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Ya'an Changan Affordable Housing Construction Co., Ltd.	Controlled by the same ultimate holding company
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Yunnan Xiyi Industries Co., Ltd.	Controlled by the same ultimate holding company
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
China South Industries Group Financial Leasing Co., Ltd.	Controlled by the same ultimate holding company
China South Industries Group Commercial Factoring Co., Ltd.	Controlled by the same ultimate holding company
China South Industries Group Information Center Co., Ltd.	Controlled by the same ultimate holding company
China 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 Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Dajiang Jiexin Forging Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Dajiang Xinda Vehicles Shares 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 Automobile Air-conditioner Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Jianshe Industry (Group) Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Jianshe Mechanical & Electrical Equipment Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Construction Tongda Industrial Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Pingshan Tk Carburetor Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Automobile Air-conditioner Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Tsingshan Industrial Co., Ltd.	Controlled by the same ultimate holding company

4. Other related parties (continued)

Related parties	Relationship
Chongqing Shangfang Automobile Fittings Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Qingshan Transmission Sales Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Property Management Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Economic Development Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Xingjian Auto Sales & Service 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 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 Changan Industries Group Co. Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Construction Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Intelligent Industrial Technology Service Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changrong Machinery Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Automobl Sales & Survice Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Chang'an Minsheng Boyu Logistics Co., Ltd.	Participated by the Ultimate holding company
Chongqing Changan Minsheng Logistics Co. Ltd.	Participated by the Ultimate holding company
Beijing Zhongbing Insurance Brokerage Co., Ltd.	Participated by the Ultimate holding company
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd.	Participated by the Ultimate holding company
Lear Changan (Chongqing) Automotive System Co., Ltd.	Participated by the Ultimate holding company
United Automotive Electronis Systems (Chongqing) Co., Ltd.	Participated by the Ultimate holding company
Gkn Huayu Driveline Systems(chongqing) Co., Ltd.	Participated by the Ultimate holding company
Southern Fojiya Auto Parts Co., Ltd.	Participated by the Ultimate holding company
South Tianhe Chassis System Co., Ltd.	Participated by the Ultimate holding company

4. Other related parties (continued)

Related parties	Relationship
South Inter Air-conditioner Co.,Ltd.	Participated by the Ultimate holding company
Nanjing CMSC Logistics Co., Ltd.	Participated by the Ultimate holding company
Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd.	Participated by the Ultimate holding company
Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd.	Participated by the Ultimate holding company
Chongqing Dajiang Tongyang Plastics Co., Ltd.	Participated by the Ultimate holding company
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	Participated by the Ultimate holding company
Dajiang Yapp Automotive Systems Co., Ltd.	Participated by the Ultimate holding company
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Participated by the Ultimate holding company
Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd.	Participated by the Ultimate holding company
Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd.	Participated by the Ultimate holding company
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Participated by the Ultimate holding company
Hafei Motor Co., Ltd.	Participated by the Ultimate holding company
Hunan Tyen Machinery Co., Ltd.	Participated by the Ultimate holding company
Chongqing Nexteer Steering System Co.,Ltd.	Participated by the Ultimate holding company
Nanjing LingHang Technology Co., Ltd.	Companies in which the company participates
Ald Fortune Auto Leasing & Renting (Shanghai) Co., Ltd.	Companies in which the company participates
Beijing Wutong Chelian Technology Co., Ltd.	Companies in which the company participates

5. Major transactions between the Group and its related parties

(1) Transactions of goods and services

Purchases of goods and services from related parties

Related parties	Nature of the transaction	2021	2020
Chongqing Tsingshan Industrial Co., Ltd.	Purchase of spare parts and accept service	4,785,993,498.79	3,684,739,124.13
Chongqing Changan Minsheng Logistics Co. Ltd.	Purchase of spare parts and accept service	2,367,887,858.81	2,321,661,536.69
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Purchase of spare parts and accept service	1,470,076,695.64	1,178,198,495.66
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	Purchase of complete vehicles, spare parts and accept service	1,157,433,115.64	1,097,592,882.15
Hubei Huazhong Marelli Automobile Lighting Co., Ltd.	Purchase of spare parts	1,103,986,382.45	924,861,149.84
South Tianhe Chassis System Co., Ltd.	Purchase of spare parts	855,650,728.58	726,774,574.11
Sichuan Jian'an Industrial Co., Ltd.	Purchase of spare parts and accept service	833,678,868.10	628,825,753.65
Chongqing Nexteer Steering System Co., Ltd.	Purchase of spare parts and accept service	772,763,837.57	739,702,972.57
Harbin Dongan Auto Engine Co., Ltd.	Purchase of spare parts	737,712,816.89	932,157,154.17
Lear Changan (Chongqing) Automotive System Co., Ltd.	Purchase of spare parts	626,890,790.17	334,723,824.17
Chongqing Wanyou Economic Development Co., Ltd.	Purchase of spare parts and accept service	603,419,863.12	976,443,727.86
Southern Fojiya Auto Parts Co., Ltd.	Purchase of spare parts	522,797,081.51	491,923,455.98
United Automotive Electronis Systems (Chongqing) Co., Ltd.	Purchase of spare parts and accept service	514,909,546.70	222,951,286.10
Chengdu Huachuan Electric Equipment Co., Ltd.	Purchase of spare parts	419,242,322.52	355,932,699.49
South Inter Air-conditioner Co., Ltd.	Purchase of spare parts	429,818,507.26	426,702,939.90
Dajiang Yapp Automotive Systems Co., Ltd.	Purchase of spare parts and accept service	339,075,086.11	265,670,263.73
Gkn Huayu Driveline Systems(Chongqing) Co., Ltd.	Purchase of spare parts	329,353,847.13	242,321,598.09
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	Purchase of spare parts	276,472,478.63	247,355,461.90

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Subtotal of this page 18,147,163,325.62 15,798,538,900.19

5. Major transactions between the Group and its related parties (continued)

(1) Transactions of goods and services (continued)

Purchases of goods and services from related parties (continued)

Related parties	Nature of the transaction	2021	2020
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Purchase of spare parts	218,229,152.25	180,146,080.98
Chongqing Changrong Machinery Co., Ltd.	Purchase of spare parts	208,657,447.92	172,791,601.30
Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd.	Purchase of spare parts	192,644,714.03	145,011,197.99
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Purchase of spare parts	159,688,393.32	144,053,301.47
Chongqing Dajiang Tongyang Plastics Co., Ltd.	Purchase of spare parts	157,108,911.96	25,446,765.92
Chengdu Wanyou Filter Co., Ltd.	Purchase of spare parts	130,985,512.13	113,437,940.80
Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd.	Purchase of spare parts	116,001,208.39	46,023,003.13
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Purchase of spare parts	108,537,666.51	89,517,947.06
Yunnan Xiyi Industries Co., Ltd.	Purchase of spare parts	104,765,620.44	83,142,186.90
Chongqing Shangfang Automobile Fittings Co., Ltd.	Purchase of spare parts	94,792,739.82	47,085,555.46
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Purchase of spare parts and accept service	93,797,140.57	158,286,387.38
Beijing Wutong Chelian Technology Co., Ltd.	Purchase of spare parts	72,575,303.13	40,112,533.75
Hunan Tyen Machinery Co., Ltd.	Purchase of spare parts	70,511,666.83	106,381,211.46
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Purchase of spare parts	60,296,426.94	92,051,383.78
Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd.	Purchase of spare parts	56,309,042.36	65,711,704.15
Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd.	Purchase of spare parts and accept service	44,892,792.39	-
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Purchase of spare parts	38,128,016.68	15,506,135.12
Chongqing Construction Tongda Industrial Co., Ltd.	Purchase of spare parts	37,055,895.63	35,482,658.54
Longchang Shanchuan Precision Welded Tube Co., Ltd.	Purchase of spare parts	28,967,949.24	-
Chongqing Qingshan Transmission Sales Co., Ltd.	Purchase of spare parts	23,973,681.31	10,194,400.54
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Accept service	22,766,515.25	5,253,274.07
Subtotal of this page		2,040,685,797.10	1,575,635,269.80

5. Major transactions between the Group and its related parties (continued)

(1) Transactions of goods and services (continued)

Purchases of goods and services from related parties (continued)

Related parties	Nature of the transaction	2021	2020
Chongqing Changan Industries Group Co. Ltd.	Purchase of spare parts and accept service	17,861,163.78	9,049,155.57
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Purchase of spare parts	14,709,194.40	3,955,965.29
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Accept service	14,259,779.04	5,741,965.89
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Accept service	10,395,446.00	5,244,419.54
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Purchase of spare parts	10,043,682.64	12,054,907.93
Chengdu Wanyou Auto Trade Service Co., Ltd.	Accept service	8,507,457.55	917,270.50
Chongqing Dajiang Jiexin Forging Co., Ltd.	Purchase of spare parts	5,121,697.47	4,674,122.53
Chongqing Changan Property Management Co., Ltd.	Purchase of spare parts and accept service	4,176,911.94	4,017,497.13
Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd.	Accept service	3,338,044.36	2,381,398.33
Anhui Wanyou Automobile Sales Service Co., Ltd.	Purchase of spare parts and accept service	2,404,928.50	-
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Purchase of spare parts	2,148,762.81	1,616,404.78
Jiangsu Wanyou Automobile Sales Service Co., Ltd.	Accept service	1,986,071.15	-
Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd.	Accept service	1,919,504.03	1,680,689.78
China Changan Automobile Group Tianjin Sales Co., Ltd.	Accept service	1,808,381.51	69,937.47
Ya'an Wanyou Auto Sales and Service Co., Ltd.	Accept service	1,736,024.66	1,393,713.98
Chongqing Jianshe Industry (Group) Co., Ltd.	Purchase of spare parts	1,732,643.94	2,330,777.03
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Accept service	981,350.81	183,484.32
Luzhou Wanyou Automobile Service Co., Ltd.	Accept service	669,657.17	680,474.95
Chongqing Changan Construction Co., Ltd.	Accept service	564,840.03	4,349,278.97
Panzhuhua Wanyou Auto Sales & Service Co., Ltd.	Accept service	514,551.95	442,345.13
Subtotal of this page		104,880,093.74	60,783,809.12

