



**Chongqing Changan Automobile
Company Limited**

2022 Annual Report

April 2023

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 |
|------------------------------|----------------------|-------------------------|----------------------|
| Zhang Bo | Director | Work reasons | Xian Zhigang |
| Liu Gang | Director | Work reasons | Zhang Deyong |
| Li Keqiang | Independent Director | Work reasons | Ren Xiaochang |

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. Chapter 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 9,921,799,422 shares, a cash dividend of RMB 2.36 (tax included) per 10 shares is to be distributed to all shareholders, without transferring capital reserve to share capital.

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.

CONTENTS

| | | |
|------------|--|----|
| Chapter 1 | Important Notice, Contents, and Definitions..... | 1 |
| Chapter 2 | Company Profile and Main Financial Indexes | 5 |
| Chapter 3 | Management Discussion and Analysis | 9 |
| Chapter 4 | Corporate Governance..... | 37 |
| Chapter 5 | Environmental and Social Responsibility | 57 |
| Chapter 6 | Significant Events..... | 66 |
| Chapter 7 | Share Changes and Shareholder Information..... | 71 |
| Chapter 8 | Preference Shares | 76 |
| Chapter 9 | Bonds | 77 |
| Chapter 10 | Auditor’s Report | 80 |

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 2022 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 |
| Kaicheng Automobile | Refers to | Kaicheng Automotive Technology 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 |
| Changan Technology | Refers to | Chongqing Changan Technology Co., Ltd., a subsidiary company of the Company |
| Changan New Energy | Refers to | Chongqing Changan New Energy Vehicle Technology Co., Ltd., formerly an associate of the Company, renamed as Deep Blue Automotive Technology Co., Ltd. on April 6 th , 2023, currently a subsidiary company of the Company |
| Avatr | Refers to | Avatr Technology (Chongqing) Co. Ltd., an associate of the Company |

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 LLC” 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> |
|--|---|

V. Other Relevant Information

The audit firm employed by the Company

| | |
|--------------------------------|--|
| Name | Ernst & Young Hua Ming LLP (Special General Partnership) |
| Office address | 17th Floor, 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 |

Note: CITIC Securities Co., Ltd. is the recommendation institution for the continuous supervision of the company's non-public offering of shares in 2020.

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

| | 2022 | 2021 | YoY change (%) | 2020 |
|---|--------------------|--------------------|----------------|-------------------|
| Operating revenue (RMB) | 121,252,864,085.40 | 105,141,877,237.05 | 15.32% | 84,565,544,146.58 |
| Net profit attributable to shareholders of the Company (RMB) | 7,798,451,093.72 | 3,552,463,320.03 | 119.52% | 3,324,251,164.16 |
| Net profit after deduction of non-recurring gains or losses attributable to shareholders of the Company (RMB) | 4,458,919,314.80 | 1,652,771,338.77 | 169.78% | -3,249,984,527.77 |
| Net cash flow from operating activities (RMB) | 5,666,346,858.52 | 22,971,723,210.84 | -75.33% | 10,675,953,479.24 |
| Basic earnings per share (RMB/share) | 0.80 | 0.36 | 122.22% | 0.34 |
| Diluted earnings per share (RMB/share) | 0.78 | 0.36 | 116.67% | Not applicable |
| Weighted average ROE (%) | 13.07% | 6.53% | 6.54% | 7.13% |

| | 31 December 2022 | 31 December 2021 | YoY change (%) | 31 December 2020 |
|--|--------------------|--------------------|----------------|--------------------|
| Total assets (RMB) | 146,048,555,951.92 | 135,404,623,479.63 | 7.86% | 118,265,186,394.86 |
| Net assets attributable to shareholders of the Company (RMB) | 62,858,105,705.70 | 55,732,932,103.72 | 12.78% | 53,410,193,236.09 |

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 2022 by Quarter

Unit: RMB

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|-------------------|-------------------|-------------------|-------------------|
| Operating revenues | 34,575,856,873.59 | 21,997,711,520.12 | 28,778,056,089.43 | 35,901,239,602.26 |
| Net profit attributable to shareholders of the Company | 4,536,355,136.07 | 1,321,270,999.71 | 1,042,292,116.23 | 898,532,841.71 |
| Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses | 2,269,972,838.78 | 830,140,980.56 | 739,364,812.69 | 619,440,682.77 |
| Net cash flow from operating activities | 769,267,734.42 | 5,082,968,685.78 | -2,069,436,274.57 | 1,883,546,712.89 |

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

| Items | 2022 | 2021 | 2020 | Explanation |
|---|---------------|----------------|---------------|-------------|
| Gains or losses on disposal of non-current assets | 74,862,481.00 | 745,601,530.26 | 29,465,046.07 | |

| | | | | |
|---|------------------|------------------|------------------|--|
| (inclusive of impairment allowance write-offs) | | | | |
| Government subsidies charged to current gains or losses (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards) | 1,134,358,181.32 | 1,335,952,105.80 | 797,901,407.24 | |
| 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) | 3,570,229.29 | 42,078,804.00 | 2,035,390,665.86 | |
| Gains and losses on entrusted loans | | 6,959,316.00 | 13,768,160.42 | |
| 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 | 2,128,313,646.36 | | 2,246,681,836.54 | The subsidiary Avatr has introduced investors for capital increase, and based on the evaluation results on March 11, 2022 as the benchmark date, the income on the statement has been confirmed. For details, please refer to the "Progress Announcement on Controlling Subsidiaries to Increase Capital and Expand Shares through Public Listing" disclosed on the same day on CNINFO |
| Non-operating income and expense other than the above | 77,519,377.00 | 90,085,373.52 | -27,519,486.75 | |
| Deferred payment interest on funds charged to non-financial corporations | 40,505,154.81 | 11,853,260.69 | 17,795,918.37 | |
| Reversal of impairment provision for accounts receivable subject to separate impairment testing | 2,847,641.57 | | | |
| Minus: influenced amount of income tax | 94,817,746.44 | 196,630,848.39 | -91,514,483.25 | |
| Non-controlling interests effects (after tax) | 27,627,185.99 | 136,207,560.62 | 22,020,700.13 | |
| Total | 3,339,531,778.92 | 1,899,691,981.26 | 6,574,235,691.93 | |

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 non-recurrent gain/loss as a recurrent 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 2022

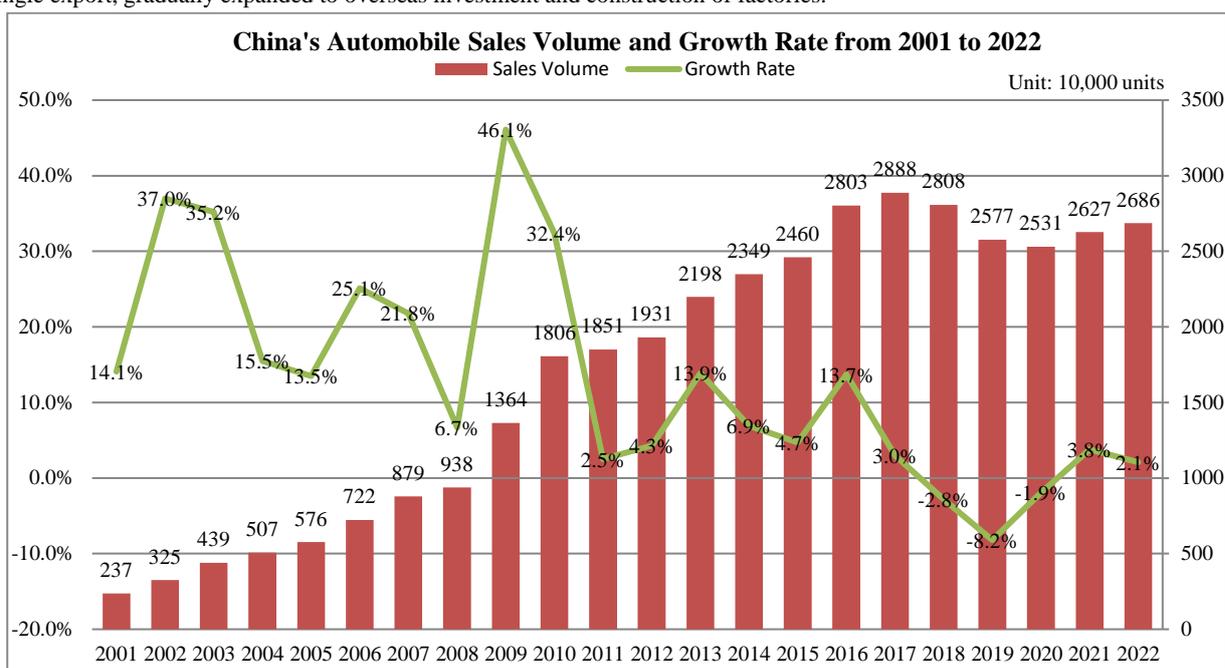
1. The industry analysis

2022 is a year which is full of challenges and opportunities for China's auto industry. Despite the impact of macroeconomic downturn, the automobile industry withstood the pressure and numerous tests. The annual auto sales rose by 2.1 percent. Especially the new energy vehicles maintained a rapid growth momentum and their sales hit a new high. At the same time, car exports increased significantly and the annual export exceeded 3 million units. Amid transformation and multiple challenges, China's auto industry is entering a new stage of development. The details are as follows.

In 2022, the cumulative production and sales of the auto industry reached 27.021 million units and 26.864 million units, up by 3.4% and 2.1% year-on-year respectively. Since 2017, the sales volume has achieved two consecutive increases for the first time and China's scale of production and sales has been the first in the world for 14 consecutive years. The passenger vehicle market still showed enough resilience in recent years. The cumulative production and sales of the passenger vehicle reached 23.836 million units and 23.563 million units, up by 11.2% and 9.5% year-on-year, respectively, both of which significantly outperformed the industry. Chinese brands mainly contributed to the growth in the passenger car market and market share climbed to a record high, mainly due to the dominant position of the new energy vehicles. The commercial vehicle market was affected by factors such as the surging demand brought by the previous emission and overloading restriction policies. The production and sales of commercial vehicles declined by more than 30% year on year, which was a decline for two consecutive years, and 2022 sales volume compared to 2009 fell to a new low in 14 years.

New energy vehicles continue to show explosive growth. Their sales hit a new high and was the largest growth point of the automobile market, the production and sales volume of new energy vehicles reached 7.058 million units and 6.887 million units respectively, with year-on-year growth exceeding 90%. New energy vehicles become a bright color in the current automobile market. In the new energy passenger car market, the sales volume of pure electric models accounted for more than 70%, occupying an absolute share advantage. Plug-in hybrid models have been growing rapidly in recent two years, maintaining a high growth trend. The competition in the new energy industry has quietly changed. Chinese brands rank the first place in the annual sales of pure electric passenger cars and the growth rate of the new power car enterprises slowed down. Also, the internal pattern changed. In the transformation towards new energy vehicles, the traditional leading OEMs have faced the competition by launching new energy brands and they overtook the new players.

In 2022, automobile export of China exceeded 3 million units, and automobile export has become a new growth point of the industry after new energy vehicles. In recent years, under the correct guidance of national policies, Chinese automobile enterprises have continued to strengthen technological innovation, and the competitiveness of independent brands has been continuously improved. In particular, independent brands have made considerable progress in the fields of new energy and intelligence in recent years, which has further enhanced the image status of Chinese automobiles in overseas markets and promoted the increase of export sales. In addition, with the gradual expansion of automobile export scale, the "going global" mode of Chinese OEMs is also constantly enriched, from the single export, gradually expanded to overseas investment and construction of factories.



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 2022, thoroughly studied and implemented the spirit of Xi Jinping's important instructions, Changan effectively responded to the grim and complex international situation and the huge risks and challenges that entailed it, and made every effort to overcome challenges. With the key of "strengthening the foundation, pursuing progress through innovation, restructuring the system and taking the lead", the company strives to promote the high-quality development of enterprises, proactively constructs a new development pattern, steadily pushes forward the Third Business Venture — Innovation & Entrepreneurship Program, and constantly breaks the waves on the channel of promoting the transformation and development of enterprises with a vigorous spirit.

In 2022, Changan overcame the repeated influence of multiple uncertain factors and controlled the operation quality. The annual sales volume was 2.346 million units, with a year-on-year growth of 2.0%. The market share remained unchanged. The sales volume of Changan Chinese brand cars was 1.875 million, with a year-on-year growth of 6.8%, ranking the second in the industry. Changan new energy vehicle sales exceeded 270,000 units with a year-on-year growth rate much better than the new energy vehicle industry. Changan took resolute and daring actions to respond to the 20th CPC National Congress!

3. Industrial policies

(1) Announcement on the reduction of the purchasing tax on part of passenger vehicles

On May 31, 2022, the Ministry of Finance, the State Administration of Taxation issued the "Announcement on the reduction of the purchasing tax on part of passenger vehicles". The government will cut the tax for cars priced at no more than 300,000 yuan and with 2.0-liter. The tax cut will be applicable for purchases from June 1, 2022 through the end of the year.

From June to November 10, 2022, the policy reduced vehicle purchase tax for eligible passenger vehicles by a total of RMB 39.75 billion. Data from the unified invoice for sales of motor vehicles showed that from June to October 2022, approximately 6.523 million passenger vehicles of 2.0-liter displacement and below were sold, representing a year-on-year growth of 20.6% compared with the January-May period before the implementation of the policy, which had an obvious policy effect and effectively promoted automobile consumption, effectively driving the sales of the Company's related products to climb.

(2) Announcement on the continuation of the NEV purchase tax exemption policy

On September 18, 2022, the Ministry of Finance, the State Administration of Taxation, the Ministry of Industry and Information Technology in order to support the development of the new energy automobile industry and promote automobile consumption, jointly issued the Announcement on The Continuation of The New Energy Vehicle Purchase Tax Exemption Policy. The purchase date of new energy vehicles in the period of January 1, 2023 to December 31, 2023, vehicle purchase tax can be exempted. New energy vehicles exempt from vehicle purchase tax shall be managed through the Catalogue of New energy Vehicle Models exempt from Vehicle Purchase Tax issued by the Ministry of Industry and Information Technology and the State Administration of Taxation.

Extending the vehicle purchase tax exemption policy for new-energy vehicles can increase additional 100 billion yuan expected to be exempted. According to the data of China Association of Automobile Manufacturers, in 2022, the production and sales of new energy vehicles completed 7.058 million and 6.887 million, respectively, with year-on-year growth of 96.9% and 93.4%. The market share reached 25.6%, 12.1 percentage points higher than the previous year. The policy will further promote the consumption of new energy vehicles, conducive to the company's new energy product market sales.

4. Major laws and regulations

(1) Market access

With the development of Chinese automobile industry, the national management system of automobile product certification is also in continuous improvement. Under the background of a new round of scientific and technological revolution and breakthrough, the development of intelligent connected vehicles has risen to a national strategic height. At the same time, the automobile authorities are constantly studying and promoting the access system of intelligent connected vehicles. In November 2022, the Ministry of Industry and Information Technology and the Ministry of Public Security publicly solicited the Notice on Pilot Work of Access and road use of Intelligent Connected Vehicles (Draft for Comments), proposing to guide enterprises to strengthen capacity building through pilot work. Changan is actively participating in the formulation and pilot research of the access system of intelligent connected vehicles by the Ministry of Industry and Information Technology and other automobile authorities. In September 2022, Changan has established an intelligent connected vehicle access promotion team to push enterprises to achieve access conditions.

(2) Standards

Changan's various models are in strict accordance with the national regulations and standards for development and manufacturing.