5. Major transactions between the Group and its related parties (continued)

(1) Transactions of goods and services (continued)

Purchases of goods and services from related parties (continued)

Related parties	Nature of the transaction	2021	2020
Nanjing LingHang Technology Co., Ltd.	Purchase of spare parts and accept service	378,892.59	-
Beijing Zhongbing Insurance Brokerage Co., Ltd.	Accept service	340,815.00	-
Changan Ford Automobile Co., Ltd.	Purchase of spare parts	329,133.98	5,058,945.34
Chongqing Pingshan Tk Carburetor Co., Ltd.	Purchase of spare parts	256,266.00	-
Chengdu Wanyou Auto Sales and Service co.,Ltd.	Accept service	187,650.50	-
China Changan Automobile Group Co., Ltd.	Accept service	120,000.00	-
Bazhong Wanyou Auto Sales & Service Co., Ltd.	Accept service	64,894.12	430,168.54
Chongqing Chang'an Minsheng Boyu Logistics Co., Ltd.	Accept service	47,627.52	-
Chengdu Wanyou Trading Co., Ltd.	Accept service	35,404.55	20,445.13
China South Industries Group Information Center Co., Ltd.	Accept service	27,169.81	-
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Purchase of spare parts	7,254.24	-
	Purchase of spare parts and accept service	3,933.64	303,166.85
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	Accept service	2,752.29	-
Nanjing CMSC Logistics Co., Ltd.	Purchase of spare parts	-	23,320,009.34
Chengdu Lingchuan Special Industry Co., Ltd.	Accept service	-	9,871,953.03
Shenzhen Baoneng Automobile Co., Ltd.	Purchase of spare parts	-	96,637.17
Chongqing Anfu Automobile Co., Ltd.	Accept service	-	2,330,132.81
China Changan Automobile Group Hefei Investment Co., Ltd.		-	-
Subtotal of this page		<u>1,801,794.24</u>	<u>41,431,458.21</u>
Total		<u>20,294,531,010.70</u>	<u>17,476,389,437.32</u>

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

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5. Major transactions between the Group and its related parties (continued)

(1) Transactions of goods and services (continued)

Sales of goods and services to related parties

Related parties	Nature of the transaction	2021	2020
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	Sales of vehicle parts and services	2,087,692,782.62	996,717,165.22
Chongqing Wanyou Economic Development Co., Ltd.	Sales of vehicles and parts	1,720,993,540.69	1,624,459,884.38
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Sales of vehicles and parts	1,257,537,353.64	1,149,704,763.57
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles and parts	1,046,987,731.08	1,046,431,806.05
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles and parts	929,945,622.49	789,666,169.97
Pakistan Master Automobile Co., Ltd.	Sales of the vehicle	825,606,129.36	132,463,965.62
Wanyou Automobile Investment Co., Ltd.	Sales of the vehicle	535,094,553.91	512,772,048.97
Chengdu Wanyou Auto Trade Service Co., Ltd.	Sales of vehicles and parts	513,214,521.29	368,099,617.03
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	Selling parts	436,822,730.06	307,433,336.52
Changan Automobile Finacing Co., Ltd.	Provide labor services	399,039,103.55	388,230,602.82
China Changan Automobile Group Tianjin Sales Co., Ltd.	Sales of vehicles and parts	227,233,799.93	216,834,369.66
Jiangsu Wanyou Automobile Sales Service Co., Ltd.	Sales of vehicles and parts	200,741,980.03	-
Anhui Wanyou Automobile Sales Service Co., Ltd.	Sales of vehicles and parts	199,372,254.88	-
Chongqing Chang'an Minsheng Boyu Logistics Co., Ltd.	Sales of the vehicle	103,326,580.61	-
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Sales of vehicles and parts	93,848,306.63	102,560,313.23
Chongqing Tsingshan Industrial Co., Ltd.	Selling parts and services	82,201,791.51	15,461,598.83
Chongqing Changan Kuayue Automobile Co., Ltd.	Selling parts and services	71,993,694.98	20,607,490.36
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Selling parts	62,194,464.21	76,937,131.10
China Changan Automobile Group Hefei Investment Co., Ltd.	Sales of vehicles and parts	40,568,514.45	201,590,656.88
Chongqing Anfu Automobile Co., Ltd.	Sales of vehicles and parts	14,756,637.21	17,553,603.64
Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd.	Selling parts	12,045,145.12	-
Changan Ford Automobile Co., Ltd.	Selling parts and services	10,926,158.29	9,247,644.96
China South Industries Group Financial Leasing Co., Ltd.	Provide labor services	7,132,075.48	61,981.14
Subtotal of this page		10,879,275,472.02	7,976,834,149.95

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5. Major transactions between the Group and its related parties (continued)

(1) Transactions of goods and services (continued)

Sales of goods and services to related parties (continued)

Related parties	Nature of the transaction	2021	2020
Chongqing Changan Minsheng Logistics Co. Ltd.	Selling parts and services	3,311,934.58	1,264,779.06
Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd.	Selling parts	2,356,554.96	1,387,972.19
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Selling parts	2,246,031.95	3,355,064.92
Ya'an Wanyou Auto Sales and Service Co., Ltd.	Selling parts	1,555,063.32	747,337.96
Chongqing Dajiang Tongyang Plastics Co., Ltd.	Selling parts	1,536,134.53	-
Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd.	Selling parts	1,356,654.72	1,264,570.81
Luzhou Wanyou Automobile Service Co., Ltd.	Selling parts	1,026,650.15	732,648.64
China South Industries Group Information Center Co., Ltd.	Provide labor services	690,566.04	407,547.17
Panzhuhua Wanyou Auto Sales & Service Co., Ltd.	Selling parts	479,039.76	358,849.20
China South Industry Group Finance Co., Ltd.	Provide labor services	365,474.29	-
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Provide labor services	349,056.60	305,799.06
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	Selling parts and services	279,576.78	-
Chengdu Wanyou Auto Sales and Service co.,Ltd.	Selling parts	219,077.77	196,660.99
Hainan Anxinxing Information Technology Co., Ltd.	Provide labor services	180,405.38	161,934.70
Changan Mazda Engine Co., Ltd.	Provide labor services	138,073.58	384,329.60
Yunnan Xiyi Industries Co., Ltd.	Selling parts	131,376.00	155,086.64
China South Industries Group Commercial Factoring Co., Ltd.	Provide labor services	113,315.44	822.91
Chongqing Nexteer Steering System Co.,Ltd.	Provide labor services	104,655.66	-
Chengdu Huachuan Electric Equipment Co., Ltd.	Provide labor services	103,773.58	11,245.28
United Automotive Electronis Systems (Chongqing) Co., Ltd.	Provide labor services	56,120.75	-
Harbin Dongan Auto Engine Co., Ltd.	Selling parts and services	54,540.16	39,300.77
Lear Changan (Chongqing) Automotive System Co., Ltd.	Provide labor services	14,716.98	-
Subtotal of this page		16,668,792.98	10,773,949.90

5. Major transactions between the Group and its related parties (continued)

(1) Transactions of goods and services (continued)

Sales of goods and services to related parties (continued)

Related parties	Nature of the transaction	2021	2020
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	Selling parts	10,746.64	-
Southern Fojiya Auto Parts Co., Ltd.	Provide labor services	1,490.57	28.32
Changan Mazda Automobile Co., Ltd.	Selling parts	-	4,903,862.68
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Selling parts	-	1,161,406.50
Bazhong Wanyou Auto Sales & Service Co., Ltd.	Selling parts and services	-	344,935.41
Chongqing Wanyou Automobl Sales & Service Co., Ltd.	Sales of the vehicle	-	70,010.29
Beijing Wutong Chelian Technology Co., Ltd.	Selling parts	-	30,876.11
Gkn Huayu Driveline Systems(Chongqing) Co., Ltd.	Provide labor services	-	24,424.78
Chongqing Changan Industries Group Co. Ltd.	Provide labor services	-	16,867.92
Chengdu Wanyou Filter Co., Ltd.	Provide labor services	-	9,693.44
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles and parts	-	8,937.17
Sichuan Jian'an Industrial Co.,Ltd.	Provide labor services	-	5,622.64
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Provide labor services	-	5,622.64
South Inter Air-conditioner Co.,Ltd.	Provide labor services	-	14.87
Subtotal of this page		<u>12,237.21</u>	<u>6,582,302.77</u>
Total		<u><u>10,895,956,502.21</u></u>	<u><u>7,994,190,402.62</u></u>

The price of the Group's sales to related parties is based on contracts agreed by all parties.

5. Major transactions between the Group and its related parties (continued)

(2) Other major related-party transactions

The price of the Group's other major related-party transactions is based on contracts agreed by all parties.

Expenses of integrated service charges

Related parties	2021	2020
Chongqing Changan Industries Group Co. Ltd.	<u>87,217,070.27</u>	<u>121,164,234.07</u>

Purchase of project materials

Related parties	2021	2020
Chongqing Changan Construction Co., Ltd.	26,233,377.55	159,193,193.63
Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd.	607,600.00	16,090,656.48
Chongqing Changan Industries Group Co. Ltd.	<u>-</u>	<u>17,522.13</u>
Total	<u>26,840,977.55</u>	<u>175,301,372.24</u>

Staff expenses for technical supporting

Related parties	2021	2020
Changan Ford Automobile Co., Ltd.	33,193,267.38	32,917,981.18
Changan Mazda Automobile Co., Ltd.	22,076,355.37	23,664,359.18
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	17,151,364.69	23,565,604.40
Changan Mazda Engine Co., Ltd.	14,413,961.51	12,367,325.14
Jiangling Holding Co., Ltd.	3,663,424.01	-
Chongqing Changan Kuayue Automobile Co., Ltd.	3,113,694.01	3,384,053.69
Chongqing Changan Minsheng Logistics Co. Ltd.	654,146.65	-
Chongqing Shangfang Automobile Fittings Co., Ltd.	53,900.00	-
Chongqing Tsingshan Industrial Co., Ltd.	-	2,202,660.23
Hainan Anxinxing Information Technology Co., Ltd.	<u>-</u>	<u>602,542.27</u>
Total	<u>94,320,113.62</u>	<u>98,704,526.09</u>

5. Major transactions between the Group and its related parties (continued)

(2) Other major related-party transactions (continued)

Deferred interest income from funds

Related parties	2021	2020
Yunnan Wanyou Auto Sales and Service Co., Ltd.	228,308.44	223,230.97
Chengdu Wanyou Auto Trade Service Co., Ltd.	127,015.84	237,946.02
Guizhou Wanyou Auto Sales and Service Co., Ltd.	75,045.17	897,380.12
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	50,616.82	1,603,276.97
Wanyou Automobile Investment Co., Ltd.	46,188.50	90,990.28
Chongqing Wanyou Economic Development Co., Ltd.	43,143.18	220,335.39
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	28,390.27	2,322.12
Jiangsu Wanyou Automobile Sales Service Co., Ltd.	8,148.67	-
China Changan Automobile Group Tianjin Sales Co., Ltd.	5,878.76	-
Anhui Wanyou Automobile Sales Service Co., Ltd.	2,723.01	-
China Changan Automobile Group Hefei Investment Co., Ltd.	-	21,053.98
Total	<u>615,458.66</u>	<u>3,296,535.85</u>

(3) Lease between related parties

As lessor

Related parties	Type of leased assets	2021	2020
Nanjing LingHang Technology Co., Ltd.	Vehicle	125,060,344.01	301,115.04
Ald Fortune Auto Leasing & Renting (Shanghai) Co., Ltd.	Vehicle	70,778,756.80	-
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	Vehicle and equipment	20,690,813.54	4,197,176.80
Chongqing Changan Industries Group Co. Ltd.	Building	6,650,384.59	6,566,747.42
Chongqing Changan Minsheng Logistics Co. Ltd.	Building	675,912.67	2,032,149.73
Chongqing Wanyou Economic Development Co., Ltd.	Building	645,346.00	333,333.34
Nanjing CMSC Logistics Co., Ltd.	Vehicle	172,460.17	-
Zhongqi Chuangzhi Technology Co., Ltd.	Vehicle	116,037.74	-
South Inter Air-conditioner Co.,Ltd.	Vehicle	67,752.21	-
Chongqing Dajiang Jiexin Forging Co., Ltd.	Vehicle	38,123.89	-
Ya'an Changan Affordable Housing Construction Co., Ltd.	Vehicle	36,106.19	-
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Vehicle	-	1,045,398.23
Total		<u>224,932,037.81</u>	<u>14,475,920.56</u>

5. Major transactions between the Group and its related parties (continued)

(3) Lease between related parties (continued)

As lessee

Related parties	Type of leased assets	2021	2020
Chongqing Changan Minsheng Logistics Co. Ltd	Warehouse	<u>15,940,585.06</u>	<u>14,087,019.20</u>

(4) Deposits and loan interest from related parties

Interest income

Related parties	Type of leased assets	2021	2020
Changan Automobile Finacing Co., Ltd.	Deposit interest income	249,750,000.00	45,267,500.00
China South Industry Group Finance Co., Ltd.	Deposit Interest income	192,425,074.21	89,163,517.54
Jiangling Holding Co., Ltd.	Entrusted loan interest income	<u>6,959,316.00</u>	<u>13,768,160.42</u>
Total		<u>449,134,390.21</u>	<u>148,199,177.96</u>

Interest expense

Related parties	Type of transaction	2021	2020
China South Industry Group Finance Co., Ltd.	Loan interest expense	<u>10,158,888.89</u>	<u>13,734,247.21</u>

(5) Other related party transactions

Related parties	2021	2020
Compensation of key management personal	30,376,486.00	27,805,802.00
Stock-based compensation of key management personal	<u>10,771,483.50</u>	-
Total	<u>41,147,969.50</u>	<u>27,805,802.00</u>

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6. Amounts due from/to related parties

(1) Notes receivable

Related parties	2021	2020
Wanyou Automobile Investment Co., Ltd.	2,175,240,000.00	1,504,200,000.00
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	1,707,657,373.40	-
Yunnan Wanyou Auto Sales and Service Co., Ltd.	47,000,000.00	-
Chongqing Wanyou Economic Development Co., Ltd.	25,500,000.00	-
Chengdu Wanyou Auto Trade Service Co., Ltd.	24,800,000.00	-
Chongqing Changan Kuayue Automobile Co., Ltd.	13,841,516.24	-
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	9,132,765.60	13,328,173.30
Chongqing Tsingshan Industrial Co., Ltd.	7,995,373.20	734,400.00
Guizhou Wanyou Auto Sales and Service Co., Ltd.	5,500,000.00	-
Chongqing Changan Minsheng Logistics Co. Ltd.	1,895,178.03	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	<u>1,450,000.00</u>	<u>-</u>
Total	<u>4,020,012,206.47</u>	<u>1,518,262,573.30</u>

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6. Amounts due from/to related parties (continued)

(2) Accounts receivable

Related parties	2021	2020
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	664,390,126.60	1,228,074,856.50
Pakistan Master Automobile Co., Ltd.	70,424,616.57	82,290,540.22
Jiangling Holding Co., Ltd.	43,263,418.79	39,964,487.77
Beijing Fang'an crescent taxi Co., Ltd.	38,600,000.00	-
Chongqing Changan Minsheng Logistics Co. Ltd.	32,259,206.05	31,376,144.03
Chongqing Changan Kuayue Automobile Co., Ltd.	31,600,512.92	7,978,148.98
Changan Ford Automobile Co., Ltd.	27,571,894.33	9,727,086.90
Changan Automobile Finacing Co., Ltd.	27,000,000.00	54,885,984.97
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	21,179,345.59	845,087.33
Nanjing LingHang Technology Co., Ltd.	16,622,454.93	340,260.00
Chongqing Tsingshan Industrial Co., Ltd.	15,547,355.69	8,611,202.87
Changan Mazda Automobile Co., Ltd.	10,443,141.10	5,435,063.14
Chongqing Changan Industries Group Co. Ltd.	192,632.17	701,659.69
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	128,646.00	-
China South Industries Group Commercial Factoring Co., Ltd.	1,841.34	-
Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd.	0.03	-
Yunnan Wanyou Auto Sales and Service Co., Ltd.	-	1,707,391.53
Hainan Anxinxing Information Technology Co., Ltd.	-	602,542.27
Changan Mazda Engine Co., Ltd.	-	156,000.00
Guangxi Wanyou Auto Sales and Service Co., Ltd.	-	997.60
Harbin Dongan Auto Engine Co., Ltd.	-	180.00
Total	<u>999,225,192.11</u>	<u>1,472,697,633.80</u>

(3) Prepayments

Related parties	2021	2020
Chongqing Tsingshan Industrial Co., Ltd.	180,000,000.00	-
Chongqing Nexteer Steering System Co., Ltd.	50,000,000.00	-
Beijing Wutong Chelian Technology Co., Ltd.	21,982,556.75	-
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	<u>5,660,917.50</u>	<u>24,243,930.61</u>
Total	<u>257,643,474.25</u>	<u>24,243,930.61</u>

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(4) Other receivables

Related parties	2021	2020
Chongqing Changxin Zhiqi Private Equity Investment Fund Partnership (Limited Partnership)	26,670,000.00	-
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	25,935,000.00	-
Hafei Motor Co., Ltd.	1,500,000.00	1,500,000.00
Chongqing Changan Industries Group Co. Ltd.	1,157,446.69	1,157,446.69
Nanjing LingHang Technology Co., Ltd.	1,027,352.32	-
Chongqing Changan Minsheng Logistics Co. Ltd.	596,131.62	53.44
Changan Ford Automobile Co., Ltd.	-	124,312,677.99
Total	<u>56,885,930.63</u>	<u>126,970,178.12</u>

(5) Other current assets

Related parties	2021	2020
Jiangling Holding Co., Ltd.	<u>-</u>	<u>300,000,000.00</u>

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(6) Notes payable

Related parties	2021	2020
Chongqing Tsingshan Industrial Co., Ltd.	997,630,000.00	916,880,000.00
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	449,050,000.00	352,810,000.00
Chongqing Nexteer Steering System Co.,Ltd.	345,500,000.00	312,130,000.00
Chongqing Changan Minsheng Logistics Co. Ltd.	293,970,489.20	324,235,180.29
Dajiang Yapp Automotive Systems Co., Ltd.	172,180,000.00	114,770,000.00
Harbin Dongan Auto Engine Co., Ltd.	144,790,000.00	544,530,000.00
Hubei Huazhong Marelli Automobile Lighting Co., Ltd.	115,860,000.00	31,870,000.00
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	100,200,000.00	123,346,500.00
Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd.	83,160,000.00	56,980,000.00
Gkn Huayu Driveline Systems(Chongqing) Co., Ltd.	76,420,000.00	23,860,000.00
South Inter Air-conditioner Co.,Ltd.	76,300,000.00	94,190,000.00
Chongqing Dajiang Tongyang Plastics Co., Ltd.	72,710,000.00	-
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	71,204,039.75	42,045,906.61
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	57,320,000.00	53,170,000.00
Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd.	50,210,000.00	-
Hunan Tyen Machinery Co., Ltd.	45,800,000.00	51,370,000.00
Chongqing Shangfang Automobile Fittings Co., Ltd.	40,747,850.00	18,890,000.00
Chengdu Wanyou Filter Co., Ltd.	34,230,000.00	28,600,000.00
South Tianhe Chassis System Co., Ltd.	33,896,189.65	1,499,287.93
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	29,530,000.00	28,230,000.00
Southern Fojiya Auto Parts Co., Ltd.	27,690,000.00	30,780,000.00
Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd.	16,298,837.60	3,786,991.22
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	15,230,000.00	26,147,000.00
Chongqing Construction Tongda Industrial Co., Ltd.	12,789,350.84	10,900,000.00
Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd.	9,110,000.00	11,930,000.00
Chongqing Yihong Engineering Plastic Products Co., Ltd.	7,990,000.00	1,680,000.00
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	4,420,000.00	5,000,000.00
Chongqing Changan Construction Co., Ltd.	2,417,746.00	38,994,143.00
Chongqing Dajiang Jiexin Forging Co., Ltd.	2,230,000.00	1,600,000.00
Longchang Shanchuan Precision Welded Tube Co., Ltd.	700,000.00	-
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	-	65,391,200.00
Subtotal of this page	<u>3,389,584,503.04</u>	<u>3,315,616,209.05</u>