Changan's products are in line with the regulations and standards. As for the new standards that have been implemented, Changan has completed the product upgrade and switch according to the time requirements, among which the standards for 2022 are as follow.

(A) GB 17675-2021 "Basic Requirements for Automotive Steering System" was released in February 2021, and for new type approved vehicles, it will be implemented on January 1, 2022. For models with type approval, it will be implemented on January 1, 2023. This standard defines the term definition, technical requirements and test methods of automobile steering system, and adds that the electrical control of steering system should meet the requirements of electromagnetic compatibility, functional safety, failure alarm and so on.

(B) GB 39732-2020 "Automobile Event Data Recording System" was released in December 2020. This standard stipulates that the automobile event data recording system records the motion state of the vehicle for the purpose of cause analysis and liability determination after an accident. As of January 1, 2022, the newly applied type approval vehicles meet the requirements of this standard except for B-class elements and Article 4.4. New type approval applications from 1 January 2024 should meet all requirements.

(C) GB/T 31498-2021 "Post-Crash Safety Requirements for Electric Vehicles" was released in August 2021 and implemented as of March 1, 2022. This standard sets out special safety requirements for electric vehicles after frontal, side and rear crashes.

(D) GB 19578-2021 "The Fuel Consumption Limits for Passenger Vehicles" were issued in February 2021 and applied to type approved models from 1 January 2023. The standard mainly specifies the fuel consumption limit requirements based on the reconditioning mass of passenger vehicles under WLTC cycle conditions.

(E) GB 9656-2021 "Technical Specification for Safety of Glass for Motor Vehicles" was issued in April 2021. From January 1, 2023, the glass of new type approved vehicles shall meet the requirements of safety of visual field, safety of strength, safety of destruction and so on.

(F) GB 16897-2022 "Brake hose structure, performance requirements and test methods" was released in August 2022. This standard mainly added the hydraulic brake hose fast tensile strength, pneumatic brake hose flexure fatigue requirements. From January 1, 2023, the new application type approval of the vehicle will be implemented. It will be implemented on July 1, 2023 for models with type approval.

(G) GB 15084-2022 "Performance and Installation Requirements for Indirect Vision Devices for Motor Vehicles" was released in December 2022. The standard mainly adds the requirements for the use of electronic rearview mirrors, rimless internal view mirrors and other related requirements. The standard will be implemented on July 1, 2023 for the newly applied type approval models.

II. Analysis of Core Businesses in 2022

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.

Changan always adheres to the mission of "Leading Auto Culture for a Better Life", to the concept of "energy saving, environmental protection, scientific and technological intelligence". At the same time, Changan vigorously develops new energy and intelligent vehicles, is committed to leading automobile civilization with scientific and technological innovation, and strives to provide customers with high-quality products and services. The company now owns brands including Changan Automobile, Oshan Automobile, Kaicheng Automobile, Deepal, Avatr, among which Changan Deepal and Avatr are the new energy brands released by Changan Automobile in recent years. Changan Deepal is positioned as a high-tech digital all-electric brand and Avatr is positioned as an emotional intelligent electric vehicle brand. In addition, Changan also produces and sells joint-venture models through Sino-foreign joint ventures Changan Ford and Changan Mazda.

Changan has launched a series of iconic models including CS series, EADO series, UNI series, Oshan series and Shenqi series. At the same time, Changan has created Deepal SL03, Avatr 11, Lumin, Benben E-star and other new energy models. Joint venture has a new generation of Mondeo, Explorer, Aviator, Aviator, Axela, CX-5, CX-30 and other well-received products. Many models of the company are welcomed by consumers.

Changan adopts the business model of "equal emphasis on wholly-owned and joint venture brands", and carries out entity operation of its own auto brand business, such as Changan Automobile, Changan Deepal, Avatr, Oshan Automobile, Kaicheng Automobile, etc., and firmly builds its own classic brand. We will conduct investment control over joint ventures such as Changan Ford and Changan Mazda, and continue to deepen mutual trust and cooperation with partners.

1. The Company's business development in 2022

(1) Effectively respond to multiple difficult challenges, and the growth rate of the main board block is faster than that of the industry.

Since 2022, the company has risen to the challenge, taken the initiative, adhered to the "rush and pull", fought for resources and technology substitution through multiple channels, and made every effort to "ensure supply, production, and delivery". The company's sales scale continued to improve, with sales of 2.346 million units in 2022, a new high in the past five years, and sales increased by 2.0% year-on-year, achieving a three-year increase in the company's overall sales year-on-year! Changan's sales of Chinese brand vehicles reached 1.875 million units, a new high, increased by 6.8% year-on-year. The sales scale of self-owned new energy brand vehicles has jumped significantly, with annual sales exceeding 270,000 units, a year-on-year growth rate significantly better than that

of the industry. Overseas export sales reached a new breakthrough, with a total export volume of 170,000 self-owned brands, setting a new record for export sales.

The sales volume of key products increased steadily, which strongly supported the company's sales base. According to terminal retail data, the CS75 series has retailed nearly 220,000 units throughout the year, and the sales of the second-generation CS75 PLUS continue to rank in the forefront of Chinese brand compact SUVs. The annual sales volume of the EADO series and CS55 series reached 150,000 units and 130,000 units respectively, of which the sales volume of the EADO PLUS ranked third in the Chinese brand compact car; UNI series sales exceeded 180,000 units, of which UNI-K sales exceeded 5,000 units in a single month; Oshan X5 achieved annual sales of nearly 90,000 units, achieving monthly sales of 10,000 units.

(2) The strategic path has been continuously refined, and the pace of transformation has become more stable.

With the Changan's "14th Five-Year Plan" as the traction, accelerate the pace of strategic transformation, implement version 5.0 of the innovation and entrepreneurship plan and version 6.0 of the iterative innovation and entrepreneurship plan, continuously strengthen the management of the whole process and all elements of the strategy, promote the basic achievement of planning goals, and make new progress in the "Beidou Tianshu" and "Shangri-La" plans.

Accelerate the promotion of intelligent strategy, and continue to strengthen brand recognition. Released the intelligent brand "Zhuge Intelligence", opened a new track for new automobiles, and unveiled the first prototype car CD701 equipped with the new digital intelligent architecture SDA, making every effort to seize the commanding heights of the intelligent industry. Accelerate the implementation of major projects, create a new batch of scientific and technological innovation subjects, realize the landing of long-term intelligence and other projects, and complete the establishment of Changan Technology Company. Focus on the field of new energy, release a new digital pure electric brand - Deepal, start to build OX sequence, and accelerate the transformation of the whole brand sequence to new energy; Fully promote the construction of new energy production capacity, start major projects such as Yubei factory replacement and green intelligent upgrading construction, and promote the transformation of traditional manufacturing to green intelligent manufacturing.

Focus on the globalization strategy and steadily expand overseas markets. Sales in overseas markets have achieved a breakthrough against the trend, exporting nearly 250,000 vehicles throughout the year, ranking fourth in the domestic automotive industry in terms of total exports, maintaining rapid growth for seven consecutive years; The overseas market layout is increasingly perfect, and the sales volume in 10 countries including Saudi Arabia ranks in the forefront of Chinese brands.

New progress has been made in the construction of the industrial ecosystem, and comprehensive and in-depth cooperation with excellent partners in various fields in the fields of new energy and intelligence has been created to create "new automobiles" and win-win "new ecology". The first batch production cars of the Avatr 11 and 011, the emotional intelligent electric coupe SUVs jointly built with Huawei and CATL, have officially rolled off the production line at the end of 2022; Establish joint innovation centers with Tsingshan Industry and South China Optoelectronics in the fields of new energy and intelligence, and strive to tackle key technologies and jointly cope with future challenges; It has signed strategic cooperation agreements with many domestic and foreign leading enterprises such as NXP and Desay SV, as well as universities, and the circle of cooperation has expanded from traditional enterprises to technology enterprises.

(3) Adhere to the two-wheel drive of reform and innovation, and the key capabilities are continuously enhanced.

We have continued to cultivate the field of new energy and intelligence, and have mastered more than 600 intelligent low-carbon core technologies. Accelerate the breakthrough of the core technology of "three electricity", and make great progress in the core field of new energy and power technology. Master the battery CTP integration technology, and realize mass production and installation of all-in-one super-collector electric drive and seven-in-one "smart core"; Released three new energy power technologies for the green future: "Changan Hydrogen Fuel Cell System, Changan Smart Electric iDD, and Changan Force Electric". Focusing on the intelligent field of "core device graph core cloud network sky", the forward-looking technology research has achieved stage results, achieved a breakthrough in the bottleneck of the "integrated driving" architecture of the new platform of autonomous driving solution 2.0 (ADS2.0), released the first APA6.0 remote intelligent parking industry, and released 20 key technical achievements of the SDA-S platform, such as experience-driven computer (EDC) hardware pluggable and intelligent control digital base service-oriented. Build CHN, EPA1, MPA2 and other platforms, the development of intelligent platform architecture is carried out in an orderly manner, the system construction is constantly improved, and the image of "Tech Changan" is deeply rooted in the hearts of the people.

The performance of new products on the market is remarkable, and the sales volume has increased significantly, forming a new momentum for growth. Successfully launched 5 electric electrification products, including Lumin, Deepal SL03, Avatr 11, UNI-K Smart Electric iDD, Oshan Z6 Smart Electric iDD, and launched new fuel vehicle products such as UNI-V, second-generation CS75PLUS, and Changan Landtop. According to terminal retail data, UNI-V has nearly 100,000 units, and its monthly sales once ranked second in the Chinese brand compact car market; Lumin delivered more than 10,000 vehicles in a single month, with a retail of more than 60,000 units, and its monthly sales once ranked second in the Chinese brand new energy mini car market; The Deepal SL03 quickly seized the mainstream passenger car market, with a retail of 25,000 units, ranking among the top five in the new energy mid-size car market.

Marketing innovation has been further advanced, and operational efficiency has been significantly improved. Taking Lumin and Deepal SL03 as pilots, build a "three-center" channel system and basically open up a new marketing operation model of "scene decoupling, digital connection, and diversified combination". By reconstructing traffic, scenarios, services and data structures, the proportion of self-operated + direct-operated leads is increased, the cost of individual leads is further reduced, the conversion rate of leads to orders is improved, and a traffic operation system with "better cost and higher efficiency" is initially constructed.

The reform of the organizational system has been accelerated, and the ability to guarantee strategic transformation has been continuously consolidated. Focusing on the strategy of "New Automobile, New Ecology", the New Automobile Development Department was established to build organizational capabilities to support the realization of new intelligent and connected automobile products. Optimize the electrification organization of the product development department to drive the electrification transformation. Promote the tenure system and contractual management, further enhance the vitality of cadres and stimulate the motivation of officers. Accelerate the cultivation of innovation capabilities, introduce more than 1,000 professionals in the fields of new energy and intelligence, and help enterprises transform and develop.

2. Blockbuster products to be launched in 2022



Avatr 11

Avatr 11, the first product of the Avatr brand, is based on the CHN pure electric platform jointly built by Changan, Huawei and CATL, positioning high-end emotional intelligent electric SEV (mid-size SUV), with international high-end original design, emotional interactive intelligent cockpit, three lidar high-end intelligent driving, 750V high-voltage fast charging, 3.98s zero hundred acceleration as product highlights, for the people who are pleasant, love themselves and love their families, to create intelligent electric SEV.



Deepal SL03

Deepal SL03, based on the EPA1 all-electric digital platform, is compatible with three energy replenishment methods: pure electric, range extender and hydrogen fuel cells. Equipped with 19-inch sports wheels, frameless doors, LOW-E panoramic canopy, power liftgate, 14.6-inch sunflower screen, AR-HUD and other technological equipment. Using Force electric technology, the maximum power can reach 190kW, and the fastest acceleration is 5.9s per 100 km/h. It has an integrated adaptive IACC, and all models are equipped with intelligent driving assistance functions such as lane change assist, intelligent panoramic image, and AEB automatic emergency braking as standard. The smart cockpit is equipped with the industry-leading Qualcomm 8155 chip, which supports Bluetooth/NFC senseless cabin entry, 3D holographic face login and other functions, reconstructing the travel imagination with digital technology.



UNI-V

UNI-V, the first sedan in the UNI series, brings the elegance and dynamism of a five-door hatchback coupe to the A+ class. The new exclusive coupe chassis has greatly strengthened the structure, and reconstructs the suspension hard points based on genetic algorithms to upgrade the driving texture and expand the performance matching space. The exclusively tuned Blue Core power brings users a surging and delicate power experience. The high-rigidity and lightweight "ark cage" body structure improves safety standards in an all-round way.

**UNI-K iDD**

UNI-K iDD is the first PHEV product under the high-end series UNI of Changan Passenger Vehicle, and the first product in Changan equipped with the iDD intelligent Dual Drive system. UNI-K iDD continues the design concept of new technology intelligent aesthetics to present futuristic quality aesthetics; Based on the global high-efficiency electrical platform, it realizes the excellent, economical, safe and dynamic performance of “full speed domain, full field domain, full temperature domain, and full time domain”. The future technology intelligent cockpit will make the car no longer just a simple travel tool, but also an extension of human nature and the externalization of emotions, and a smart partner with wisdom, intelligence, as well as emotional judgment and aesthetic experience.

**2nd-Generation CS75 PLUS**

The second-generation CS75PLUS is upgraded from the four dimensions of power, design, intelligence and safety, and brings users a leapfrog driving experience with six standard features. Whaletail wave grille and through-the-top headlights create a futuristic design; Dual 12.3-inch large screens and dual-color-block yacht-style electronic gear shift handles create an interstellar intelligent cockpit with a sense of technology; Blue Core's new generation engine + Aisin 8AT, powerful and smooth gear changes, bringing a better driving experience; 540° high-definition panoramic image, bringing a travel experience full of science and technology.

**2022 EADO PLUS**

The 2022 EADO PLUS, equipped with Blue Core's new generation NE1.4T high-efficiency power combination, achieves the perfect balance of high power and low fuel consumption; handsome and sporty shape, dynamic light and shadow progressive front grille, minimalist skyline neon through-through LED taillights, the whole vehicle posture is coordinated and rhythmic; wrap-around cockpit, with dual 10.25-inch joint screens to show intelligent technology, exquisite yacht-style electronic gear lever, wireless charging of mobile phones, The all-new Incall3.0S intelligent interaction system and intelligent driving assistance system make the whole vehicle shape and quality more comprehensively evolved.

**2nd-Generation CS55 PLUS**

The second-generation CS55PLUS Storm Gray Limited Edition creates a limited edition of Storm Ash car paint and cool orange trim, with unique design aesthetics such as light and shadow progressive grille and star ring light source; The technologically aesthetic cockpit and intelligent power tailgate combine technology and practicality, allowing aesthetics and functionality to complement each other. AI voice interaction, intelligent sound source positioning, whole vehicle voice control, and tacit partnering; Intelligent remote control, remote sharing of cars and call of internal and external cameras to keep abreast of vehicle conditions. Equipped with Blue Core's new generation NE1.5T high-efficiency power combination, the maximum power is 138Kw, surging power feeling; 4% reduction in fuel consumption per 100 km.

**Lamore PLUS**

Lamore PLUS, a new generation of intelligent wide family car. Parametric gradient grille, skyline LED light group, surround smart light luxury cockpit, elegant new Chinese light luxury design super comfortable; 2770mm ultra-long wheelbase, full series of reinforced four-wheel independent suspension, integrated zero-pressure seat;; Blue Core's new generation NE1.5T high-pressure direct injection engine is matched with Blue Touch's new generation 7-speed wet dual-clutch transmission; High-strength energy-absorbing body, high-quality manufacturing technology, high-standard verification system, multiple protection, travel with confidence.