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(6) Notes payable (continued)

Related parties	2021	2020
China South Industries Group Commercial Factoring Co., Ltd.	-	27,249,816.78
Sichuan Jian'an Industrial Co.,Ltd.	-	12,140,000.00
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	-	8,353,982.41
Chengdu Huachuan Electric Equipment Co., Ltd.	-	1,640,000.00
Chongqing Changan Industries Group Co. Ltd.	-	300,927.73
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	-	<u>300,000.00</u>
Subtotal of this page	-	<u>49,984,726.92</u>
Total	<u>3,389,584,503.04</u>	<u>3,365,600,935.97</u>

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(7) Accounts payable

Related parties	2021	2020
Chongqing Nexteer Steering System Co.,Ltd.	303,819,542.94	364,038,471.33
Chongqing Tsingshan Industrial Co., Ltd.	289,136,235.05	368,373,870.72
Hubei Huazhong Marelli Automobile Lighting Co., Ltd.	276,099,169.78	271,361,040.92
South Tianhe Chassis System Co., Ltd.	218,042,109.95	202,699,198.08
South Inter Air-conditioner Co.,Ltd.	156,165,656.54	114,805,252.76
Harbin Dongan Auto Engine Co., Ltd.	155,019,007.24	234,873,913.36
Dajiang Yapp Automotive Systems Co., Ltd.	130,308,165.60	136,564,042.17
Chongqing Dajiang Tongyang Plastics Co., Ltd.	122,247,111.17	3,947,873.64
Sichuan Jian'an Industrial Co.,Ltd.	114,453,923.31	50,389,382.79
Southern Fojiya Auto Parts Co., Ltd.	111,176,628.27	152,146,995.28
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	79,164,395.58	191,107,786.37
Gkn Huayu Driveline Systems(Chongqing) Co., Ltd.	67,131,433.77	53,653,386.24
Lear Changan (Chongqing) Automotive System Co., Ltd.	59,478,481.96	21,514,578.32
Chongqing Changrong Machinery Co., Ltd.	48,459,589.80	48,567,677.78
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	45,785,722.56	987,249,301.69
United Automotive Electronis Systems (Chongqing) Co., Ltd.	43,729,758.05	1,505,015.86
Chengdu Huachuan Electric Equipment Co., Ltd.	42,505,846.09	8,868,392.58
Jiangling Holding Co., Ltd.	37,578,608.85	37,532,873.73
Chongqing Changan Minsheng Logistics Co. Ltd.	26,921,418.99	7,310,129.55
Chongqing Shangfang Automobile Fittings Co., Ltd.	26,347,971.01	17,656,884.93
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	24,528,900.28	13,521,751.49
Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd.	23,129,987.81	16,059,572.01
Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd.	22,651,086.10	53,945,823.59
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	22,265,092.41	43,541,607.75
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	22,108,475.58	23,952,436.29
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	16,297,923.33	7,442,927.94
Chongqing Construction Tongda Industrial Co., Ltd.	16,219,154.70	18,670,315.51
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	14,889,297.76	10,018,647.24
Chengdu Wanyou Filter Co., Ltd.	14,085,492.47	30,381,478.06
Chongqing Qingshan Transmission Sales Co., Ltd.	10,260,951.97	6,290,936.01
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	8,406,255.55	29,379,141.06
Subtotal of this page	<u>2,548,413,394.47</u>	<u>3,527,370,705.05</u>

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(7) Accounts payable (continued)

Related parties	2021	2020
Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd.	8,304,368.73	4,232,993.94
Beijing Wutong Chelian Technology Co., Ltd.	5,798,358.99	47,721,286.97
Chongqing Changan Kuayue Automobile Co., Ltd.	5,271,250.56	5,293,918.44
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	4,627,147.80	51,429,508.22
Chongqing Wanyou Economic Development Co., Ltd.	3,256,626.28	127,374,868.86
Longchang Shanchuan Precision Welded Tube Co., Ltd.	2,359,553.08	-
Hunan Tyen Machinery Co., Ltd.	2,083,314.54	50,453,258.24
Changan Ford Automobile Co., Ltd.	1,943,909.28	4,032,752.22
Chongqing Changfeng Jiquan Machinery Co., Ltd.	1,850,577.35	34,113.46
Yunnan Xiyi Industries Co., Ltd.	1,815,316.79	1,423,406.29
Chongqing Yihong Engineering Plastic Products Co., Ltd.	1,278,419.64	1,864,973.67
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	1,137,544.54	1,891,153.38
Hafei Motor Co., Ltd.	949,114.25	949,114.25
Chongqing Jianshe Industry (Group) Co., Ltd.	857,195.55	671,241.27
Chongqing Changan Industries Group Co. Ltd.	601,702.05	1,014,734.86
Chengdu Lingchuan Special Industry Co., Ltd.	325,142.83	620,006.72
Chongqing Automobile Air-conditioner Co., Ltd.	205,041.51	205,041.51
Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd.	129,036.87	-
Chongqing Jialing Yimin Special Equipment Co., Ltd.	104,496.50	104,496.50
Chongqing Dajiang Jiexin Forging Co., Ltd.	103,404.61	1,313,966.45
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd.	83,175.03	83,175.03
Chongqing Pingshan Tk Carburetor Co., Ltd.	70,083.18	-
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	56,251.08	56,251.08
Chongqing Jianshe Mechanical & Electrical Equipment Co., Ltd.	47,265.91	-
Chongqing Xiyi Automobile Connecting Rod Co., Ltd.	38,422.14	38,422.14
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	29,268.25	-
Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd.	20,842.80	37,211.40
China Changan Automobile Group Co., Ltd.	14,756.94	-
Hangzhou Chelizi Intelligent Technology Co., Ltd.	12,350.00	655,287.41
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	1,544.70	-
Subtotal of this page	<u>43,375,481.78</u>	<u>301,501,182.31</u>
Total	<u><u>2,591,788,876.25</u></u>	<u><u>3,828,871,887.36</u></u>

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(8) Contract liabilities

Related parties	2021	2020
Chongqing Wanyou Economic Development Co., Ltd.	269,281,235.61	136,922,319.01
Guizhou Wanyou Auto Sales and Service Co., Ltd.	133,567,022.54	58,030,319.57
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	118,480,778.11	72,155,192.54
Yunnan Wanyou Auto Sales and Service Co., Ltd.	101,043,742.82	4,100,481.79
Wanyou Automobile Investment Co., Ltd.	68,334,467.34	31,469,102.13
Chengdu Wanyou Auto Trade Service Co., Ltd.	51,006,262.19	35,971,849.65
Jiangsu Wanyou Automobile Sales Service Co., Ltd.	41,137,071.23	-
China Changan Automobile Group Tianjin Sales Co., Ltd.	37,209,408.83	27,823,192.54
Anhui Wanyou Automobile Sales Service Co., Ltd.	36,775,197.75	-
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	22,362,432.39	8,387,067.42
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	15,033,974.67	1,402,879.67
Jiangling Holding Co., Ltd.	6,854,200.00	6,854,200.00
Changan Mazda Engine Co., Ltd.	3,060,368.00	3,232,425.34
Chongqing Chang'an Minsheng Boyu Logistics Co., Ltd.	2,646,426.62	-
Hafei Motor Co., Ltd.	670,500.00	670,500.00
Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd.	147,080.20	15,752.76
Chongqing Anfu Automobile Co., Ltd.	73,268.00	492,268.00
Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd.	68,346.03	48,381.98
Luzhou Wanyou Automobile Service Co., Ltd.	50,528.84	2.67
Bazhong Wanyou Auto Sales & Service Co., Ltd.	50,426.48	50,426.48
Chengdu Wanyou Auto Sales and Service co.,Ltd.	30,005.78	-
Ya'an Wanyou Auto Sales and Service Co., Ltd.	23,611.57	-
Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd.	21,566.76	13,806.65
Panzhuhua Wanyou Auto Sales & Service Co., Ltd.	17,855.01	14,218.43
Chongqing Shangfang Automobile Fittings Co., Ltd.	12,979.98	3,980.00
China Changan Automobile Group Hefei Investment Co., Ltd.	10,273.00	26,160,180.06
Ya'an Changan Affordable Housing Construction Co., Ltd.	10,000.00	-
Guangxi Wanyou Auto Sales and Service Co., Ltd.	302.40	-
Pakistan Master Automobile Co., Ltd.	-	6,141,961.92
Hainan Anxinxing Information Technology Co., Ltd.	-	40,775.60
China South Industries Group Commercial Factoring Co., Ltd.	-	3,639.52
Chongqing Tsingshan Industrial Co., Ltd.	-	1.57
Total	<u>907,979,332.15</u>	<u>420,004,925.30</u>