**2022 CS35 PLUS**

The 2022 CS35 PLUS, continuing the 2021 Blue Core Edition. The dot matrix grille and front and rear echoing design run through the lamp, and add whale tail styling elements to show strength in calmness; All models are equipped with Andean gray bodies and twin exhaust pipes. Asymmetrical interior design, dual-screen connectivity integrated design. At the same time, the horizontal layout is strengthened, and the screen and IP decorative parts are pulled through the design left and right and the horizontal through air vents are added to make the internal space more reasonable and wide. 1.4T+7-speed wet dual-clutch, of which Blue Core Power NE 1.4T direct injection engine has a maximum power of 118kW and a peak torque of 260Nm.

**2023 CS85 COUPE**

The 2023 CS85 COUPE features a dome streamer-style back design, star diamond headlights, two-tone wheels, and black carbon fiber mirrors, highlighting its sporty charm. It adopts a classic combination of red and black. With a wrap-around starry cockpit, panoramic starry sky skylight and microfiber leather seats, it creates a new level of comfortable driving. With Blue Core's new generation NE1.5T high-pressure direct injection engine + 7DCT power combination, Bosch electronic stable braking system, all series of electronic gear shifting, idle start-stop technology. Tencent TAI automotive intelligent system, IACC integrated adaptive cruise system, APA4.0 valet parking system, 540° high-definition panoramic image system, PAB warning auxiliary braking system.

**Oshan Z6**

Oshan Z6, positioned as a new aesthetic smart flagship SUV, as an Oshan brand leapfrog strategic model, adopts prismatic design aesthetics, capable lines outline dynamic body posture, full-scene intelligent exterior voice function, equipped with OnStyle 5.1 intelligent happy cockpit, matching Blue Core's new generation NE1.5T + Blue Core 7-speed wet dual-clutch transmission high-efficiency powertrain, create four major high-energy product strengths: high-energy styling, high-energy intelligence, high-energy power, and high-energy quality



OshanZ6 iDD

Oshan Z6 iDD perfectly integrates Blue Core 1.5T hybrid turbocharged engine, 28.4kWh ultra-large capacity battery, two-in-one high-efficiency motor and 6-speed transmission system, with the blessing of AI intelligent control system and intelligent safety system of temperature balance, bringing high performance and low energy consumption to the product. The product has the two advantages of smart electricity economy and smart electric safety, 150KM ultra-long pure electric battery life, 1200KM ultra-long comprehensive battery life, IP68 industry's highest level of battery protection, 6 levels of dustproof, 8 levels of waterproof, standard DC fast charging, AC fast charging dual charging ports, achieving a win-win situation of power and efficiency.



Oshan X5 PLUS

Oshan X5 PLUS, continuing the sense of sport of the light shaping design language, adopts a 30-inch triple screen design, three screens are distributed in the center of the driver's field of vision, which is convenient for the driver to view and operate, with a new electronic gear lever, integrated sports seats, etc... and Blue Core's new generation NE1.5T engine matches Blue Core's 7-speed wet dual-clutch transmission, and is equipped with OnStyle 5.1 intelligent and happy cockpit, sports wisdom is excellent, and create a new sports smart SUV.



Oshan X7 PLUS 7-seater version

Oshan X7 PLUS 7-seater version, based on the excellent quality of Oshan X7 PLUS, once again changes the cabin space, focuses on multi-person travel scenarios, and creates the "100,000-level home enjoyment boutique 7-seater SUV preferred" label with scenario-based marketing. Changeable large space SUV, 7-seat + 280L trunk space or 5-seat + 780L trunk space, free switching, 2786mm class-leading wheelbase, second-row seat backrest adjustable from 15° to 35°, three-row seat cushion height 270mm, seat backrest angle of 26°, more practical. Meet the full-scenario car experience of users' families traveling with multiple people.



Changan Landtop

Changan Landtop, pickup version of Blue Core power, ZF 8-speed hand self integrated transmission, BorgWarner all-wheel-drive system; Highly recognizable grille, LED high-brightness headlight cluster, through-type LED front lights, two-tone wheels; Smart dual screen, wide luxury seating space, rich storage space; Enjoy first-class seats, intelligent health air conditioning control system, wrap-around 4 airbags, multi-function steering wheel, yacht-class grip gear shifting, keyless entry, and one-button start; Changan's latest generation of vehicle system pickup version, 540° high-definition panoramic image, master chassis, ESC body stability system, lane departure warning, cruise control system, three-mode electronic power steering.

3. Key models planned for 2023

In 2023, the company will launch a number of new and modified products, including more than 10 new energy products, accelerating the pace of new energy transformation.

(1) Renew fuel vehicle products, enhance competitiveness and consolidate market position. In 2023, Lamore, the third-generation CS55PLUS and the third-generation CS75PLUS, a total of 3 new products, and a total of 6 modified products such as UNI-K, UNI-T, UNI-V, will be launched one after another, which will further enhance product competitiveness and consolidate the market position of fuel vehicles through interior and exterior decoration and configuration upgrades. Lamore is positioned as a compact family car, born in the Changan Ark architecture, with high-end simple appearance design, wrap-around technology cockpit and a new generation of Blue Core power as product highlights, to meet the needs of family users in pursuit of economical, comfortable and safe travel.

(2) Accelerate the electrification transformation and create the "Changan Smart Electric iDD Intelligent Electric Hybrid" cognition. In the first half of 2023, the new products UNI-V Smart Electric iDD, the third-generation CS75PLUS Smart Electric iDD and the facelifted products UNI-K Smart Electric iDD and Oshan Z6 Smart Electric iDD will be launched soon; In the second half of the year, a number of new Smart Electric iDD products such as the new compact sedan and the new compact SUV were launched one after another, using the new Smart Electric iDD technology platform to meet the needs of strong power and low energy consumption, improve the driving experience of users, and further focus on building the "Changan Smart Electric iDD Intelligent Electric Hybrid" cognition to promote the realization of electrification transformation.

(3) Improve the intelligent pure electric genealogy and establish a new energy market position. In 2023, C236, Deepal S7 and Avatr E12 products will be launched one after another, and the lineage of smart pure electric products will be further improved, helping to form a new energy market position and brand user recognition. C236 is positioned as a high-end comfortable mid-size sedan, with smooth and forward-looking styling design, high-tech cockpit and comfortable driving experience as product highlights to meet the needs of a new generation of young users. Positioning the Deepal S7 as a pure electric smart SUV, on the basis of the EPA1 platform, Force Range Extension and Super Three Electric, it meets the core requirements of users for new energy intelligent SUVs through a new intelligent experience, and creates a benchmark for 200,000 pure electric smart SUVs. Avatr E12 is positioned as an emotional intelligent electric coupe, with future-looking styling design, immersive smart space, and all-scenario intelligent driving as product highlights, to meet the needs of high-end intelligent electric vehicle users in all scenarios.

Note: The features and configurations mentioned in "II. Analysis of Core Business in 2022" in Chapter 3 are not a true representation of the features and configurations of actual vehicles. the actual configuration and functions of the model shall be subject to the official product configuration table..

Vehicle manufacturing production and operation during the reporting period

√ Applicable □ Not applicable

Production and sales of vehicles

| | Production Volume (Unit) | | | Sales Volume (Unit) | | |
|------------------|--------------------------|-----------|---------------------------|---------------------|-----------|---------------------------|
| | 2022 | 2021 | YoY increase/decrease (%) | 2022 | 2021 | YoY increase/decrease (%) |
| By Region | | | | | | |
| Domestic | 2,049,250 | 2,130,925 | -3.83% | 2,096,982 | 2,141,390 | -2.07% |
| Overseas | 249,169 | 159,140 | 56.57% | 249,169 | 159,140 | 56.57% |

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 2022, the design capacity is 2.29 million vehicles. The capacity utilization rate reached 71.9%. In the past three years, the backward production capacity for 0.41 million vehicles and 0.45 million engines have been shut down. The capacity for 0.25 million connected and 0.1 million batteries have been built. The capacity structure is gradually adjusted to new energy.

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

√ Applicable □ Not applicable

The production and sales volume of overseas regions increased by more than 30% mainly due to the insufficient supply of overseas markets, and in recent years, Chinese brands represented by Changan Automobile have gradually established competitive advantages in the field of new energy and intelligence, driving the growth of overseas exports.

Construction of parts supporting system

Changan Automobile's main models, such as the CS series, UNI series, and navy brand, are equipped with parts that combine in-house production and external procurement. Key components, such as Blue Core's new generation of high-pressure direct injection engine, are independently developed by the company, which can effectively control costs and enhance the quality control of key parts through self-production; In cooperation with international and domestic first-class parts and components enterprises, such as Huawei autonomous driving, intelligent cockpit, CATL new energy battery, Aisin 8AT manual automatic transmission, Chongqing Tsingshan Industrial 7-speed wet dual-clutch transmission, Wutong TINNOVE intelligent system, etc., through external procurement, integrate

industry resources, select suitable suppliers, accelerate the transformation into intelligent low-carbon mobility technology companies, make products safer, smarter and greener, maximize corporate interests, and provide support for the continuous improvement of the company's performance.

It has organized a total of 516 suppliers and more than 3,800 people to study a series of QCA (Changan Automobile Supplier Quality Capability Assessment System) courses, and completed 84 QCA certification audits in 2022. The company has long implemented the quality capability evaluation strategy, implemented hierarchical management, and continuously promoted the improvement of supplier quality management capabilities.

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) | Sales Volume (unit) |
|-------------------------------|----------------------------|--------------------------|---------------------|
| New Energy Passenger Vehicle | 1,090,000 | 249,646 | 252,584 |
| New Energy Commercial Vehicle | 170,000 | 19,163 | 18,656 |

Note: The revenue from the sales of new energy vehicles within the scope of the company's consolidated financial statements is RMB 9,028 million in the reporting period.

III. Core Competence Analysis

1. Scientific and technological research capability. The company adheres to innovation-led development and pushes the implementation of science technological development plan at full speed. Changan strengthens investment in scientific and technological innovation, guides by user needs, adheres to the "two-wheel drive" of scientific and technological innovation and ecological construction, achieves a number of technological industry leading, first-stage mass production, and makes new breakthroughs in product development and technological innovation. In the intelligent field, intelligent driving, intelligent network connection and intelligent interaction technologies are supported to realize intelligent network operation and build an intelligent vehicle platform in stages. APA6.0 remote intelligent parking and AEB automatic Emergency braking equipped with UNI-V won the gold medal of the 2022 World Intelligent Driving Challenge and the Special prize of the Smart Connected Car Challenge. In the field of new energy technology, in the aspect of battery, completed the prototype development of semi-solid cell, independently mastered the CTP integration technology. In terms of electric drive, it broke through core technologies such as silicon carbide (SiC) control, realized the "7-in-1" super collector drive industry debut, and won the "China Heart" 2022 top 10 new energy vehicle power system. In terms of electric control, the seven-in-one "wisdom core" is independently developed and mass-produced to Deepal SL03. As of December 2022, the company has 8,330 patents at home and abroad, including 2,148 invention patents.

2. Product definition capability. The company adheres to customer experience as the orientation, focuses on user needs, and constantly innovates product definition mode to further improve the matching degree between products and user needs. Continuously updating and iterating product market equations, strengthening differentiated functions such as personalized configuration and vehicle software for fuel and electrification products to enhance product competitiveness. For new automobile products, review the user operation and resource matching links, and promote the product to the full life cycle user experience. The company's key products in 2022 perform well. CS series, UNI series, Auchan Z6 and other key products are favored by the market. Also, Avatr 11 enters the critical delivery period, and Deepal SL03 quickly grabs the mainstream passenger car market. The company will continue to focus on the user experience, focus on the core scene, and quickly build a differentiated competitive advantage of popular products. At the same time, the company will improve Avatr, Deepal and new automobile product matrix, promote the full renewal of existing brand electrification products, and strive to provide users with product experience beyond expectations.

3. Brand upward capability. The company insists on strengthening brand value management, further consolidating the "intelligent" and "electric" brand label, innovating brand promotion, improving brand customer satisfaction, and helping the brand to move up. In terms of brand value management, build a new Changan brand structure, plan Smart Electric iDD product sequence, expand the electrification market, start the construction of new mainstream electric OX sequence, and achieve a breakthrough in brand development. Released new digital pure electric brand Shenlan and "Zhuge smart", "Force Electric", "Smart Electric iDD" and "Partner +" four brand labels, innovation to build brand equity. In terms of brand promotion, Changan will focus on the launch of 7 new cars such as the second-generation CS75PLUS and Rui Cheng PLUS, and create innovative cross-border cooperation series such as Sanxingdui, Migu Music Festival, Dragon Gate King Kong and Talk Show, so as to win the exclusive title of animation of the Three-Body Problem, a national science fiction IP, to help the brand get younger and accelerate the brand exposure and popularity. In terms of improving brand customer satisfaction, the customer satisfaction (SSI/CSI, namely sales service satisfaction/after-sales service satisfaction) in 2022 reached more than 99%. In addition, the company won the second place of its own brand in J.D.Power's

2022 China Auto sales service Satisfaction ranking.

4. Intelligent manufacturing capability. The company focuses on the digital transformation of the new factory, and explores the digitalization and digitalization of business in the whole scenario of the factory. Changan will make new progress in smart and green manufacturing under the model of innovative manufacturing. Further promote the application of 5G technology and the construction of industrial Internet in each manufacturing base and put 5G+AR remote maintenance and intelligent fault diagnosis, 5G+ machine vision detection and other scenes into operation, greatly improving the one-time detection accuracy and logistics distribution efficiency. The company orderly implements the user direct connection manufacturing mode (C2M), and fully realize the mass customization mode of new energy products, to meet the personalized needs of users. Also, centering on the five dimensions of "technological transformation, process optimization, quality improvement, production scheduling optimization, and lean start-stop", a number of carbon reduction measures have been formulated and implemented to further reduce the carbon emission intensity of single and single vehicles. In the 2022 China New Car Quality Study (IQS) released by J.D.Power (Jundi), Changan Automobile won the first prize in "Quality of new cars of China's homegrown brands", the Getaway PLUS won the second prize in "medium base sedan", and the CS35PLUS won the third prize in "Compact SUV".

5. Cultural leadership capability. The company insists on improving the cultural system and iteratively updating the leading cultural concept (fourth edition) to further gather strategic consensus and stimulate the spirit of struggle. The company actively carries out a series of activities for the 160th anniversary of Changan, telling good Changan stories, inheriting Changan culture, drawing great power of innovation and entrepreneurship from the history of Changan, and continuously creating an atmosphere of "leading culture · Wolf Changan". The company further implements the "double concern", carries out the "I do practical things for the people" on a regular basis, and solves the problem of employees' "urgent difficulties and worries". At the same time, the company firmly practices social responsibility, actively responds to the call of the CPC Central Committee, deeply implements the rural revitalization strategy, carries out cross-border Youyang Tea oil help action, and forms the "Changan Plan" for rural revitalization. Changan immediately rushed to the aid of Chongqing wildfire, donating 10 million yuan. The company actively supported Sichuan earthquake relief and donated 10 Kaicheng F70 cars to contribute to Changan.

6. Mechanism and efficiency capacity. The company insists on improving the organization mechanism, replenishing the talent team and optimizing the incentive scheme to inject new vitality into the transformation and development. We have established a "smile curve" management logic, formed a matrix and flat management model, and built organizational capabilities to support the realization of new automotive products; continued to introduce cutting-edge talents in the fields of intelligence, software and modeling externally, and promoted the transformation of talents in the fields of intelligent network, "three-electric" and new platform internally. The company also promotes the tenure system and contract management to further enhance the vitality of cadres and stimulate the motivation of managing officers; improves the incentive "team leader" mechanism to help tackle important and difficult technical projects; implements the equity incentive plan to further stimulate the vitality and motivation of employees and promote the achievement of strategic tasks; carries out the follow-up mechanism of product projects in depth, and the core personnel of the whole value chain of the project are closely bound to the successful implementation of the product; the construction of a comprehensive honor system to stimulate a greater sense of mission, achievement and striving with spiritual incentives; the deferred bonus incentive policy has been increased again, and the enthusiasm of the staff is greatly strengthened.

IV. Analysis of Main Business

1. Overview

Compared with 2021, the company's operating income was RMB 121.253 billion, an increase of 15.32%. And it is caused by the company's sales growth. The net operating cash flow was 5.666 billion yuan, a decrease of 75.33% over last year. The company's net profit attributable to the shareholders of the listed company during the reporting period was 7.798 billion yuan, and it was growth by 119.52% compared to 2021. 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 overall profitability of the JVs and associates sector has decreased, 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

| | 2022 | | 2021 | | YoY increase/decrease (%) |
|---------------------|--------------------|-------------------------------------|--------------------|-------------------------------------|---------------------------|
| | Amount (RMB) | Proportion of operating revenue (%) | Amount (RMB) | Proportion of operating revenue (%) | |
| Operating revenue | 121,252,864,085.40 | 100% | 105,141,877,237.05 | 100% | 15.32% |
| By industry | | | | | |
| Automotive business | 121,252,864,085.40 | 100% | 105,141,877,237.05 | 100% | 15.32% |
| By product | | | | | |
| Vehicles | 114,066,406,439.25 | 94.07% | 99,238,618,010.70 | 94.39% | 14.94% |

| | | | | | |
|-----------------------|--------------------|--------|-------------------|--------|---------|
| Services and others | 7,186,457,646.15 | 5.93% | 5,903,259,226.35 | 5.61% | 21.74% |
| By region | | | | | |
| China | 107,841,417,091.18 | 88.94% | 97,338,405,886.42 | 92.58% | 10.79% |
| Overseas | 13,411,446,994.22 | 11.06% | 7,803,471,350.63 | 7.42% | 71.87% |
| By sales model | | | | | |
| Distribution | 103,713,980,228.17 | 85.53% | 96,492,889,603.69 | 91.78% | 7.48% |
| Direct selling | 10,352,426,211.08 | 8.54% | 2,745,728,407.01 | 2.61% | 277.04% |
| Others | 7,186,457,646.15 | 5.93% | 5,903,259,226.35 | 5.61% | 21.74% |

Note: The Company has 2,164 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 industry | | | | | | |
| Automotive business | 121,252,864,085.40 | 96,409,610,873.76 | 20.49% | 15.32% | 10.00% | 3.85% |
| By product | | | | | | |
| Vehicles | 114,066,406,439.25 | 91,604,889,306.21 | 19.69% | 14.94% | 9.18% | 4.24% |
| By region | | | | | | |
| China | 107,841,417,091.18 | 83,836,238,670.05 | 22.26% | 10.79% | 4.66% | 4.55% |
| By sales model | | | | | | |
| Distribution | 103,713,980,228.17 | 81,908,748,404.43 | 21.02% | 7.48% | 0.66% | 5.35% |

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 report period in the latest year.

Applicable Not applicable

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

Yes No

| By business | Item | 2022 | 2021 | YoY increase/decrease (%) |
|---------------------|--------------------------|-----------|-----------|---------------------------|
| Automotive business | Sales volume (unit) | 2,346,151 | 2,300,530 | 1.98% |
| | Production volume (unit) | 2,298,419 | 2,290,065 | 0.36% |
| | Inventory volume (unit) | 54,900 | 64,557 | -14.96% |
| | Market share (%) | 8.73% | 8.74% | -0.01% |

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 | 2022 | 2021 |
|-------------|------|------|------|
|-------------|------|------|------|

| | | Amount (RMB) | Proportion of operational cost (%) | Amount (RMB) | Proportion of operational cost (%) | YoY increase/decrease (%) |
|---------------------|---------------------|-------------------|------------------------------------|-------------------|------------------------------------|---------------------------|
| Automotive business | Products | 91,604,889,306.21 | 95.02% | 83,904,632,708.41 | 95.73% | 9.18% |
| | Services and others | 4,804,721,567.55 | 4.98% | 3,744,072,825.73 | 4.27% | 28.33% |
| Total | | 96,409,610,873.76 | 100.00% | 87,648,705,534.14 | 100.00% | 10.00% |

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

Applicable Not applicable

During the reporting period, Avatr completed a capital increase and equity expansion to introduce new investors. After this capital increase, the company lost control of Avatr and no longer included it in the company's consolidated financial statements. As of the end of the reporting period, the company holds 40.99% equity in Avatr.

(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) | 11,027,129,512.08 |
| Proportion of total sales revenue from top 5 customers in annual total sales revenue (%) | 9.10% |
| Proportion of total sales revenue from affiliated parties in the top five customers in annual total sales revenue (%) | 4.76% |

The top 5 customers

| No. | Customer | Revenue (RMB) | Proportion of annual total sales revenue (%) |
|-------|----------------|-------------------|--|
| 1 | Customer One | 3,891,334,275.79 | 3.21% |
| 2 | Customer Two | 2,609,084,124.78 | 2.15% |
| 3 | Customer Three | 1,684,301,990.87 | 1.39% |
| 4 | Customer Four | 1,476,308,931.64 | 1.22% |
| 5 | Customer Five | 1,366,100,189.00 | 1.13% |
| Total | | 11,027,129,512.08 | 9.10% |

Other information regarding major customers

Applicable Not applicable

One of the above customers is a joint venture of the Company, and two customer is controlled by the same ultimate holding company. Please refer to item 5 of Note 10 "Related Party Relationships and Transactions" in Chapter 10.

Major suppliers

| | |
|---|-------------------|
| Total purchase amount from top five suppliers (RMB) | 17,209,662,321.50 |
| Proportion of total purchase amount from top five suppliers in annual total purchase amount (%) | 17.85% |
| Proportion of total purchase amount from affiliated parties of the top five suppliers in total annual total purchase amount (%) | 14.61% |

Top 5 suppliers

| No. | Supplier | Purchase amount (RMB) | Proportion of annual total purchase amount (%) |
|-----|--------------|-----------------------|--|
| 1 | Supplier One | 5,929,105,477.16 | 6.15% |

| | | | |
|-------|----------------|-------------------|--------|
| 2 | Supplier Two | 4,693,770,740.03 | 4.87% |
| 3 | Supplier Three | 3,463,898,449.23 | 3.59% |
| 4 | Supplier Four | 1,683,131,736.33 | 1.75% |
| 5 | Supplier Five | 1,439,755,918.75 | 1.49% |
| Total | | 17,209,662,321.50 | 17.85% |

Other information regarding major suppliers

√ Applicable □ Not applicable

One of the above suppliers is a joint venture of the Company, one supplier is controlled by the same ultimate holding company, and one supplier is a company in which the ultimate holding company participates. Please refer to item 5 of note 10 "Related Party Relationships and Transactions" in Chapter 10.

3. Expenses

| Item | 2022 | 2021 | YoY Change (%) | Explanation of major changes |
|-------------------------------|-------------------|------------------|----------------|---|
| Selling expenses (RMB) | 5,138,270,162.95 | 4,645,654,234.59 | 10.60% | |
| Administrative expenses (RMB) | 3,532,458,198.76 | 3,499,654,508.49 | 0.94% | |
| Financial costs (RMB) | -1,017,305,743.08 | -780,923,197.18 | 30.27% | Due to the year-on-year increase in the average monthly monetary fund balance of the company during the reporting period, the interest income from deposits in financial institutions increased |
| R&D expenses (RMB) | 4,315,444,864.76 | 3,515,029,178.76 | 22.77% | |

4. Research and Development Investment

√ Applicable □ Not applicable

| Projects | Purpose | Progress | Goals | Expected impact on the future development of the Company |
|---|---|--------------------------------------|--|--|
| Advanced Comfort Car Development | The first product of the new series 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 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 a new generation of all-electric digital car | Changan New Energy's first pure electric platform strategic model | 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 intelligent electric digital platform | Create a leading hardware and software platform | Complete the annual development task | Complete the development of main functions and lock the technical status | Transformation and upgrading of new vehicles |
| 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 | Accelerate the transformation to intelligent low-carbon travel technology companies and support the development strategy of 'new automobile, new ecology'. |
| Multi-power compatible architecture vehicle platform development | Changan compatible platform architecture supports multi-power products | Complete the annual development task | Expand and optimize the system architecture, realize multi-power platform common platform development | Enrich the company's product power selection, and improve the development efficiency and cost |

R&D staff

| | 2022 | 2021 | Change over the previous year (%) |
|---------------------------------------|--------|--------|-----------------------------------|
| Number of R&D staff (person) | 7,899 | 7,269 | 8.67% |
| Proportion of R&D personnel | 18.42% | 17.13% | 1.29% |
| Education background | | | |
| High School diploma or below (person) | 262 | 281 | -6.76% |
| Bachelor's degree (person) | 5,819 | 5,467 | 6.44% |
| Master's degree (person) | 1,738 | 1,443 | 20.44% |
| Doctor's degree (person) | 80 | 78 | 2.56% |
| Age structure | | | |
| Aged below 30 (person) | 2,217 | 2,067 | 7.26% |
| Aged 30 - 40 (person) | 4,682 | 4,421 | 5.90% |
| Aged above 40 (person) | 1,000 | 781 | 28.04% |

R&D Input

| | 2022 | 2021 | Change over the previous year (%) |
|--|------------------|------------------|-----------------------------------|
| Amount of R&D Input (RMB) | 5,677,807,968.36 | 4,826,946,503.77 | 17.63% |
| Proportion of R&D Input in Operating Revenue (%) | 4.68% | 4.59% | 0.09% |
| Amount of Capitalized R&D Expenditure (RMB) | 1,362,363,103.60 | 1,311,917,325.01 | 3.85% |
| Proportion of Capitalized R&D Expenditure in R&D Input (%) | 23.99% | 27.18% | -3.19% |

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 | 2022 | 2021 | YoY Change (%) |
|---|--------------------|--------------------|----------------|
| Subtotal of cash inflows from operating activities | 127,195,228,996.80 | 132,847,688,924.95 | -4.25% |
| Subtotal of cash outflows from operating activities | 121,528,882,138.28 | 109,875,965,714.11 | 10.61% |
| Net cash flows from operating activities | 5,666,346,858.52 | 22,971,723,210.84 | -75.33% |
| Subtotal of cash inflows from investing activities | 2,492,217,372.08 | 1,450,454,543.93 | 71.82% |
| Subtotal of cash outflows from investing activities | 5,446,189,241.05 | 2,939,679,984.95 | 85.26% |
| Net cash flows from investing activities | -2,953,971,868.97 | -1,489,225,441.02 | -98.36% |
| Subtotal of cash inflows from financing activities | 2,792,324,450.65 | 1,826,518,075.81 | 52.88% |
| Subtotal of cash outflows from financing activities | 2,567,894,182.64 | 4,422,477,490.74 | -41.94% |
| Net cash flows from financing activities | 224,430,268.01 | -2,595,959,414.93 | 108.65% |
| Net increase in cash and cash equivalents | 2,973,518,212.75 | 18,861,948,777.36 | -84.24% |

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

Applicable Not applicable

In 2022, the net cash flow generated from operating activities decreased by 17.305 billion yuan compared to the previous year. On the one hand, due to the impact of market supply and demand, the proportion of cash paid by distributors decreased, resulting in a decrease in cash received from selling goods and providing services. On the other hand, to support the supply chain, relatively loose policies were adopted for supplier payments, resulting in an increase in cash paid for purchasing goods and receiving services.

The net cash flow generated from investment activities decreased by 1.465 billion yuan compared to the previous year, mainly due to the payment of investment funds to Chongqing Changan New Energy Vehicle Technology Co., Ltd. and Avatr Technology (Chongqing) Co., Ltd. in the current period, resulting in an increase in cash paid for investment compared to the previous year.

The net cash flow generated from financing activities increased by 2.82 billion yuan compared to the previous year, mainly due to the impact of restricted monetary changes, resulting in a significant increase in "other cash received related to financing activities" and a significant decrease in "other cash paid related to financing activities" compared to 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 63, 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 | -768,957,070.79 | -9.98% | Please refer to the Item 52, Note 5 "Supplementary Information of the Cash Flow Statement" in the Auditor's Report. | Except for 2.13 billion yuan, which is the company's uncontrollable equity interest in Avatr, and the remaining equity is remeasured at fair value to generate profits, other sustainable assets are available |
| Profits or losses of fair value change | 3,570,229.29 | 0.05% | | No |
| Impairment losses on assets | -945,853,716.20 | -12.27% | Please refer to the Item 55, Note 5 "Supplementary Information of the Cash Flow Statement" in the Auditor's Report. | No |
| Non-operating income | 128,910,416.79 | 1.67% | | No |
| Non-operating expenses | 54,391,039.79 | 0.71% | | No |

VI. Analysis of Assets and Liabilities

1. Major Changes in Asset Composition

| | 31 December 2022 | | 31 December 2021 | | Increase/Decrease in Proportion (%) | Description of significant changes |
|-----------------------------|-------------------|--------------------------------|-------------------|--------------------------------|-------------------------------------|---|
| | Amount (RMB) | Proportion of total assets (%) | Amount (RMB) | Proportion of total assets (%) | | |
| Monetary fund | 53,530,183,827.34 | 36.65% | 51,976,242,149.37 | 38.39% | -1.74% | |
| Receivables | 3,068,414,415.29 | 2.10% | 1,675,427,534.87 | 1.24% | 0.86% | Mainly due to the increased impact of accounts receivable for outsourcing and project development |
| Contract assets | 458,389,187.10 | 0.31% | 1,151,292,247.36 | 0.85% | -0.54% | |
| Inventories | 5,823,307,512.90 | 3.99% | 6,852,874,420.59 | 5.06% | -1.07% | |
| Investment property | 6,422,715.04 | 0.00% | 6,649,426.60 | 0.00% | 0.00% | |
| Long-term equity investment | 14,406,662,456.28 | 9.86% | 13,245,374,860.55 | 9.78% | 0.08% | |
| Fixed assets | 19,346,764,691.44 | 13.25% | 21,325,959,850.16 | 15.75% | -2.50% | |
| Construction in progress | 1,387,898,218.64 | 0.95% | 1,460,176,539.43 | 1.08% | -0.13% | |
| Right-of-use assets | 100,813,386.01 | 0.07% | 66,313,062.98 | 0.05% | 0.02% | |
| Short-term loans | 29,000,000.00 | 0.02% | 19,000,000.00 | 0.01% | 0.01% | |
| Contract liabilities | 5,655,256,792.66 | 3.87% | 9,840,509,514.39 | 7.27% | -3.40% | Mainly due to the high matching between dealer demand and manufacturer inventory resources, resulting in a decrease |

| | | | | | | |
|---------------------|-------------------|--------|-------------------|--------|--------|---|
| | | | | | | in advance payments |
| Long-term loans | 36,000,000.00 | 0.02% | 600,000,000.00 | 0.44% | -0.42% | |
| Lease liabilities | 60,205,397.98 | 0.04% | 38,679,735.59 | 0.03% | 0.01% | |
| Notes receivable | 35,849,660,652.96 | 24.55% | 24,267,633,416.65 | 17.92% | 6.63% | Mainly due to the year-on-year increase in year-end sales and the impact of an increase in the proportion of dealer bill payments |
| deferred tax assets | 3,028,487,187.18 | 2.07% | 2,280,819,516.99 | 1.68% | 0.39% | Mainly due to the impact of increased balance of deductible items |
| Other payables | 6,082,766,424.67 | 4.16% | 4,562,626,344.69 | 3.37% | 0.79% | Mainly due to the impact of prepaid land and factory disposal funds |
| share capital | 9,921,799,422.00 | 6.79% | 7,632,153,402.00 | 5.64% | 1.15% | Mainly due to the impact of converting capital reserves into equity |