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(g) Other payables

Related parties	2021	2020
SIAMC Management Co., Ltd.	253,750,000.00	-
Chongqing Changan Kuayue Automobile Co., Ltd.	163,007,855.00	160,487,855.00
Chongqing Changan Minsheng Logistics Co. Ltd.	123,243,509.52	121,088,638.71
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	28,204,667.10	36,316,848.55
Chongqing Changan Construction Co., Ltd.	26,391,448.08	6,988,672.23
Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd.	18,027,403.31	12,128,160.74
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	5,204,000.00	-
Yunnan Wanyou Auto Sales and Service Co., Ltd.	3,756,167.26	56,370.87
Chongqing Changan Industries Group Co. Ltd.	2,010,787.85	1,812,834.47
Chongqing Changan Property Management Co., Ltd.	1,587,169.00	1,466,516.00
Chongqing Changan Intelligent Industrial Technology Service Co., Ltd.	1,507,567.09	-
Ald Fortune Auto Leasing & Renting (Shanghai) Co., Ltd.	1,500,000.00	-
Chengdu Wanyou Auto Trade Service Co., Ltd.	1,296,988.78	208,688.90
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	1,258,466.14	381,252.08
Jiangling Holding Co., Ltd.	1,182,839.61	-
Chongqing Dajiang Tongyang Plastics Co., Ltd.	1,067,850.00	-
Hunan Tyen Machinery Co., Ltd.	951,324.40	-
Guizhou Wanyou Auto Sales and Service Co., Ltd.	828,912.03	9,011.83
Ya'an Wanyou Auto Sales and Service Co., Ltd.	733,079.80	4,927.58
Sichuan Jian'an Industrial Co.,Ltd.	709,839.37	49,913.90
South Tianhe Chassis System Co., Ltd.	606,242.21	206,361.95
Chongqing Tsingshan Industrial Co., Ltd.	565,792.16	8,634,212.55
Hubei Huazhong Marelli Automobile Lighting Co., Ltd.	530,196.00	-
Jiangsu Wanyou Automobile Sales Service Co., Ltd.	504,400.00	-
South Inter Air-conditioner Co.,Ltd.	425,490.20	192,165.58
Chengdu Huachuan Electric Equipment Co., Ltd.	356,673.20	253,402.50
Chengdu Wanyou Auto Sales and Service co.,Ltd.	350,000.00	-
Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd.	332,961.91	-
United Automotive Electronis Systems (Chongqing) Co., Ltd.	263,423.01	1,870,640.08
Chongqing Wanyou Economic Development Co., Ltd.	245,798.56	269,950.17
Chongqing Anfu Automobile Co., Ltd.	200,000.00	100,000.00
Subtotal	<u>640,600,851.59</u>	<u>352,526,423.69</u>

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(g) Other payables (continued)

Related parties	2021	2020
Chengdu Wanyou Filter Co., Ltd.	143,553.10	452,863.89
Gkn Huayu Driveline Systems(Chongqing) Co., Ltd.	89,857.60	468,761.43
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	50,000.00	50,000.00
Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd.	42,215.90	2,539.14
Yunnan Xiyi Industries Co., Ltd.	25,130.48	5,306.34
Panzhuhua Wanyou Auto Sales & Service Co., Ltd.	24,646.80	20,360.82
Chongqing Construction Tongda Industrial Co., Ltd.	21,164.90	-
Chengdu Wanyou Trading Co., Ltd.	12,333.20	46.00
Harbin Dongan Auto Engine Co., Ltd.	4,839.23	-
Luzhou Wanyou Automobile Service Co., Ltd.	4,401.62	4,050.22
Chongqing Shangfang Automobile Fittings Co., Ltd.	3,390.00	109,671.82
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	1,349.36	13,560.00
China Changan Automobile Group Co., Ltd.	1,000.00	90,000.00
Changan Ford Automobile Co., Ltd.	-	5,303,266.52
Chengdu Lingchuan Special Industry Co., Ltd.	-	791,056.30
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	-	624,370.54
Southern Fojiya Auto Parts Co., Ltd.	-	260,755.41
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	-	150,000.00
Chongqing Changrong Machinery Co., Ltd.	-	84,901.15
Chongqing Nexteer Steering System Co.,Ltd.	-	79,552.00
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	-	40,594.89
Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd.	-	27,387.18
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	-	10,975.69
Dajiang Yapp Automotive Systems Co., Ltd.	-	8,588.36
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	-	4,079.47
China Changan Automobile Group Tianjin Sales Co., Ltd.	-	1,178.52
Subtotal	<u>423,882.19</u>	<u>8,603,865.69</u>
Total	<u>641,024,733.78</u>	<u>361,130,289.38</u>

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2021
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(10) Non-current liability within 1 year

Related parties	2021	2020
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	<u>154,593,759.05</u>	<u>-</u>

(11) Long-term payables

Related parties	2021	2020
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	<u>642,513,537.69</u>	<u>-</u>

7. Cash deposited in related party

Related parties	2021	2020
China South Industry Group Finance Co., Ltd.	19,652,980,551.77	10,772,951,856.71
Changan Automobile Finacing Co., Ltd.	<u>12,000,000,000.00</u>	<u>7,500,000,000.00</u>
Total	<u>31,652,980,551.77</u>	<u>18,272,951,856.71</u>

In 2021, deposit rates in related party are 0.35% to 3.5%, deposit terms are 0 to 12 months. (in 2020, deposit rate was 0.35% to 3.915%, terms are 0 to 12 months.)

8. Loans from related parties

Short-term loans

2021

Related parties	Category	Beginning balance	Addition	Repay	Ending balance
China South Industry Group Finance Co., Ltd.	Credit loan	530,000,000.00	-	530,000,000.00	-
China South Industry Group Finance Co., Ltd.	Mortgage loan	<u>48,000,000.00</u>	<u>48,000,000.00</u>	<u>77,000,000.00</u>	<u>19,000,000.00</u>
Total		<u>578,000,000.00</u>	<u>48,000,000.00</u>	<u>607,000,000.00</u>	<u>19,000,000.00</u>

2020

Related parties	Category	Beginning balance	Addition	Repay	Ending balance
China South Industry Group Finance Co., Ltd.	Credit loan	150,000,000.00	640,000,000.00	260,000,000.00	530,000,000.00
China South Industry Group Finance Co., Ltd.	Mortgage loan	50,000,000.00	48,000,000.00	50,000,000.00	48,000,000.00
China South Industries Group Corporation	Entrusted loan	<u>29,580,000.00</u>	<u>29,580,000.00</u>	<u>59,160,000.00</u>	<u>-</u>
Total		<u>229,580,000.00</u>	<u>717,580,000.00</u>	<u>369,160,000.00</u>	<u>578,000,000.00</u>

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
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Refer to Note V 21 for the details of the interest rates of the short-term loan.

8. Loans from related parties (continued)

Long-term loans and non-current liability within 1 year

2021

Related parties	Category	Beginning balance	Addition	Repay	Ending balance
China South Industry Group Finance Co., Ltd.	Credit loan	<u>55,300,000.00</u>	<u>-</u>	<u>1,000,000.00</u>	<u>54,300,000.00</u>

2020

Related parties	Category	Beginning balance	Addition	Repay	Ending balance
China South Industry Group Finance Co., Ltd.	Credit loan	<u>55,300,000.00</u>	<u>-</u>	<u>-</u>	<u>55,300,000.00</u>

Refer to Note V 31 for the details of the interest rates of the long-term loan.

X Share-based payments

	2021
Total amount of equity instruments granted	92,920,600.00
Services provided by employees in exchange for share-based payments	<u>268,539,867.92</u>

Equity-settled share payments are as follows:

	2021
Accumulated amount of equity-settled share-based payments included in capital reserve	268,539,867.92
Equity-settled share-based payments recognized as expenses	<u>268,539,867.92</u>

With the approval of the Board of Directors and the General Meeting of Shareholders of the Company, the equity incentive plan implemented in 2021 is as follows: 1) the Company granted a total of 76,195,400 restricted A-share ordinary shares to a total of 1,247 directors, senior management, middle management and core technical (business) backbone personnel of the Company in February 2021 at a grant price of RMB6.66 per share. 2) the Company repurchased and cancelled 1,036,000 A shares of 11 incentive objects at the price of RMB 4.54/share in September 2021. 3) the Company granted a total of 17,761,200 reserved restricted A-share shares to a total of 356 specific senior management, middle management and core technical (business) personnel of the Company in November 2021 at a grant price of RMB9.93 per share. The fair value of the equity instrument on the grant date is determined based on the closing price of the outstanding shares on the grant date of the company.

The arrangements for the restricted shares mentioned above are as follows:

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Release arrangement	restricted	Release restricted timeline	Release restricted percentage
The first restricted period	release	From the first trading day 24 months after the completion of the registration of the corresponding restricted stock to the date of completion of the registration of the corresponding restricted stock on the last trading day within 36 months from the date of completion of the registration of the corresponding restricted stock	33%
The second restricted period	released	From the first trading day after 36 months from the date of completion of the registration of the corresponding restricted stock to the date of completion of the registration of the corresponding restricted stock, the last trading day within 48 months from the date of completion of the registration of the corresponding restricted stock	33%
The third restricted period	released	From the first trading day after 48 months from the date of completion of the registration of the corresponding restricted stock to the date of completion of the registration of the corresponding restricted stock, the date of completion of the last trading day within 60 months	34%

The arrangements for the release of the restricted shares mentioned above are as follows:

Release period	restricted	Performance appraisal conditions
The first restricted period	release	Based on the performance of 2019, the compound annual growth rate of net profit in 2021 $\geq 50\%$, and should not be lower than the average level of the same industry or the 75th quartile value of the benchmark enterprise, and the 2021 Δ EVA is positive. The return on net assets in 2021 $\geq 1.7\%$, and should not be lower than the average level of the same industry or the 75th quartile value of the benchmark enterprise.
The second restricted period	released	Based on the performance of 2019, the compound annual growth rate of net profit in 2022 $\geq 42\%$, and should not be lower than the average level of the same industry or the 75th quartile value of the benchmark enterprise, and the 2022 Δ EVA is positive. The return on net assets in 2022 $\geq 4.8\%$, and should not be lower than the average level of the same industry or the 75th quartile value of the benchmark enterprise.
The third restricted period	released	Based on the performance of 2019, the compound annual growth rate of net profit in 2023 $\geq 32\%$, and should not be lower than the average level of the same industry or the 75th quartile value of the benchmark enterprise, and the 2023 Δ EVA is positive. The return on net assets in 2023 $\geq 5.5\%$, and should not be lower than the average level of the same industry or the 75th quartile value of the benchmark enterprise.

XI Contingencies and commitments

1. Commitments

Contracted, but not provided for

	2021	2020
Capital commitments	9,188,776,086.05	6,528,056,670.16
Investment commitments	1,509,000,000.00	649,060,000.00
Total	<u>10,697,776,086.05</u>	<u>7,177,116,670.16</u>

2. Contingencies

As at 31 December 2021, no material contingencies needed to be disclosed.