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) | 195,798,300.00 | 3,570,229.29 | | | 98,999,997.80 | | 18,052,956.00 | 280,315,571.09 |
| Investments in other equity instruments | 701,409,600.00 | | -5,500,000.00 | | | 205,959,600.00 | | 489,950,000.00 |
| Subtotal financial assets | 897,207,900.00 | 3,570,229.29 | -5,500,000.00 | | 98,999,997.80 | 205,959,600.00 | 18,052,956.00 | 770,265,571.09 |
| Others | - | - | - | - | - | - | - | - |
| Total | 897,207,900.00 | 3,570,229.29 | -5,500,000.00 | | 98,999,997.80 | 205,959,600.00 | 18,052,956.00 | 770,265,571.09 |
| Financial liabilities | | | | | | | | |
| | - | - | - | - | - | - | - | - |

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 | 1,038,748,779.60 | Acceptance bill deposit |
| Bill receivable | 6,340,255,963.00 | Pledge used to issue notes payable |
| Intangible assets | 16,823,861.76 | Obtaining working capital mortgage loans |

| | | |
|--------------|------------------|--|
| Fixed assets | 29,963,526.50 | Obtaining working capital mortgage loans |
| Total | 7,425,792,130.86 | |

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 | 5,170,467,840.00 | 867,235,994.00 | 496.20% |
| Fixed assets | 17,301,970.59 | 26,662,625.05 | -35.11% |
| Construction in progress | 1,749,624,706.95 | 1,516,873,296.63 | 15.34% |
| Intangible assets | 145,975,646.19 | 61,121,381.78 | 138.83% |
| Total | 7,083,370,163.73 | 2,471,893,297.46 | 186.56% |

Joint investment between the Company and professional investment institutions:

| Name of investment institutions | Subscribed capital contribution (RMB) | Subscription ratio (%) | Actual capital contribution (RMB) | Progress |
|---|---------------------------------------|------------------------|-----------------------------------|---|
| Chongqing Changan Innovation Private Equity Investment Fund Partnership (Limited Partnership) | 300,000,000 | 46.08% | 1,000,000 | By the end of the reporting period, the filing procedures for private equity investment funds have been completed |
| Chongqing Lianzhi Antou Equity Investment Partnership (Limited Partnership) | 200,000,000 | 50.25% | 0 | As of the end of the reporting period, the operation of the partnership has been terminated and cancelled |

2. The major equity investment obtained in reporting period

√ Applicable □ Not applicable

| Name of investee company | Main businesses | Investment mode | Investment amount (10000RMB) | Shareholding proportion | Capital source | Partner | Investment term | Product type | Progress as of the balance sheet date | Expected revenue | Profit and loss on investments for the current period | Whether it is involved in a lawsuit | Disclosure date | Disclosure Index |
|--------------------------|---|------------------|------------------------------|-------------------------|------------------|---|-----------------|---------------------|--|------------------|---|-------------------------------------|-----------------|--|
| Avatr | Sales of new cars and new energy vehicles | Capital increase | 116,900.00 | 40.99% | Self-owned funds | National Green Development Fund Co., Ltd; Jiaying Lizhanye No. 6 Equity Investment Partnership (Limited Partnership); Qingdao Yuewan Smart Network Industrial Investment Fund Partnership (Limited Partnership); Huzhou Chuangsheng Chiming Equity Investment Partnership (Limited Partnership); Chongqing Cheng'an No. 2 Private Equity Investment Fund Partnership (Limited Partnership); Tianjin Weihao Haihe Phase I Equity Investment Partnership (Limited Partnership); Ningbo Yongxin Weihao Phase I Semiconductor Industry Investment Partnership (Limited Partnership); Yiwu Weihao Chuangxin Phase I Equity Investment Partnership (Limited Partnership); Southern Industrial Asset Management Co., Ltd | Long-term | New energy vehicles | Completion of agreement signing and delivery | Not applicable | Not applicable | No | 2022/8/3 | Please refer to the announcement of "Announcement on Related Transactions of Capital Increase to Associated Enterprises" on http://www.cninfo.com.cn (Announcement Number: 2022-55) |
| Total | -- | -- | 116,900.00 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |

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 | 50,000,000.00 | Fair value measurement | 177,902,700.00 | -51,790,200.00 | 0.00 | 0.00 | 0.00 | -49,099,800.00 | 126,112,500.00 | Trading financial assets | Self-owned funds |
| Stock | 301215 | China Automobile Corporation | 98,999,997.80 | Fair value measurement | -- | 26,052,631.00 | 0.00 | 0.00 | 0.00 | 26,651,841.51 | 125,052,628.80 | Trading financial assets | Self-owned funds |
| Total | | | 148,999,997.80 | -- | 177,902,700.00 | -25,737,569.00 | 0.00 | 0.00 | 0.00 | -22,447,958.49 | 251,165,128.80 | -- | -- |

(2) Derivative investments

Applicable Not applicable

1) Derivative investments for hedging purposes during the reporting period

Applicable Not applicable

Unit: 10,000 RMB

| Investment type of derivatives | Initial derivatives investment amount | Profit and loss from changes in fair value in the current period | Accumulated changes in fair value included in equity | Amount of purchase in the reporting period | Amount of sales in the reporting period | 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 |
|---|--|--|--|--|---|--|---|
| Forward Exchange | 0 | 2,915 | 2,915 | 85,419 | 0 | 85,419 | 1.36% |
| Total | 0 | 2,915 | 2,915 | 85,419 | 0 | 85,419 | 1.36% |
| Explanation of changes of the accounting policies and accounting principles of the Company's hedging during the reporting period compared with the previous reporting period | Not applicable | | | | | | |
| Description of actual gains/losses during the reporting period | No contract delivery, no actual profit or loss occurred. | | | | | | |
| Description of hedging effect | Changan Automobile adheres to the principle of risk neutrality in carrying out forward foreign exchange settlement and sales business, based on normal production and operation, locks in income and cost through forward foreign exchange transactions, avoids the risk of exchange rate fluctuations, reduces the uncertainty of operating profits, and ensures the realization of annual operating objectives. | | | | | | |
| Source of funds | Self-owned funds | | | | | | |
| 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> | | | | | | |

| | |
|--|--|
| | <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> |
| 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 29.15 million. |
| Whether it is involved in a lawsuit | Not applicable |
| Disclosure date of derivatives investment approval board announcement | February 23, 2022 |
| Disclosure date of derivatives investment approval shareholders meeting announcement | March 18, 2022 |
| Opinions of independent directors on the Company’s derivatives investment and risk control | The independent directors believed that the forward exchange transactions settled by the Company and its subsidiaries are based on normal 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. |

2) Derivative investment for the purpose of speculation during the reporting period

Applicable Not applicable

During the reporting period, there was no derivative investment for the purpose of speculation.

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 | 603,929.76 | 69,330.16 | 469,260.07 | 160,545.86 | 160,545.86 | 26.58% | 134,669.69 | Deposited in a dedicated account for raised funds | 0 |
| Total | -- | 603,929.76 | 69,330.16 | 469,260.07 | 160,545.86 | 160,545.86 | 26.58% | 134,669.69 | -- | 0 |
| Description of the overall use of raised funds | | | | | | | | | | |
| <p>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.</p> <p>2. The net amount of raised funds after deducting other issuance expenses is RMB 5,986.08 million, the actual net amount of raised funds after adjustment is RMB 6,039.30 million. The Company used the raised funds of RMB 3,252.08 million, RMB 747.22 million and RMB 693.30 million respectively in 2020, 2021 and 2022. As of December 31, 2022, the Company has used a total of RMB 4,692.60 million of the raised funds.</p> | | | | | | | | | | |

(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 | Yes | 141,568.38 | 103,313.68 | 17,031.87 | 100,831.01 | 98% | No | Not applicable | Not applicable | No |
| Crash Laboratory Capacity Upgrade Project | Yes | 11,505.75 | 8,251.85 | 2,076.08 | 8,042.02 | 97% | No | Not applicable | Not applicable | No |
| CD569 production line construction project | Yes | 15,576.22 | 9,418.59 | 4,921.37 | 9,433.27 | 100% | Yes | Clarification can only be made after the project cycle ends | Not applicable | No |
| Hefei Changan Automobile Co., Ltd. adjustment and upgrade project | Yes | 249,958.06 | 142,399.78 | 7,555.82 | 133,208.75 | 94% | 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 |
| New generation energy-saving product transformation and upgrading project | No | - | 160,545.86 | 37,745.02 | 37,745.02 | 24% | No | Not applicable | Not applicable | No |
| Total | | 598,608.41 | 603,929.76 | 69,330.16 | 469,260.07 | 78% | -- | -- | -- | -- |
| 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 18th, 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 | There was a balance of the original project investment funds compared to upfront planning. The main reason is that the company has reduced the actual investment amount through the localization of imported equipment in the project 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. | | | | | | | | | |
| The purpose and placement | Deposited in a dedicated account by the Company for raised funds | | | | | | | | | |

| | |
|--|-----|
| of the unused 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 | 37,745.02 | 37,745.02 | 24% | In the year of 2023 | Not applicable | Not applicable | No |
| Total | -- | 160,545.86 | 37,745.02 | 37,745.02 | 24% | -- | -- | -- | -- |
| Reasons for change, decision-making procedures and information disclosure (by specific project) | <p>1. There was a balance of the original project investment funds compared to upfront planning. The main reason is that the company has reduced the actual investment amount through the localization of imported equipment in the project 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 26th, 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 (Announcement Number: 2022-23).</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 |
|---|---------------------|--|--------------------|--------------|------------|------------------|------------------|------------|
| Avatr Technology (Chongqing) Co. Ltd. | Joint Stock Company | Production and sales of vehicles and parts | 164,466 | 521,264 | 277,307 | 2,834 | -201,434 | -201,530 |
| Chongqing Changan New Energy Vehicle Technology Co., Ltd. | Joint Stock Company | Production and sales of vehicles and parts | 32,811 | 2,033,628 | 109,002 | 1,567,757 | -319,557 | -319,656 |
| Changan Ford Automobile Co., Ltd. | Joint Stock Company | Production and sales of vehicles and parts | 24,100 USD | 3,601,827 | 153,032 | 5,106,691 | -114,102 | -244,864 |

Subsidiaries acquired and sold in the reporting period

√ Applicable □ Not applicable

During the reporting period, Changan Automobile established a new subsidiary, Chongqing Changan Technology Co., Ltd; Simultaneously completing the deregistration of Changan Brazil Holdings Limited Liability Company; Avatr Technology (Chongqing) Co., Ltd. introduced strategic investors, lost control over them, and no longer included them in the consolidation scope, and made subsequent measurement according to the Equity method.

| Name | Acquisition and disposal of subsidiaries during the reporting period | Impact on overall production, operation and performance |
|---------------------------------------|--|---|
| Changan Brazil Holdings Co., Ltd | Unregister | None |
| Chongqing Changan Technology Co., Ltd | New Settings | None |
| Avatr Technology (Chongqing) Co. Ltd. | Equity dilution | Significant impact |

Description of major holding and participating companies

Avatr is in a strategic investment period and has invested heavily in product research and development, brand promotion, channel building, and technical talent introduction, resulting in losses; Changan New Energy has increased investment in product R&D and brand promotion to accelerate the transformation of new energy strategy and brand advancement. At the same time, it has suffered losses due to the increase in battery raw material costs and other factors; Changan Ford has shut down outdated production lines in order to accelerate revitalization, and has made provision for asset impairment in the current period, which has affected a significant decrease in profits.

X. Information of main shareholding and joint stock companies

□ Applicable √ Not applicable

XI. Prospects of Future Development

1. Industrial Landscape and Tendency

From the overall perspective of the automotive industry, the demand side external demand slows down, China's economy turns to domestic demand-driven, with the recovery of travel scenarios and residents' confidence, domestic consumer demand is gradually released, it is expected that the trend of the automotive industry in 2023 will first decline and then rise, and the total volume will increase slightly.

(1) New energy and power trends: The low-speed growth of China's automobile market and the high-speed growth of new energy vehicles are clearly contrasted, and the "fragmentation" of power structure and industrial scale coexist. China's new energy automobile industry has entered a period of explosive growth, and sales are expected to increase by about 20% year-on-year in 2023. In the new energy vehicle market, it is expected that XEV (plug-in hybrid + extended-range hybrid) will replace traditional fuel vehicles with its economy.

(2) Intelligent industry trends: In intelligent vehicles, intelligent driving and intelligent cockpits have become the fastest changing fields. In the field of intelligent driving, after years of development and practice, most enterprises have returned to rationality and focused on user scenarios to create excellent L2+ intelligent driving systems; The field of intelligent space is the most direct competition point for the user experience of various brands, and it is also the main battlefield for brand differentiated experience.

(3) Competitive trends: Chinese brands, foreign brands, new automakers, and ICT companies compete on the same stage. Among them, Chinese brands seize the strategic opportunities of the new energy market, continue to give full play to the advantages of new energy technology, intelligent ecological localization and cost control, and continue to increase their market share in the passenger car market, and it is expected that the market share will be close to 55% in 2023.

(4) Overseas market trends: Based on the expectation of a global economic recession in 2023, overseas demand is weakened, and it is expected that the increase in China's automobile exports will slow down in 2023, and the export growth rate is expected to be about 30%; In addition, under the trend of global intelligent electrification of automobiles, the relatively leading position of China's automobile industry, coupled with China's engineer dividend, lean management and other promoting factors, gradually exporting products, technologies and capital to the world, Chinese car companies are expected to gradually develop from export-oriented to industrial investment-oriented in overseas markets.

(5) Core supply chain trends of smart electric vehicles (chips and batteries): The supply and demand of automotive chips will remain structurally tight in 2023, and it is expected that the global supply of automotive chip production capacity will increase by about 20% and demand by about 40% in 2023. The price of battery materials remains high and volatile.

2. Corporation Development Strategy

At present, China in the new era is entering a period of coexistence of strategic opportunities and risks and challenges, and increasing uncertainties and unpredictable factors, Changan Automobile takes the initiative to identify and adapt to changes, takes the company's "14th Five-Year Plan" development plan as the traction, firmly adheres to the direction of the third entrepreneurship, takes scientific and technological innovation as the driving force, reshapes capabilities, upgrades the industry, and firmly and resolutely transforms into a smart low-carbon mobility technology company with a faster speed and greater intensity. By 2025, the Group aims to sell 3.5 million to 4 million units, of which 2.8 million to 3 million units will be sold under the Changan brand. By 2030, the Group aims to achieve sales of 5 million units, including 4 million units under the Changan brand, during which it will make every effort to increase the penetration rate of new energy and accelerate the layout of overseas markets.