XII Events after the balance sheet date

1. The dividends after balance sheet date

The profit distribution plan for 2021 is detailed in note V 43.

2. Other events after the balance sheet date

In March 2022, Avatr Technology (Chongqing) Co., Ltd. (hereinafter referred to as "Avatr Technology"), a subsidiary of the company, completed capital and share increase and introduced new investors. After the capital increase, the registered capital of Avatr Technology was changed to RMB 1,172,242,578.00, and the company's equity ratio of Avatr Technology was reduced from 95.38% to 39.02%. The company lost control of Avatr Technology and no longer included Avatr Technology into the scope of merger since the completion date of capital increase.

In March 2022, Chongqing Changan New Energy Vehicles Technology Co., Ltd (hereinafter referred to as "New Energy Technology") completed capital increase and share expansion and introduced new investors. After the capital increase, the registered capital of New Energy Technology was changed to RMB 328,108,278.00, and the company's shareholding in New Energy Technology was reduced from 48.95% to 40.66%.

In January 2022, the board of directors of the company considered and approved the proposal on the establishment of Chongqing Chang'an Innovative Private Equity Investment Fund Partnership (Limited Partnership) (tentative name), and planned to engage in project investment in emerging fields of automobile. The company plans to invest RMB 300 million as a limited partner, accounting for 46.08%. As of the date of this report, the company has not made actual capital contribution.

During 21 January to 15 March 2022, SIAMC Management Co., Ltd. reduced 67,650,000 ordinary shares (A-shares) of the company, with a reduction ratio of 0.89%. After the reduction, China Changan Automobile Group Co., Ltd. and China South Industries Group Co., Ltd. held 3,105,739,864 shares of the company in total, and the shareholding ratio decreased from 41.59% to 40.70%. The controlling shareholder and ultimate controlling company of the company are still China Changan Automobile Group Co., Ltd. and China South Industries Group Co., Ltd..

XIII Other important event

1. Segment report

The Group identifies operating segments based on the internal organization structure, managerial requirements and internal reporting system, and identifies reportable segments based on operating segments and discloses segment information by operating segment.

An operating segment is a component of the Group that meets all the following conditions:

- (1) it engages in business activities from which it may earn revenues and incur expenses;
- (2) its operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance; and
- (3) the Group can obtain relevant accounting information such as its financial position, operating results and cash flows.

If two or more segments have similar economic characteristics and meet certain conditions, they can be aggregated into a single operating segment.

The revenue and profit of the Group mainly consist of the automobile manufacturing and domestic sales. The Group's principal assets are in China. The operating performance of the Group has been evaluated as a whole by the management. So the segment report has not been prepared for this year.

2. Lease arrangements

- (1) As lessor

The Group leases buildings, machinery and equipment and vehicles for a lease term of 1-15 years, forming an operating lease. Details for investment property and operating leased fixed assets refer to note V 12 and 13.

The income related to operating leases are listed as follows:

	2021
Leasehold Income	<u>269,945,865.23</u>

2. Lease arrangements (continued)

According to the lease contract signed with the lessee, the minimum lease collection amount of irrevocable lease is as follows:

	2021
Less than 1 year (including 1 year)	431,996,621.28
1 to 2 years (including 2 years)	367,687,620.42
2 to 3 years (including 3 years)	327,218,497.55
3 to 4 years (including 3 years)	240,066,615.96
4 to 5 years (including 3 years)	95,177,907.96
Over 5 years	<u>29,888,877.61</u>
	<u>1,492,036,140.78</u>

(2) As lessee

	2021
Interest expense of lease liabilities	3,238,026.58
Short term lease expenses with simplified treatment included in current profit and loss	78,921,021.42
Lease expense of low value assets with simplified treatment included in current profit and loss	2,566,698.86
Total cash outflow related to leasing	<u>119,748,677.95</u>

The leased assets leased by the Group include buildings and other equipment used in the operation activities. The lease term of houses and buildings is usually 1-5 years, and that of other equipment is usually 2-5 years.

3. Comparative data

As mentioned in notes III 34, due to the change of the Group's government subsidy accounting policy from the total amount method to the net amount method, the amount in the financial statements have been modified to meet the new requirements. Accordingly, the data of previous years have been adjusted and several comparative data have been reclassified and restated to meet the presentation and accounting treatment requirements of this year.

XIV Notes to the Company's financial statements

1. Accounts Receivable

(1) Aging analysis of accounts receivable as at 31 December 2021 is as follows:

	2021	2020
Less than 1 year (including 1 year)	6,741,369,355.22	3,773,918,017.07
1 to 2 years (including 2 years)	353,774,325.51	554,825,636.86
2 to 3 years (including 3 years)	227,529,170.91	532,765,988.27
Over 3 years	<u>711,074,867.37</u>	<u>696,515,785.09</u>
	8,033,747,719.01	5,558,025,427.29
Less: Provision	<u>(102,237,112.42)</u>	<u>(93,484,241.66)</u>
	<u>7,931,510,606.59</u>	<u>5,464,541,185.63</u>

(2) Movements of provision for accounts receivable are as follows:

	Beginning balance	Provision	Write-off	Ending balance
2021	93,484,241.66	8,752,870.76	-	102,237,112.42
2020	<u>22,709,502.59</u>	<u>70,774,739.07</u>	-	<u>93,484,241.66</u>

(3) Analysis of the accounts receivable by category as at 31 December 2021 is as follows:

	2021			
	Balance		Provision	
	Amount	%	Amount	%
Individually analyzed provision	7,844,348,937.41	97.64	77,639,076.15	0.99
Provision for bad debts based on credit risk characteristics	<u>189,398,781.60</u>	<u>2.36</u>	<u>24,598,036.27</u>	<u>12.99</u>
Total	<u>8,033,747,719.01</u>	<u>100.00</u>	<u>102,237,112.42</u>	<u>1.27</u>
	2020			
	Balance		Provision	
	Amount	%	Amount	%
Individually analyzed provision	5,428,359,709.78	97.67	77,639,076.15	1.43
Provision for bad debts based on credit risk characteristics	<u>129,665,717.51</u>	<u>2.33</u>	<u>15,845,165.51</u>	<u>12.22</u>
Total	<u>5,558,025,427.29</u>	<u>100.00</u>	<u>93,484,241.66</u>	<u>1.68</u>

1. Accounts Receivable (continued)

(4) Accounts receivable was analyzed for provision by expected credit loss model:

	2021			2020		
	Balance amount	%	Provision	Balance amount	%	Provision
Within 1 year	153,480,402.70	0.42	642,592.90	90,538,481.62	0.40	361,940.43
1 to 2 years	-	-	-	3,695,660.30	4.14	152,979.49
2 to 3 years	655,000.31	10.84	71,031.12	26.00	7.15	1.86
Over 3 years	<u>35,263,378.59</u>	<u>67.73</u>	<u>23,884,412.25</u>	<u>35,431,549.59</u>	<u>43.27</u>	<u>15,330,243.73</u>
Total	<u>189,398,781.60</u>	<u>12.99</u>	<u>24,598,036.27</u>	<u>129,665,717.51</u>	<u>12.22</u>	<u>15,845,165.51</u>

(5) As at 31 December 2021, accounts receivable from top 5 clients amounted to RMB 4,129,668,343.88, accounted for 51.40% of the total amount (2020: RMB 4,296,350,189.29, accounted for 77.30% of the total amount).

(6) There are no accounts receivable derecognized due to transference of financial assets during 2021 (2020: Nil).

2. Other receivables

(1) Aging analysis of other receivables as at 31 December 2021 is as follows:

	2021	2020
Within 1 year	1,745,128,693.03	1,853,275,788.49
1 to 2 years	1,413,046.51	4,330,562.67
2 to 3 years	497,065.04	125,479,863.46
Over 3 years	<u>16,804,017.31</u>	<u>14,684,849.00</u>
	1,763,842,821.89	1,997,771,063.62
Less: Provision	<u>(7,219,239.96)</u>	<u>(7,154,284.79)</u>
Total	<u>1,756,623,581.93</u>	<u>1,990,616,778.83</u>

(2) Analysis of other receivables by nature is as follows:

	2021	2020
Internal transactions	791,370,940.07	1,200,000,000.00
Prepaid equity investment	526,670,000.00	95,380,000.00
Energy-saving and new energy subsidy	358,470,077.96	404,133,442.00
Pretty cash	21,998,665.75	15,906,758.91
Disposal income of assets	3,984,842.15	3,984,842.15
Others	<u>54,129,056.00</u>	<u>271,211,735.77</u>
Total	<u>1,756,623,581.93</u>	<u>1,990,616,778.83</u>

2. Other Receivable (continued)

(3) In 2021, the changes in the provision for bad debts for other receivables based on the 12-month expected credit loss and the expected credit loss for the entire duration are as follows

	Beginning balance	Provision	Reversal	Write-off	Ending balance
2021	7,154,284.79	64,955.17	-	-	7,219,239.96
2020	<u>3,718,197.34</u>	<u>3,458,000.00</u>	<u>(21,912.55)</u>	-	<u>7,154,284.79</u>

(4) As at 31 December 2021, top five debtors of other receivables are as follows:

Debtors	Amount	Aging	Proportion of total other receivables (%)	Ending balance of provision
Debtors	753,984,842.15	Within 1year	42.75	-
Debtors	500,000,000.00	Within 1year	28.35	-
Debtors	358,470,077.96	Within 1year	20.32	-
Debtors	45,596,049.17	Within 1year	2.59	-
Debtors	<u>26,670,000.00</u>	Within 1year	<u>1.51</u>	-
Total	<u>1,684,720,969.28</u>		<u>95.52</u>	-

(5) As of December 31, 2021, the company had no other receivables that were derecognized as a transfer of financial assets (December 31, 2020: Nil).