In order to ensure the achievement of strategic goals, we will focus on implementing the "five major breakthroughs" and fully promote the "two major changes":

—Five breakthroughs

(1) Strategic breakthrough

Firmly promote the third entrepreneurship - innovation and entrepreneurship plan, quickly implement the new energy "Shangri-La" plan and the intelligent "Beidou Tianshu" plan, and create "new automobiles, new ecology".

(2) Brand breakthrough

Further reconstruct the brand architecture and accelerate the creation of popular products. Focus on the three major brands of Changan, Deepal and Avatr, build differentiated brand value, and create a new label of intelligent electric vehicles. Thereinto:

Changan brand, on the one hand, integrates existing fuel vehicle brands such as "V" standard, UNI series and Oshan, accelerates electrification transformation, and creates the "Smart electricity iDD" technology label. Integrate resources to achieve the goal of "increasing stock". By 2025, the company plans to launch 22 new products and maintain sales of 1 million units.

On the other hand, the creation of a new mainstream electric sequence, OX sequence, will be a new exploration of the transformation of the main brand of "Changan" to electrification. The OX sequence will increase the layout of mainstream EVs, maximize the scale of expansion, enhance the value of the main brand of "Changan", and strive to seize new tracks. We will select investment entities and open up special zones on the basis of existing channels to achieve full coverage of prefecture-level cities and core business districts. In the fourth quarter of 2023, the first product of the OX series will be officially launched, and by 2025, it plans to launch five new products, with sales estimated to exceed 800,000 units.

Deepal Auto further consolidates the brand positioning of young and high-tech digital pure electric vehicles, combines the all-electric technology advantages of range extension, pure electric and hydrogen electricity, and comprehensively develops the mainstream electric market, bringing users a young, high-tech and pioneer intelligent low-carbon travel experience. By 2025, the company plans to launch seven new products with sales estimated to exceed 800,000 units.

Avatr is the strategic support of Changan Automobile brand. In 2022, the brand launch has been completed, and the first product Avatr 11 and co-branded limited model 011 have been put on the market and sold, which has been warmly received. In the future, Avatr will continue to strengthen the brand emotional intelligent label, occupy the high-end market, and compete with new forces and luxury brands. Before 2025, it plans to launch 4 new products, and the sales volume is estimated to exceed 300,000-400,000.

Kaicheng Automobile integrates social resources, promotes smart logistics demonstration operation, accelerates the transformation to pickup trucks and smart logistics, and realizes brand renewal. Before 2025, it plans to launch 7 brand new products, and the sales volume is estimated to exceed 300,000 to 400,000 units.

In the joint venture sector, the company should adhere to the profit and market share orientation, strengthen operation and management, empower the parent company, further expand the cooperation of "technology, platform and overseas", and try best to open up a new era of joint venture. Seven new products are planned by 2025.

(3) Overseas breakthrough

The company will accelerate the construction of overseas strategic bases and strive to develop overseas markets. To build an international brand, the company should follow the slogan "No base no overseas, no overseas no Changan".

(4) Technology breakthrough

The company should deepen efforts in the fields of new energy and intelligence, and develop key core technologies.

(5) Ecology breakthrough

The company will accelerate the new ecological layout, improve the innovation chain, integrate the capital chain, strengthen the supply chain, layout the industrial chain, and explore new opportunities for value growth.

—Two major changes

The company should actively explore the two major changes of "new marketing, new partners", and strive to open a new chapter of higher quality win-win cooperation.

(1) New Marketing

The company should keep up with the technological progress and the changing trend of the market, review the asset-heavy model of 4S store distribution, to the scene decoupling, digital connection, multiple combination of the new model.

(2) New Partners

Based on the principles of "equality, mutual trust, transparency, security and synergistic resilience", the company should comprehensively build a new type of strategic cooperative partnership for customers.

3. Operation Plan

The actual sales of the company in the reporting period reached 95.8% of the board's target, with a year-on-year growth of 2.0%, and the sales volume reached a five-year high. The operating goal of the board of directors in 2023 is to achieve production and sales of more than 2.53 million vehicles. In order to achieve the above goals, the company adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implements the Party's 20 great spirits and takes Innovation and Entrepreneurship Plan 6.0 as the main line. The company will set firm strategy, steady and brave progress, innovative development, and strives to increase stock, grab increment, improve quality, adjust structure, keep bottom line, and strengthen Party building. Changan will unswervingly promote transformation, upgrading and high-quality development and will focus on the following tasks: first, uphold the leadership of the Party and guide high-quality development through high-quality Party building. Second, the company need to strengthen strategy implementation and draw a new blueprint for high-quality development. Third, Changan needs to resolutely guard against and defuse major risks to ensure that production and operation targets are achieved. Fourth, the company needs to adhere to innovation-driven, make efficiency into the core competitiveness. Fifth, the company should deepen reform and innovation to fully stimulate innovation and entrepreneurship. Sixth, Changan should strengthen the incentive and restraint mechanism to stimulate the new vitality of organizational talents. Seventh, the company needs to create a leading culture and gather the spirit of innovation and entrepreneurship among all staff.

4. Capital Expenditure Plan for 2023

In order to achieve the strategic goals of the company, the investment plan of the company and its holding subsidiaries in 2023 is RMB 8648.59 million, including RMB 479,265 million fixed assets investment and RMB 3,855.94 million equity investment. Investment in fixed assets is mainly invested in the four aspects of capacity structure adjustment, research and development capacity, new product launch and digital capacity, to deepen the layout of new energy industry, accelerate the pace of new energy product launch, and continue to improve digitalization and research and development capacity. Equity investment is mainly to support independent new energy brands, expand the scale, expand overseas markets, deepen the capital relationship with partners, build intelligent research and development and forward-looking research capabilities, and layout of intelligent and new energy core components. The company will study and formulate fund raising plans and fund use plans through various channels according to the project progress and combined with the operating and financing environment, so as to improve the efficiency of fund use and reduce the cost of capital.

5. Possible Risks

(1) Supply chain stability risk

Due to multiple factors and contradictions, the stability of the global supply chain system has decreased. The automotive industry may still face supply chain risks in areas such as chips and battery materials.

Counterplan: first, the company should strengthen the cooperation between the upstream and downstream enterprises of the industrial chain, and reduce the risk of supply fluctuation through long-term agreements, stockpiling risky components, etc. Second, the company needs to intensify independent development of key core components and continue to promote domestic alternatives for key core components.

(2) Exchange rate fluctuation risk

Since 2022, global inflation has heated up, the US Federal Reserve has raised interest rates aggressively, the US dollar has returned, monetary policy fluctuations of major economies have significantly increased, and economic growth has faced downward pressure. These factors may lead to a decline in the export volume of automobiles in some target markets.

Counterplan: in the context of normal two-way exchange rate fluctuations, the awareness of exchange rate risk should be enhanced, the tracking of exchange rate changes should be strengthened, and the risk of exchange rate loss should be reduced by gradually expanding the RMB settlement range or locking the settlement rate.

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 February 22, 2022 | Chongqing | Field research | Institution | For details, see the February 24, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: February 22, 2022 investor relations activities record sheet |
| On April 29, | Online | Performance | All investors | For details, see the May 6, 2022 Shenzhen stock exchange interactive |

| | | | | |
|-----------------------|------------------|----------------------|---------------|--|
| 2022 | | briefing | | (http://irm.cninfo.com.cn) on the Changan Automobile: April 29, 2022 investor relations activities record sheet |
| On May 5, 2022 | conference calls | conference calls | Institution | For details, see the May 6, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 5, 2022 investor relations activities record sheet |
| On May 6, 2022 | conference calls | conference calls | Institution | For details, see the May 9, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 6, 2022 investor relations activities record sheet |
| On May 7, 2022 | conference calls | conference calls | Institution | For details, see the May 9, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 7, 2022 investor relations activities record sheet |
| On May 9, 2022 | conference calls | conference calls | Institution | For details, see the May 11, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 9, 2022 investor relations activities record sheet |
| On May 10, 2022 | conference calls | conference calls | Institution | For details, see the May 11, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 10, 2022 investor relations activities record sheet |
| On May 11, 2022 | conference calls | conference calls | Institution | For details, see the May 13, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 11, 2022 investor relations activities record sheet |
| On May 12, 2022 | conference calls | conference calls | Institution | For details, see the May 13, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 12, 2022 investor relations activities record sheet |
| On May 18, 2022 | conference calls | conference calls | Institution | For details, see the May 20, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 18, 2022 investor relations activities record sheet |
| On May 19, 2022 | conference calls | conference calls | Institution | For details, see the May 20, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 19, 2022 investor relations activities record sheet |
| On May 23, 2022 | conference calls | conference calls | Institution | For details, see the May 24, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 23, 2022 investor relations activities record sheet |
| On May 25, 2022 | conference calls | conference calls | Institution | For details, see the May 27, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 25, 2022 investor relations activities record sheet |
| On May 26, 2022 | conference calls | conference calls | Institution | For details, see the May 27, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 26, 2022 investor relations activities record sheet |
| On June 7, 2022 | conference calls | conference calls | Institution | For details, see the June 8, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 7, 2022 investor relations activities record sheet |
| On June 10, 2022 | conference calls | conference calls | Institution | For details, see the June 10, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 10, 2022 investor relations activities record sheet |
| On June 15, 2022 | conference calls | conference calls | Institution | For details, see the June 16, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 15, 2022 investor relations activities record sheet |
| On June 16, 2022 | conference calls | conference calls | Institution | For details, see the June 17, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 16, 2022 investor relations activities record sheet |
| On June 20, 2022 | conference calls | conference calls | Institution | For details, see the June 22, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 20, 2022 investor relations activities record sheet |
| On June 23, 2022 | conference calls | conference calls | Institution | For details, see the June 24, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 23, 2022 investor relations activities record sheet |
| On August 23, 2022 | Chongqing | Field research | Institution | For details, see the August 25, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: August 23, 2022 investor relations activities record sheet |
| On August 31, 2022 | Online | Performance briefing | All investors | For details, see the September 2, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: August 31, 2022 investor relations activities record sheet |
| On September 15, 2022 | conference calls | conference calls | Institution | For details, see the September 19, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 15, 2022 investor relations activities record sheet |
| On September | Chongqing | Field research | Institution | For details, see the September 30, 2022 Shenzhen stock exchange |

| | | | | |
|---------------------|--------|----------------------|---------------|--|
| 28, 2022 | | | | interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 28, 2022 investor relations activities record sheet |
| On October 31, 2022 | Online | Performance briefing | All investors | For details, see the November 3, 2022 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: October 31, 2022 investor relations activities record sheet |

Chapter 4 Corporate Governance

I. The Basic Situation of Corporate Governance

During the reporting period, the company continuously improved its corporate governance structure, established and improved its internal management and control system, and continuously promoted the improvement of the company's standardized operation level in strict accordance with the requirements of the Company Law, the Securities Law, and the relevant regulatory documents of the China Securities Regulatory Commission and Shenzhen Stock Exchange. The actual situation of corporate governance of the company meets the requirements of the regulatory documents of the China Securities Regulatory Commission on listed company governance.

During the reporting period, the company improved a series of regulatory management systems such as the Articles of Association, the Management System for Connected Transactions, the Management System for Information Disclosure, the Registration Management System for Insiders, the Investor Relations Management System, and the Independent Director Work System in accordance with the newly issued regulatory documents of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, in combination with the actual situation, continuously optimize the construction of corporate governance related systems and management processes, orderly promote implementation, and strive to improve the company's decision-making efficiency and governance effectiveness.

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 18, 2023.

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

Applicable Not applicable

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 |
|---|--------|--------------------------------|---------------------|---------------------|---|
| 2022 The First Extraordinary General Meeting | EGM | 40.917% | March 17th, 2022 | March 18th, 2022 | http://www.cninfo.com.cn 2022 The First Extraordinary General Meeting Resolution Announcement (Announcement Number: 2022-14) |
| 2021 Annual Shareholders Meeting | Annual | 50.718% | June 15th,2022 | June 16th, 2022 | http://www.cninfo.com.cn 2021 Annual Shareholders Meeting Resolution Announcement (Announcement Number: 2022-44) |
| 2022 The Second Extraordinary General Meeting | EGM | 40.755% | July 26th,2022 | July 27th, 2022 | http://www.cninfo.com.cn 2021 The Second Extraordinary General Meeting Resolution Announcement (Announcement Number: 2022-53) |
| 2022 The Third Extraordinary General Meeting | EGM | 49.838% | August 18th,2022 | August 19th, 2022 | http://www.cninfo.com.cn 2021 The Second Extraordinary General Meeting Resolution Announcement (Announcement Number: 2022-60) |
| 2022 The Fourth Extraordinary General Meeting | EGM | 39.332% | December 22nd, 2022 | December 23th, 2022 | http://www.cninfo.com.cn 2021 The Second Extraordinary General Meeting Resolution Announcement (Announcement Number: 2022-82) |

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) | 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 | 57 | 2020-06-22 | 2023-06-22 | 385,280 | | | 115,584 | 500,864 | Equity distribution in 2021; Equity incentive |
| Xian Zhigang | Director | Incumbent | M | 52 | 2022-07-26 | 2023-06-22 | - | | | - | - | |
| Zhang Bo | Director | Incumbent | M | 44 | 2021-02-18 | 2023-06-22 | - | | | - | - | |
| Liu Gang | Director | Incumbent | M | 56 | 2021-02-18 | 2023-06-22 | - | | | - | - | |
| Zhou Kaiquan | Director | Incumbent | M | 50 | 2021-09-17 | 2023-06-22 | - | | | - | - | |

| | | | | | | | | | | | | |
|---------------|--|-----------|---|----|------------|------------|---------|--|--|--------|---------|---|
| Wang Jun | Director, President and Deputy Party Secretary | Incumbent | M | 50 | 2020-06-22 | 2023-06-22 | 280,000 | | | 84,000 | 364,000 | Equity distribution in 2021; Equity incentive |
| Zhang Deyong | Director, CFO, Secretary of the Board of Directors | Incumbent | M | 48 | 2020-06-22 | 2023-06-22 | 271,600 | | | 81,480 | 353,080 | Equity distribution in 2021; Equity incentive |
| Ren Xiaochang | Independent Director | Incumbent | M | 66 | 2020-06-22 | 2023-06-22 | - | | | - | - | |
| Wei Xinjiang | Independent Director | Incumbent | M | 54 | 2020-06-22 | 2023-06-22 | - | | | - | - | |
| Cao Xingquan | Independent Director | Incumbent | M | 51 | 2020-06-22 | 2023-06-22 | - | | | - | - | |
| Yang Xinmin | Independent Director | Incumbent | M | 62 | 2021-09-17 | 2023-06-22 | - | | | - | - | |
| Li Keqiang | Independent Director | Incumbent | M | 59 | 2022-06-15 | 2023-06-22 | - | | | - | - | |
| Ding Wei | Independent Director | Incumbent | M | 62 | 2022-06-15 | 2023-06-22 | - | | | - | - | |
| Tang Guliang | Independent Director | Incumbent | M | 60 | 2022-06-15 | 2023-06-22 | - | | | - | - | |
| Zhang Ying | Independent Director | Incumbent | M | 44 | 2022-06-15 | 2023-06-22 | - | | | - | - | |
| Lian Jian | Chairman of the Supervisory Board | Incumbent | M | 59 | 2021-09-17 | 2023-06-22 | - | | | - | - | |
| Sun Dahong | Supervisor | Incumbent | M | 56 | 2020-06-22 | 2023-06-22 | - | | | - | - | |
| Shi Shengwei | Employee Supervisory Board Member | Incumbent | M | 51 | 2021-11-08 | 2023-06-22 | - | | | - | - | |
| Luo Yan | Employee Supervisory Board Member | Incumbent | F | 48 | 2020-06-19 | 2023-06-22 | - | | | - | - | |
| Yuan Mingxue | Deputy Secretary of the Party Committee | Incumbent | M | 54 | 2020-07-13 | 2023-06-22 | 280,000 | | | 84,000 | 364,000 | Equity distribution in 2021; Equity incentive |
| Pu Xingchuan | Secretary of Discipline Inspection Commission | Incumbent | M | 51 | 2023-03-03 | 2023-06-22 | - | | | - | - | |
| Tan Benhong | Executive Vice President | Incumbent | M | 47 | 2020-07-13 | 2023-06-22 | 271,600 | | | 81,480 | 353,080 | Equity distribution in 2021; Equity incentive |
| Ye Pei | Executive Vice President | Incumbent | M | 47 | 2020-07-13 | 2023-06-22 | 271,600 | | | 81,480 | 353,080 | Equity distribution in 2021; Equity incentive |
| Chen Wei | Executive Vice President | Incumbent | M | 50 | 2020-07-13 | 2023-06-22 | 271,600 | | | 81,480 | 353,080 | Equity distribution in 2021; Equity incentive |
| Li Mingcai | Executive Vice President | Incumbent | M | 41 | 2022-01-28 | 2023-06-22 | 271,600 | | | 81,480 | 353,080 | Equity distribution in 2021; Equity incentive |
| Yang | Executive | Incumbent | M | 48 | 2022- | 2023- | 194,000 | | | 58,200 | 252,200 | Equity |