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3. Long-term investments

2021

Investee	Opening Balance	Addition	Investment income/loss under equity method	Other comprehensive income	Other changes in equity	Dividend of cash declared	Ending Balance	Ending Balance of provision
Joint ventures								
Changan Ford Automobile Co., Ltd.	1,791,533,495.17	-	1,143,342,548.82	-	-	-	2,934,876,043.99	-
Changan Mazda Automobile Co., Ltd.	1,995,998,622.28	-	417,328,331.92	-	173,259,152.47	(719,500,000.00)	1,867,086,106.67	-
Changan Mazda Engine Co., Ltd.	832,869,256.44	-	41,752,307.94	-	-	(39,500,000.00)	835,121,564.38	-
Nanchang Jiangling Investment Co., Ltd.	1,545,807,633.84	-	86,068,773.02	(1,279,985.89)	-	-	1,630,596,420.97	-
Subtotal of joint ventures	6,166,209,007.73	-	1,688,491,961.70	(1,279,985.89)	173,259,152.47	(759,000,000.00)	7,267,680,136.01	-
Associates								
Chongqing Changan Kuayue Automobile Co., Ltd.	237,736,134.21	-	8,486,062.65	-	-	(3,430,000.00)	242,792,196.86	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	-	-	-	-	-	-	-	-
Beijing Fang'an crescent taxi Co., Ltd.	-	-	-	-	-	-	-	-
Changan Automobile Finacing Co., Ltd.	2,337,849,374.75	-	247,691,770.61	-	-	(65,191,812.92)	2,520,349,332.44	-
Hainan Anxinxing Information Technology Co., Ltd.	2,316,052.92	-	(2,316,052.92)	-	-	-	-	-
Nanjing Chelai Travel Technology Co., Ltd.	1,192,605.27	-	(325,716.37)	-	-	-	866,888.90	-
Coresing Semiconductor Technology Co., Ltd.	25,373,809.47	-	47,460.39	-	-	(136,152.91)	25,285,116.95	-
Nanjing Leading Equity Investment Partnership (Limited Partnership)	999,636,607.63	741,732,283.00	682,775,058.89	-	-	-	2,424,143,949.52	-
Nanjing Leading Equity Investment Management Co., Ltd.	1,262,180.39	-	(129,114.79)	-	-	-	1,133,065.60	-
Jiangling Holding Co., Ltd.	201,736,644.25	-	(131,243,854.17)	-	-	-	70,492,790.08	-
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	1,042,156,607.05	-	(1,042,156,607.05)	-	-	-	-	-
Zhongqi Chuangzhi Technology Co., Ltd.	100,000,000.00	100,000,000.00	(9,465,002.85)	-	-	-	190,534,997.15	-
Chongqing Changxin Zhiqi Private Equity Investment Fund Partnership (Limited Partnership)	-	25,500,000.00	(492,412.38)	-	-	-	25,007,587.62	-
Subtotal of associates	4,949,260,015.94	867,232,283.00	(247,128,407.99)	-	-	(68,757,965.83)	5,500,605,925.12	-

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3. Long-term investments (continued)

2021 (continued)

Investee	Opening Balance	Addition	Investment income/loss under equity method	Other comprehensive income	Other changes in equity	Dividend of cash declared	Ending Balance	Ending Balance of provision
Subsidiaries								
Nanjing Changan Automobile Co., Ltd.	422,533,259.00	-	-	-	-	-	422,533,259.00	-
Chongqing Changan International Automobile Sales Co., Ltd.	13,068,581.00	-	-	-	-	-	13,068,581.00	-
Chongqing Changan Automobile Supporting Service Co., Ltd.	29,700,000.00	-	-	-	-	-	29,700,000.00	-
Chongqing Changan Connected Car Technology Co., Ltd.	88,500,000.00	-	-	-	-	-	88,500,000.00	-
Chongqing Changan Special Automobile Co., Ltd.	2,500,000.00	-	-	-	-	-	2,500,000.00	-
Chongqing Changan Europe Design Academy Co., Ltd.	155,469,913.50	-	-	-	-	-	155,469,913.50	-
Chongqing Changan New Energy Automobile Co. Ltd.	-	-	-	-	-	-	-	(49,194,195.00)
Changan United Kingdom R&D Center Co., Ltd.	250,093,850.95	-	-	-	-	-	250,093,850.95	-
Beijing Changan R&D Center Co., Ltd.	1,000,000.00	-	-	-	-	-	1,000,000.00	-
Changan Japan Designing Center Co.,Ltd.	1,396,370.15	-	-	-	-	-	1,396,370.15	-
Changan United States R&D Center Co., Ltd.	10,243,460.00	-	-	-	-	-	10,243,460.00	-
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 Holdings Limited	2,584,556.97	-	-	-	-	-	2,584,556.97	-
Changan Automobile Investment (Shenzhen) Co., Ltd.	235,248,871.00	-	-	-	-	-	235,248,871.00	-
Nanjing Changan New Energy Automobile Sales & Service	50,000,000.00	-	-	-	-	-	50,000,000.00	-
Chongqing Anyi Automobile Technical Service Co., Ltd.	2,000,000.00	-	-	-	-	-	2,000,000.00	-
Xiamen Changan New Energy Automobile Co. Ltd.	2,000,000.00	-	-	-	-	-	2,000,000.00	-
Guangzhou Changan New Energy Automobile Co. Ltd.	4,000,000.00	-	-	-	-	-	4,000,000.00	-
Chongqing Changan 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 Changan Kaicheng Automobile Technology Co.,	976,475,558.18	1,318,413.37	-	-	-	-	977,793,971.55	-
Chongqing Changan Automobile Software Technology Co.,	99,000,000.00	-	-	-	-	-	99,000,000.00	-
Avatr Technology (Chongqing) Co., Ltd.	58,461,669.77	95,380,000.00	-	-	-	-	153,841,669.77	-
Subtotal of subsidiaries	4,795,835,504.20	96,698,413.37	-	-	-	-	4,892,533,917.57	(49,194,195.00)
Total	15,911,304,527.87	963,930,696.37	1,441,363,553.71	(1,279,985.89)	173,259,152.47	(827,757,965.83)	17,660,819,978.70	(49,194,195.00)

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3. Long-term investments (continued)

2020

Investee	Opening Balance	Addition	Other addition	Investment income/loss under equity method	Dividend of cash declared	Other deduction	Ending Balance of book value	Ending Balance of provision
Joint ventures								
Changan Ford Automobile Co., Ltd.	1,782,823,327.91	-	-	8,710,167.26	-	-	1,791,533,495.17	-
Changan Mazda Automobile Co., Ltd.	2,177,010,905.02	-	-	723,987,717.26	(905,000,000.00)	-	1,995,998,622.28	-
Changan Mazda Engine Co., Ltd.	830,272,340.69	-	-	39,596,915.75	(37,000,000.00)	-	832,869,256.44	-
Changan PSA Automobiles Co., Ltd.	346,038,983.87	-	-	(114,234,986.00)	-	(231,803,997.87)	-	-
Changan Weilai New Energy Automobile Technology Co., Ltd.	(12,871,719.42)	-	-	(18,666,611.81)	-	31,538,331.23	-	-
Nanchang Jiangling Investment Co., Ltd.	<u>2,081,815,165.31</u>	-	-	<u>(536,007,531.47)</u>	-	-	<u>1,545,807,633.84</u>	-
Subtotal of joint ventures	<u>7,205,089,003.38</u>	-	-	<u>103,385,670.99</u>	<u>(942,000,000.00)</u>	<u>(200,265,666.64)</u>	<u>6,166,209,007.73</u>	-
Associates								
Chongqing Changan Kuayue Automobile Co., Ltd.	192,005,274.10	-	-	45,730,860.11	-	-	237,736,134.21	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	-	-	-	-	-	-	-	-
Beijing Fang'an crescent taxi Co., Ltd.	-	-	-	-	-	-	-	-
Changan Automobile Finacing Co., Ltd.	2,195,040,654.44	-	-	207,337,580.14	(64,528,859.83)	-	2,337,849,374.75	-
Hainan Anxinxing Information Technology Co., Ltd.	3,560,384.10	-	-	(1,244,331.18)	-	-	2,316,052.92	-
Nanjing Chelai Travel Technology Co., Ltd.	1,474,945.09	-	-	(282,339.82)	-	-	1,192,605.27	-
Coresing Semiconductor Technology Co., Ltd.	25,152,447.20	-	-	221,362.27	-	-	25,373,809.47	-
Nanjing Leading Equity Investment Partnership (Limited Partnership)	935,218,323.32	-	-	64,418,284.31	-	-	999,636,607.63	-
Nanjing Leading Equity Investment Management Co., Ltd.	1,445,415.69	-	-	(183,235.30)	-	-	1,262,180.39	-
Jiangling Holding Co., Ltd.	398,992,953.62	-	-	(197,256,309.37)	-	-	201,736,644.25	-
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	-	1,610,180,234.77	-	(568,023,627.72)	-	-	1,042,156,607.05	-
Zhongqi Chuangzhi Technology Co., Ltd.	-	100,000,000.00	-	-	-	-	100,000,000.00	-
Subtotal of associates	<u>3,752,890,397.56</u>	<u>1,710,180,234.77</u>	-	<u>(449,281,756.56)</u>	<u>(64,528,859.83)</u>	-	<u>4,949,260,015.94</u>	-

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3. Long-term investments (continued)

2020 (continued)