| | | | | | | | | | | | | |
|---------------|---|-----------|----|----|------------|------------|-----------|--|--|-----------|-----------|---|
| Dayong | Vice President | Incumbent | | | 12-28 | 06-22 | | | | | | distribution in 2021; Equity incentive |
| Peng Tao | Executive Vice President | Incumbent | M | 45 | 2022-12-28 | 2023-06-22 | 191,240 | | | 57,372 | 248,612 | Equity distribution in 2021; Equity incentive |
| Zhang Xiaoyu | Vice President | Incumbent | M | 43 | 2022-01-12 | 2023-06-22 | 191,240 | | | 57,372 | 248,612 | Equity distribution in 2021; Equity incentive |
| Wang Xiaofei | Vice President | Incumbent | M | 40 | 2022-01-12 | 2023-06-22 | 132,300 | | | 39,690 | 171,990 | Equity distribution in 2021; Equity incentive |
| Wang Hui | Vice President | Incumbent | M | 41 | 2022-09-22 | 2023-06-22 | 132,300 | | | 39,690 | 171,990 | Equity distribution in 2021; Equity incentive |
| Zhang Fatao | Vice President | Incumbent | M | 40 | 2023-01-05 | 2023-06-22 | 191,240 | | | 57,372 | 248,612 | Equity distribution in 2021; Equity incentive |
| Li Jun | Secretary of the Board | Incumbent | F | 53 | 2020-07-13 | 2023-06-22 | 191,240 | | | 57,372 | 248,612 | Equity distribution in 2021; Equity incentive |
| Li Wei | Executive Vice President | Outgoing | M | 56 | 2020-07-13 | 2022-01-12 | 271,600 | | | 81,480 | 353,080 | Equity distribution in 2021; Equity incentive |
| Liu Jipeng | Independent Director | Outgoing | M | 66 | 2020-06-22 | 2022-06-15 | - | | | - | - | |
| Li Qingwen | Independent Director | Outgoing | M | 67 | 2020-06-22 | 2022-06-15 | - | | | - | - | |
| Chen Quanshi | Independent Director | Outgoing | M | 77 | 2020-06-22 | 2022-06-15 | - | | | - | - | |
| Tan Xiaosheng | Independent Director | Outgoing | M | 52 | 2020-06-22 | 2022-06-15 | - | | | - | - | |
| Ye Wenhua | Director | Outgoing | M | 50 | 2022-03-17 | 2022-07-08 | - | | | - | - | |
| He Chaobing | Independent Director | Outgoing | M | 55 | 2020-07-13 | 2022-09-22 | 271,600 | | | 81,480 | 353,080 | Equity distribution in 2021; Equity incentive |
| Zhao Fei | Executive Vice President | Outgoing | M | 48 | 2020-07-13 | 2022-12-02 | 271,600 | | | 81,480 | 353,080 | Equity distribution in 2021; Equity incentive |
| Hua Zhanbiao | Secretary of Discipline Inspection Commission | Outgoing | M | 55 | 2020-07-13 | 2023-03-03 | 271,600 | | | 81,480 | 353,080 | Equity distribution in 2021; Equity incentive |
| Total | -- | -- | -- | -- | -- | -- | 4,613,240 | | | 1,383,972 | 5,997,212 | -- |

Whether there are any outgoing directors and supervisors and the dismissal of senior management personnel during the reporting period

Yes No

See “V. 1. Changes in Directors, Supervisors, and Senior Management Personnel” in Chapter 4.

Changes in Directors, Supervisors and Senior Management Personnel

Applicable Not applicable

| Name | Position | Type | Date | Reason |
|--------------|----------------|-----------|--------------------|-------------|
| Zhang Xiaoyu | Vice President | Appointed | January 12th, 2022 | Appointment |
| Wang Xiaofei | Vice President | Appointed | January 12th, 2022 | Appointment |

| | | | | |
|---------------|---|--------------------------------------|----------------------|--|
| Li Mingcai | Executive Vice President | Appointed | January 28th, 2022 | Appointment |
| Zhang Deyong | Secretary of the Board | Appointed | January 28th, 2022 | Appointment |
| Ye Wenhua | Director | Elected | March 17th, 2022 | Appointment |
| Li Keqiang | Independent Director | Elected | June 15th, 2022 | Appointment |
| Ding Wei | Independent Director | Elected | June 15th, 2022 | Appointment |
| Tang Guliang | Independent Director | Elected | June 15th, 2022 | Appointment |
| Zhang Ying | Independent Director | Elected | June 15th, 2022 | Appointment |
| Xian Zhigang | Director | Elected | July 26th, 2022 | Appointment |
| Wang Hui | Vice President | Appointed | September 22th, 2022 | Appointment |
| Yang Dayong | Executive Vice President | Appointed | December 28th, 2022 | Appointment |
| Peng Tao | Executive Vice President | Appointed | December 28th, 2022 | Appointment |
| Zhang Fatao | Vice President | Appointed | January 5th, 2023 | Appointment |
| Pu Xingchuan | Secretary of Discipline Inspection Commission (Senior Management Personnel) | Appointed | March 3rd, 2023 | Appointment |
| Li Wei | Executive Vice President | Dismissal from Employment | January 12th, 2022 | Job change |
| Li Mingcai | Vice President | Dismissal from Employment | January 28th, 2022 | Job change |
| Liu Jipeng | Independent Director | Leave office upon expiration of term | June 15th, 2022 | Leaving office after 6 years of tenure |
| Li Qingwen | Independent Director | Leave office upon expiration of term | June 15th, 2022 | Leaving office after 6 years of tenure |
| Chen Quanshi | Independent Director | Leave office upon expiration of term | June 15th, 2022 | Leaving office after 6 years of tenure |
| Tan Xiaosheng | Independent Director | Leave office upon expiration of term | June 15th, 2022 | Leaving office after 6 years of tenure |
| Ye Wenhua | Director | Outgoing | July 8th, 2022 | Job change |
| He Chaobing | Executive Vice President | Dismissal from Employment | September 22th, 2022 | Job change |
| Zhao Fei | Executive Vice President | Dismissal from Employment | December 2nd, 2022 | Job change |
| Yang Dayong | Vice President | Dismissal from Employment | December 28th, 2022 | Job change |
| Peng Tao | Vice President | Dismissal from Employment | December 28th, 2022 | Job change |
| Hua Zhanbiao | Secretary of Discipline Inspection Commission (Senior Management Personnel) | Dismissal from Employment | March 3rd, 2023 | 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, Chairman and Secretary of the Party Committee. Born in 1965, master's degree, senior engineer. Currently, he is the General Manager Assistant of Weapon Equipment Group and the Director of Changan, China. He has served as Deputy Director of the Technology Department of Changan Company, Chief Engineer of the Automobile Manufacturing Plant, Assistant to the President and Director of the Technology Center, Director of the Science and Technology Committee, Deputy General Manager of the Company, President of the Engineering Research Institute, Vice President and Secretary of the Party Committee of Changan Automobile, Deputy

Secretary of the Party Committee of Changan Automobile of China, and President of Changan Automobile.

Mr. Xian Zhigang, Director. Born in 1970, master's degree, senior engineer. Currently, he is the Director of the Strategic Development Department of the Weapon Equipment Group. He has served as Deputy Factory Director of Precision Machinery Factory of Changan Company, Factory Director of Special Machinery Factory of Machine Manufacturing Company, Vice President of Changan Company and Senior Vice General Manager of Machine Manufacturing Company, Deputy General Manager, Deputy Secretary of the Party Committee, General Manager, Chairman, and Secretary of the Party Committee of Changan Industry, Chairman, Secretary of the Party Committee, General Manager, and Deputy Secretary of the Party Committee of Chongqing Wangjiang Industry Co., Ltd., and Director of the Safety and Environmental Protection Department of Ordnance Equipment Group.

Mr. Zhang Bo, Director. Born in 1978, master's degree, senior accountant. Currently, he is the Director of the Finance Department of the Weapon Equipment Group. He has served as Deputy Director of the Finance Department (Comprehensive Department), Deputy Director of the Finance Department, and Researcher of the Weapon Equipment Group, Director and Chief Accountant of Chongqing Wangjiang Industry Co., Ltd., and Deputy Director of the Finance Department of the Weapon Equipment Group.

Mr. Liu Gang, Director. Born in 1966, with a bachelor's degree, he is a senior engineer. Currently, he is the Deputy Chief Engineer of the Weapon Equipment Group. He has served as the Deputy Director and Director of the Scientific Research Division of the 58th Research Institute of China's Weapon Industry, the Deputy Director and Director of the 58th Research Institute of China's Weapon Industry, the Deputy Director of the Southwest Regional Department of the Weapon Equipment Group, the Deputy President of the China Weapon Equipment Research Institute, the Director of the Science and Technology Quality Department (Information Department), the Director of the Science and Technology and Information Department, and the Director of the Science and Technology Quality Network Information Department of the Weapon Equipment Group.

Mr. Zhou Kaiquan, Director. Born in 1973, master's degree, senior engineer. Currently, he is the Chairman and Secretary of the Party Committee of Changan, China. He has served as the Chairman of Chengdu Qingshan Automobile Trade and Sales Company, the Deputy General Manager, Director, General Manager, and Deputy Secretary of the Party Committee of Chongqing Qingshan Industry Co., Ltd., the Director and General Manager of Sichuan Ningjiang Shanchuan Machinery Co., Ltd., the Director and General Manager of Sichuan Ningjiang Precision Industry Co., Ltd., the Chairman, Secretary of the Party Committee, and General Manager of Southwest Weapons Co., Ltd., and the Deputy General Manager, General Manager Deputy Secretary of the Party Committee, Vice Chairman, Secretary of the Party Committee, and President of Changan, China.

Mr. Wang Jun, Director, President, and Deputy Secretary of the Party Committee. Born in 1972, master's degree, senior engineer. He has served as Vice President of the Automotive Engineering Research Institute and Director of the Product Planning Division of Changan Company, Manager of the Product Management Division of the Marketing Department of the Sales Co., Ltd., Director, Vice Minister, and Director of the Product Planning Division of the Marketing Department of the Sales Co., Ltd., Assistant to the President of Changan Automobile and General Manager of the Sales Co., Ltd., Secretary of the Party Committee, Vice General Manager, and General Manager of the Commercial Vehicle Business Unit, Executive Vice President of Changan Automobile, Management Representative of the Integration of Industrialization and Urbanization, Chairman of the Labor Union, and President of Changan Automobile University.

Mr. Zhang Deyong, Director, Chief Accountant, Secretary of the Board of Directors. Born in 1975, Master of Accounting (MPAcc), Senior Accountant. He has served as the Deputy Director, Director, and Assistant Director of the Finance Department of the Automation Research Institute of the Weapon Equipment Group, the Deputy Director of the Finance Department of the Weapon Equipment Group (on a temporary basis), the Director, Chief Accountant, and Member of the Party Committee of Chongqing Changjiang Electric Co., Ltd., the Deputy Director of the Finance Department of the Weapon Equipment Group (on a temporary basis), the Director, Chief Accountant, and Member of the Party Committee of Changan Industry, and the Executive Vice President of Changan Automobile.

Mr. Ren Xiaochang, independent director. Born in 1956, with a bachelor's degree. Currently, he is a member of the Second National Expert Advisory Committee on the Development of Strategic Emerging Industries, an expert in the high-tech expert group of China International Engineering Consulting Corporation, a science and technology expert in the Chinese machinery industry, an expert on special allowances from the State Council, and an expert on the evaluation of the National Science and Technology Award; He is also an independent director of Lifan Technology (601777), Chongqing Electromechanical (02722), and Zongshen Power (001696). The science and technology projects he is leading and participating in have won three second and third prizes of the provincial and ministerial level science and technology progress awards. He served as Chairman and General Manager (President) of China Automotive Engineering Research Institute Co., Ltd.

Mr. Wei Xinjiang, independent director. Born in 1969, Ph.D., researcher. Currently, he is the Deputy General Manager of the Development Planning Department of China Life Pension Insurance Co., Ltd., a senior researcher at the China Life Financial Research Institute, and an arbitrator at the Shenzhen International Arbitration Court; He is also a part-time professor and postgraduate supervisor at the 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 Netherlands Business School. He is good at international business operations, overseas mergers and acquisitions, capital market operations, etc. He has rich research in finance, insurance, overseas investment, comprehensive finance, and other fields. He has published nearly 160 papers and 8 monographs in important international and domestic journals. He has been engaged in teaching and research for 13 years in the Department of International Investment at the China University of Finance and the School of Finance at the University of International Business and Economics.

Mr. Cao Xingquan, independent director. Born in 1971, Doctor of Laws. Currently, he is a professor at the School of Civil and Commercial Law of Southwest University of Political Science and Law and a doctoral supervisor in the field of civil and commercial law and commercial law; He also serves as the executive director of the Research Societies of Commercial Law and Insurance Law of the Chinese Law Society, and as an arbitrator of arbitration institutions in Chongqing, Zunyi, and other places. He has 21 years of teaching and research experience in civil and commercial law, including 18 years of teaching at Southwest University of Political Science and Law, focusing on research in commercial law, company law, securities law, and insurance law. He has presided over or participated in more than 20 scientific research projects, published more than 60 legal academic papers, and published academic works and participated in the compilation of more than 10 teaching materials. He once served as Deputy Chief Judge of the Fourth Civil Trial

Division of the First Intermediate People's Court of Chongqing and a member of the Civil Administrative Procuratorial Expert Committee of the Chongqing People's Procuratorate.