Investee	Opening Balance	Addition	Other addition	Investment income/loss under equity method	Dividend of cash declared	Other deduction	Ending Balance of book value	Ending Balance of provision
Subsidiaries								
Nanjing Changan Automobile Co., Ltd.	422,533,259.00	-	-	-	-	-	422,533,259.00	-
Hebei Chang'an Automotive Co., Ltd.	438,223,236.00	12,249,709.00	-	-	-	(450,472,945.00)	-	-
Chongqing Changan International Automobile Sales Co., Ltd.	13,068,581.00	-	-	-	-	-	13,068,581.00	-
Chongqing Changan Automobile Supporting Service Co., Ltd.	29,700,000.00	-	-	-	-	-	29,700,000.00	-
Chongqing Changan Connected Car Technology Co., Ltd.	88,500,000.00	-	-	-	-	-	88,500,000.00	-
Chongqing Changan Special Automobile Co., Ltd.	2,500,000.00	-	-	-	-	-	2,500,000.00	-
Chongqing Changan Europe Design Academy Co., Ltd.	155,469,913.50	-	-	-	-	-	155,469,913.50	-
Chongqing Changan New Energy Automobile Co. Ltd.	-	-	-	-	-	-	-	(49,194,195.00)
Changan United Kingdom R&D Center Co., Ltd.	250,093,850.95	-	-	-	-	-	250,093,850.95	-
Beijing Changan R&D Center Co., Ltd.	1,000,000.00	-	-	-	-	-	1,000,000.00	-
Changan Japan Designing Center Co.,Ltd.	1,396,370.15	-	-	-	-	-	1,396,370.15	-
Changan United States R&D Center Co., Ltd.	10,243,460.00	-	-	-	-	-	10,243,460.00	-
Baoding Changan Bus Manufacturing Co., Ltd.	176,002,613.18	-	-	-	-	(176,002,613.18)	-	-
Hefei Changan Automobile Co.,Ltd.	35,367,765.23	1,500,000,000.00	-	-	-	-	1,535,367,765.23	-
Changan Automobile Russia Co., Ltd.	251,242,589.15	-	-	-	-	-	251,242,589.15	-
Changan Brazil Holdings Limited	2,584,556.97	-	-	-	-	-	2,584,556.97	-
Changan Automobile Investment (Shenzhen) Co., Ltd.	184,800,000.00	50,448,871.00	-	-	-	-	235,248,871.00	-
Nanjing Changan New Energy Automobile Sales & Service Co., Ltd.	50,000,000.00	-	-	-	-	-	50,000,000.00	-
Fuzhou Fuqing Changan New Energy Automobile Sales Co., Ltd.	2,000,000.00	-	-	-	-	-	2,000,000.00	-
Xiamen Changan New Energy Automobile Co. Ltd.	2,000,000.00	-	-	-	-	-	2,000,000.00	-
Guangzhou Changan New Energy Automobile Co. Ltd.	4,000,000.00	-	-	-	-	-	4,000,000.00	-
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	1,238,742,571.54	-	-	-	-	(1,238,742,571.54)	-	-
Chongqing Changan Lingyao Automobile Co., Ltd.	594,949,059.30	-	-	-	-	-	594,949,059.30	-
Subtotal of this page	3,954,417,825.97	1,562,698,580.00	-	-	-	(1,865,218,129.72)	3,651,898,276.25	(49,194,195.00)

Chongqing Changan Automobile Company Limited
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3. Long-term investments (continued)

2020 (continued)

Investee	Opening Balance	Addition	Other addition	Investment income/loss under equity method	Dividend of cash declared	Other deduction	Ending Balance of book value	Ending Balance of provision
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	1,129,922,044.91	-	-	-	-	(1,129,922,044.91)	-	-
Chongqing Chehemei Technology Co., Ltd.	10,000,000.00	-	-	-	-	-	10,000,000.00	-
Chongqing Changan Kaicheng Automobile Technology Co., Ltd.	-	976,475,558.18	-	-	-	-	976,475,558.18	-
Chongqing Changan Automobile Software Technology Co., Ltd.	-	99,000,000.00	-	-	-	-	99,000,000.00	-
Changan Weilai New Energy Automobile Technology Co., Ltd.	-	-	58,461,669.77	-	-	-	58,461,669.77	-
Subtotal of subsidiaries	5,094,339,870.88	2,638,174,138.18	58,461,669.77	-	-	(2,995,140,174.63)	4,795,835,504.20	(49,194,195.00)
Total	16,052,319,271.82	4,348,354,372.95	58,461,669.77	(345,896,085.57)	(1,006,528,859.83)	(3,195,405,841.27)	15,911,304,527.87	(49,194,195.00)

4. Operating revenue and cost

	2021		2020	
	Revenue	Cost	Revenue	Cost (Restated)
Primary Operation	90,985,611,205.39	80,344,375,608.83	75,931,849,406.50	68,230,242,034.33
Other Operation	<u>7,317,328,166.58</u>	<u>3,794,210,191.83</u>	<u>5,625,836,595.68</u>	<u>2,992,826,292.25</u>
Total	<u>98,302,939,371.97</u>	<u>84,138,585,800.66</u>	<u>81,557,686,002.18</u>	<u>71,223,068,326.58</u>

Operating revenue listed as follows:

	2021	2020
Sales of goods	93,345,887,353.11	77,923,167,435.22
Provision of services and others	<u>4,957,052,018.86</u>	<u>3,634,518,566.96</u>
Total	<u>98,302,939,371.97</u>	<u>81,557,686,002.18</u>

The breakdown of operating revenue generated from contracts with customers is as follows:

	2021	2020
Revenue recognition time		
Recognize revenue at a certain point in time	97,549,755,107.36	81,012,587,344.24
Recognize revenue within a certain period of time	<u>753,184,264.61</u>	<u>545,098,657.94</u>
Total	<u>98,302,939,371.97</u>	<u>81,557,686,002.18</u>

The income recognized in the current year and included in the book value of contract liabilities at the beginning of the year is as follows:

	2021	2020
Sales of goods	3,305,994,526.82	1,870,992,349.08
Provision of services and others	<u>137,381,961.13</u>	<u>125,961,836.94</u>
Total	<u>3,443,376,487.95</u>	<u>1,996,954,186.02</u>

4. Operating revenue and cost (continued)

The estimated time when the total transaction price that has not been fulfilled (or partially fulfilled) performance obligations allocated to the end of the year is recognized as revenue is as follows:

	2021	2020
Within 1 year	8,446,500,016.04	3,443,376,487.95
More than 1 year	<u>715,087,257.75</u>	<u>442,146,395.38</u>
Total	<u><u>9,161,587,273.79</u></u>	<u><u>3,885,522,883.33</u></u>

5. Investment income/loss

(1) Details of investment income

	2021	2020
Long-term equity investment losses accounted for by the cost method	-	608,962,802.11
Long-term equity investment losses accounted for by the equity method	1,441,363,553.71	(345,896,085.57)
The investment income of financial asset held for trading during its holding period	3,363,000.00	2,840,290.34
Dividend income from remaining investments in other equity instruments	78,499,905.15	25,354,391.86
Investment income from disposal of long-term equity investments	-	4,605,700,631.17
Gains from the remeasurement of the remaining equity at fair value after the loss of control	-	726,335,580.33
Interest income from entrusted loan	<u>8,099,253.11</u>	<u>22,112,500.06</u>
Total	<u><u>1,531,325,711.97</u></u>	<u><u>5,645,410,110.30</u></u>

Chongqing Changan Automobile Company Limited
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5. Investment income (continued)

(2) Long-term equity investment income under equity method

Investee	2021	2020	Reason for the fluctuation
Changan Ford Automobile Co., Ltd.	1,143,342,548.82	8,710,167.26	Increase in profit due to sales rise
Changan Mazda Automobile Co., Ltd.	417,328,331.92	723,987,717.26	Decrease in profit due to sales gross profit decline
Changan Mazda Engine Co., Ltd.	41,752,307.94	39,596,915.75	
Nanchang Jiangling Investment Co., Ltd.	86,068,773.02	(536,007,531.47)	Increase in investment income
Jiangling Holding Co., Ltd.	(131,243,854.17)	(197,256,309.37)	Disposal in the last year
Changan PSA Automobiles Co., Ltd.	-	(114,234,986.00)	
Chongqing Changan Kuayue Automobile Co., Ltd.	8,486,062.65	45,730,860.11	
Changan Automobile Financing Co., Ltd.	247,691,770.61	207,337,580.14	
Avatr Technology (Chongqing) Co., Ltd.	-	(18,666,611.81)	
Hainan Anxinxing Information Technology Co., Ltd.	(2,316,052.92)	(1,244,331.18)	
Nanjing Chelai Travel Technology Co., Ltd.	(325,716.37)	(282,339.82)	
Nanjing Leading Equity Investment Partnership (Limited Partnership)	682,775,058.89	64,418,284.31	Increase in fair value premium
Nanjing Leading Equity Investment Management Co., Ltd.	(129,114.79)	(183,235.30)	
Coresing Semiconductor Technology Co., Ltd.	47,460.39	221,362.27	
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	(1,042,156,607.05)	(568,023,627.72)	Increase in loss
Zhongqi Chuangzhi Technology Co., Ltd.	(9,465,002.85)	-	
Chongqing Changxin Zhiqi Private Equity Investment Fund Partnership (Limited Partnership)	(492,412.38)	-	
Total	1,441,363,553.71	(345,896,085.57)	

1. Schedule of non-recurring profit and loss

	2021
Non-current asset disposal gains and losses (including the write-off portion of the asset impairment provision)	745,601,530.26
Government subsidies included in the current profit and loss (closely related to the business of the enterprise, except for government subsidies that are fixed or quantified according to the national unified standard)	1,335,952,105.80
Interest on late payment of funds charged to non-financial enterprises	11,853,260.69
In addition to the effective hedging business related to the company's normal business operations, the fair value changes in gains and losses arising from holding trading financial assets	42,078,804.00
Gains and losses from entrusted loans	6,959,316.00
Other non-operating income and expenses other than the above	90,085,373.52
Income tax impact	196,630,848.39
Minority shareholders' equity impact (after tax)	<u>136,207,560.62</u>
Total	<u><u>1,899,691,981.26</u></u>

The Group disclosed non-recurring profit and loss items in accordance with the regulations issued by China Security Regulation Commission, No 1 Regulation of Information Disclosure of Public Companies-Non-recurring Profit and Loss <CSRC 2008(43)>

2. Return on equity and earnings per share

2021

	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	6.53	0.4700	0.4631
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	<u>3.04</u>	<u>0.2170</u>	<u>0.2154</u>

2020

	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	7.13	0.4842	Not applicable
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	<u>(6.97)</u>	<u>(0.4734)</u>	Not applicable

In accordance with the regulations issued by China Security Regulation Commission, Regulation of Information Disclosure of Public Companies—the Calculation and Disclosure of Return of Net Assets and Earning per Share (2010 Revision), the Group disclosed the return of net assets and earnings per share in the reporting period.