Mr. Yang Xinmin, independent director. Born in 1960, Ph.D. Currently, he is a professor at the School of Mathematical Sciences of Chongqing Normal University, the supervisor of the China Operations Research Society, the vice chairman of the China Industrial and Applied Mathematics Association, the director of the Chongqing National Applied Mathematics Center, and the deputy director of the National Tianyuan Mathematics Southwest Center. Mainly engaged in systematic research in the field of operations research (mathematics). In 2012, he was awarded the National Excellent Scientific and Technological Worker, in 2014, he was awarded the National Outstanding Professional and Technical Talent, and in 2016, he was elected an academician of the International Academy of Systems and Control Sciences. He has presided over more than 10 National Natural Science Foundation projects, including 1 major project, 2 key projects, and 1 international (regional) project. He has won the second prize of the National Natural Science Award, the first prize of the Ministry of Education's Natural Science Award, and the highest science and technology outstanding contribution award in Chongqing. He has served as Vice President of the Chinese Mathematical Society, Vice President of the Chinese Operational Research Society, and Vice President of the Chinese Society of Systems Engineering.

Mr. Li Keqiang, independent director. Born in 1963, Ph.D. in automotive engineering. He is currently a professor and doctoral supervisor of the School of Vehicle and Transportation of Tsinghua University, director of the State Key Laboratory of Automotive Safety and Energy Conservation (Tsinghua University), and an academician of the CAE Member; He also serves as an independent director of Yutong Bus (600666), Siwei Tuxin (002405), China Auto Research (601965), and Gaohong Co., Ltd. (000851). He was the dean of the Department of Automotive Engineering at Tsinghua University.

Mr. Ding Wei is an independent director. Born in 1960, Bachelor of Finance. Currently, he is the founder and chairman of Xiamen Borun Capital Investment Management Co., Ltd; He is also an independent director of Guotai Jun'an (601211) and Hengsheng Electronics (600570). He has accumulated rich experience and network resources in the fields of macroeconomic, commercial banking, investment banking, and private equity investment. He has served as an economist and department head of the World Bank and the International Monetary Fund, President of Deutsche Bank in China, Chairman of the Investment Banking Management Committee and Head of the Investment Banking Department of China International Finance Corporation, Member of the Global Senior Management Committee of Temasek, Member of the Global Investment Decision Committee, President of China, President and Chairman of CICC Capital Operations Co., Ltd, Independent non-executive director of Shenzhen Car Rental Co., Ltd.

Mr. Tang Guliang, independent director. Born in 1962, Doctor of Finance. Currently, he is a professor of finance at the International Business School of the University of International Business and Economics; He also serves as an independent director of Guangfeng Technology (688007) and Fosun Pharmaceutical (600196). He is mainly engaged in the teaching and research of management accounting and financial management, and has made unique and influential achievements in budget management, group control, performance evaluation, financial strategy, capital operation, and other aspects. Currently, he has published 4 monographs and 40 books, and over 120 papers in high-end academic journals such as Accounting Review TAR and Management World. He has served as an independent director of Jiangsu Wuzhong (600200), China Satellite (600118), Seagull Sanitary Ware (002084), Oceanwide Holdings (000046), Minmetals Development (600058), Changjiang Securities (000783), and other companies.

Mr. Zhang Ying, independent director. Born in 1978, with a PhD in management. Currently, he is a Distinguished Professor of Boya at Peking University, Deputy Dean of Guanghua School of Management, Director of the Peking University Management Case Study Center, and Senior Researcher of the China Management Research Center at Cambridge University in the United Kingdom; He is also an independent director of China Film (600977). Research focuses on the intersection of psychology and economics, specializing in using experimental and data methods to study how individual behavioral decisions and social attitudes affect corporate strategy and policy making. Awarded the Outstanding Young Scholar Award of the American Academy of Marketing Sciences, and the "Global Top Marketing Scholar" Award of the American Marketing Association. He has been selected as one of the National Youth Top Talents of the Organization Department of the Central Committee of the Communist Party of China, awarded the National Natural Science Foundation for Distinguished Young Scholars, and won the "Four First Batch" talent of the Propaganda Department of the Central Committee of the Communist Party of China. He once taught at the University of Texas and served as an independent director of Dashang Shares (600694).

2. Supervisors

Mr. Lian Jian, Chairman of the Supervisory Board. Born in 1963, master's degree, senior engineer. Currently, he is a senior professional in the Southwest Regional Department of Weapon Equipment Group. He has served as Deputy Director, Deputy Chief Engineer, Chief Engineer, Factory Director, Deputy Secretary of the Party Committee, Secretary of the Party Committee, General Manager, and Vice Chairman of the Technology Department of Sichuan Chongqing Machinery Factory, Director, Secretary of the Party Committee, and Chairman of the Labor Union of Chongqing Hongyu Precision Industry Co., Ltd., Deputy Secretary of the Party Committee and Secretary of the Discipline Inspection Commission of the Southwest Regional Department of the Weapon Equipment Group, Deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Commission, and Senior Special Agent of the Southwest Regional Department (Motorcycle Department) of the Weapon Equipment Group, Chairman and Secretary of the Party Committee of Chongqing Huxi Electric Machinery Industry Co., Ltd., Senior Executive of the Southwest Division of the Weapon Equipment Group.

Mr. Sun Dahong, Supervisor. Born in 1966, master's degree, senior economist. Currently, he is the Deputy Director and Senior Professional of the Audit Risk Control and Legal Department of the Weapon Equipment Group. He has served as the Deputy Director of the Legal Department of the General Office of the Weapon Equipment Group, the Deputy Director and Director of the Legal Advisory Office, the Director of the Legal Affairs Department, the Director of the Security and Confidentiality Bureau, the Deputy Director of the Office, and the Deputy Director of the Legal Department.

Mr. Shi Shengwei, Employee Supervisor. Born in 1971, bachelor's degree, political engineer. Currently, he is the Discipline Inspection Officer of the Supervision Division of Changan Automobile Discipline Inspection Department. He has served as a workshop group and machining worker in Changan Company, a mechanic in the first machining section of the Engine Branch, a publicity officer and office director of the Party-Masses Studio of the Comprehensive Management Division of the Fourth Factory, a director of the

Party-Masses Studio of the Comprehensive Management Division of Changan Automobile Jiangbei Engine Factory, a discipline inspection and supervision officer of the Discipline Inspection Division of the Discipline Inspection and Supervision Department, and a manager of the Changan Mazda Integrity Employment Office.

Ms. Luo Yan, employee supervisor. Born in 1974, bachelor's degree, assistant economist. Currently, he is the director of the Jiangbei Branch of the Shared Service Center of Changan Automobile Human Resources Department. He has served as a maintenance electrician, engineering surveyor, labor technology quota officer, and planner in Workshop 232 of the Third Factory of Changan Company, as well as the director of the Employee Welfare Office of the Salary Management Office of the Human Resources Department of Changan Automobile, and the director of the Third Office of Salary and Welfare Management.

3. Senior Management other than Directors and Supervisors

Mr. Yuan Mingxue, Deputy Secretary of the Party Committee, Chairman of the Labor Union, and Director of the Changan Learning Center. Born in 1968, master's degree, senior engineer. He has served as Deputy Director and Minister of the Quality Department of Changan Company, General Manager and Secretary of the Party Committee of Nanjing Changan Automobile Co., Ltd., Assistant to the President of Changan Automobile Co., Ltd., Executive Vice President of Jiangling Holding Co., Ltd., Director of the Strategic Planning Department, Secretary of the Party Branch, Director of the Capital Operation Department of Changan Automobile Co., Ltd., General Manager and Secretary of the Party Branch of the Overseas Business Development Department, Vice President and Executive Vice President of Changan Automobile Co., Ltd.

Mr. Pu Xingchuan, Secretary of the Discipline Inspection Commission. Born in 1971, master's degree, senior economist. He has served as Deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Commission, and Chairman of the Labor Union of Chongqing Qingshan Industry Co., Ltd., Director of the Office of the Southwest Military Industry Bureau, Secretary of the Party Committee, Secretary of the Discipline Inspection Commission, and Chairman of the Labor Union of Southwest Ordnance Industry Co., Ltd., Director, General Manager, and Deputy Secretary of the Party Committee of Wanyou Automobile Investment Co., Ltd., and Chairman and Secretary of the Party Committee of Southwest Ordnance Industry Co., Ltd.

Mr. Tan Benhong, Executive Vice President, CEO of Avatr Technology (Chongqing) Co., Ltd. Born in 1975, master's degree, engineer. He has served as the Director of the Technical Planning Research Institute of the Automobile Engineering Research Institute of Changan Company, the Deputy Chief Engineer and Director of the Technical Planning Research Institute of the Automobile Engineering Research Institute, the Vice President of the Changan Automobile Engineering Research Institute, the President of the Beijing Research Institute, the Director of the Marketing Department, the Director of the Brand Public Relations Department, the Director of the Product Planning Department, the Executive Vice President of the Changan Automobile Research Institute, the Secretary of the Party Committee, the Company's Press Spokesperson, and the General Manager of the Design Institute.

Mr. Ye Pei, Executive Vice President, Director of Passenger Car Operation Management Committee, and Director of Auchan Operation Management Committee. Born in 1975, master's degree, engineer. He has served as Assistant General Manager of Nanjing Changan, Deputy Director of the Quality Department of Changan Automobile, Deputy Director of the Company's Office, General Manager and Secretary of the Party Committee of Nanjing Changan Automobile, Deputy General Manager of the Commercial Vehicle Business Unit, Assistant President of the Company, Director of the Strategic Planning Department, Secretary of the Party Branch, General Manager and Secretary of the Party Committee of the Car Sales Business Unit, General Manager and Secretary of the Party Committee of the Passenger Vehicle Marketing Business Unit, and Vice President of Changan Automobile.

Mr. Chen Wei, Executive Vice President, General Counsel of the Company, Deputy Director of Passenger Car Operation Management Committee, and Deputy Director of Auchan Operation Management Committee. Born in 1972, bachelor's degree, political engineer. He has served as Deputy Factory Director, Factory Director, and Secretary of the Party Committee of Changan Automobile Manufacturing Factory, Vice President of Personnel and Secretary of the Discipline Inspection Commission of Changan Ford, Director of the Logistics Department of Changan Automobile Manufacturing, Secretary of the Party Branch, and OTD Project Director of the company, General Manager and Secretary of the Party Committee of Beijing Changan Automobile Company, Director of the Construction Project of Beijing Research Institute, Secretary of the Party Committee of Chongqing Lingyao Automobile Co., Ltd., and Vice President of Changan Automobile.

Mr. Li Mingcai, Executive Vice President and Management Representative of the Integration of Industrialization and Urbanization. Born in 1981, with a master's degree. He has served as General Manager Assistant and Sales Regional Manager of Changan Automobile's Overseas Business Development Department, Deputy General Manager of Overseas Business Development Department, General Manager of International Companies, Executive Deputy General Manager of Overseas Business Development Department, Project Director of Russian JV, Manager of Brazil Project Team, General Manager of Overseas Business Department, and Vice President of Changan Automobile.

Mr. Yang Dayong, Executive Vice President, Executive Vice President of Changan Ford, and Secretary of the Party Committee. Born in 1974, bachelor's degree. He has served as Vice Minister of Changan Automobile Marketing Department, Vice Minister and Minister of Commercial Vehicle Business Management Department, Director of Brand Public Relations Department, Secretary of Party Branch, Company Press Spokesperson, Senior Project Director of High-end Vehicle Brand Project Team, Senior Project Director of Intelligent Industry Development Project Team, General Manager and Secretary of Party Committee of Changan New Energy, and Vice President of Changan Automobile.

Mr. Peng Tao, Executive Vice President, Director of the Light Vehicle Operations Management Committee. Born in 1978, bachelor's degree, senior engineer. He has served as Vice Minister, Executive Vice General Manager, and Secretary of the Party Branch of Changan Automobile Product Planning Department, Executive Vice General Manager, General Manager, and Secretary of the Party Committee of the Passenger Vehicle Marketing Division, and Vice President of Changan Automobile.

Mr. Zhang Xiaoyu, Vice President, General Manager of Changan Prospective Technology Research Institute, Chairman of the Association for Science and Technology of the Company, and Director of the National Key Laboratory of Intelligent Vehicle Safety Technology. Born in 1979, Ph.D., senior engineer. He has served as the Deputy General Manager and General Manager of the British R&D Center of Changan Automotive Power Research Institute, the Deputy General Manager of the Power Research Institute, the Company's H13T Project Director, the NE Series Powertrain Project Director, the General Manager of the Power Research Institute,

and the General Manager of the Second Product Development Department.

Mr. Wang Xiaofei, Vice President. Born in 1982, bachelor's degree, engineer. He used to be the Deputy Director of the Product Department of Changan Commercial Vehicle Business Unit, the Deputy Director of the Product Department of Auchan Automotive Business Unit, the Deputy General Manager and Product Marketing Director of Passenger Vehicle Marketing Business Unit, the Deputy General Manager of Product Planning Department, and the General Manager of Auchan Automotive Business Unit.

Mr. Wang Hui, Vice President. Born in 1981, bachelor's degree, engineer. He has served as the director of the new business coordination project team of Changan Automobile, the company's office director and party branch secretary, the executive vice president and party committee secretary of Changan Mazda Engine, the person in charge of the new energy cooperation project of Changan Mazda, the executive vice president and party committee secretary of Changan Mazda, and the general manager of the overseas business development department.

Mr. Zhang Fatao, Vice President and Director of Safety Production of the Company. Born in 1982, bachelor's degree, assistant engineer. He has served as Deputy Director of the Office of Changan Automobile Company, General Manager of the Technology and Project Management Department, Secretary of the Party Branch, Executive Vice Chairman of the Association for Science and Technology, PDS Project Director, Director of the Company's Office, Secretary of the Party Branch, Director of the Party Committee Office, Director of the Board Office, General Manager of the Human Resources Department, Director of the Party Committee Organization Department, and Director of the Talent Management Department of Changan Learning Center.

Ms. Li Jun, Secretary of the Board of Directors and Senior Expert of the Board Office. Born in 1969, Master of Business Administration, Senior Accountant. He has served as the Deputy Director and Director of the Securities Division of the Finance Department of Changan Automobile, the Director of the Capital Operations Division of the Finance Department, the Director of the Board of Directors Office, the Deputy Director of the Finance Department, and the Deputy General Manager of the Capital Operations 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 |
| Xian Zhigang | China South Industries Group Co., Ltd. | Director of the Strategic Development Department | | | 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 |
| Zhou Kaiquan | China Changan Automobile Group Co., Ltd | Chairman and Secretary of the Party Committee | | | Y |
| Lian Jian | China South Industries Group Co., Ltd. | Senior Professional of Southwest Regional Department | | | Y |
| Sun Dahong | China South Industries Group Co., Ltd. | Deputy Director and Senior Executive of Audit Risk Control and Legal Department | | | Y |
| Position in other work unit | None | | | | |

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 |
|--------------|---|--|-----------------|---------------|--|
| 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 | | | Y |
| 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 | | | Y |
| Yang Xinmin | Chongqing Normal University | Professor of the School of Mathematical Sciences of Chongqing Normal University, Chairman of the China Association for Operational Research, Vice Chairman of the China Association for Industry and Applied | | | Y |

| | | | | | |
|-----------------------------|---|---|--|--|---|
| | | Mathematics, Director of the Chongqing National Center for Applied Mathematics, Vice Director of the National Tianyuan Mathematics Southwest Center, the first batch of members of the China Association for Industry and Applied Mathematics, and members of the China Association for Operational Research | | | |
| Li Keqiang | Tsinghua University | Professor and doctoral supervisor of the School of Vehicle and Transportation of Tsinghua University, director of the State Key Laboratory of Automotive Safety and Energy Conservation (Tsinghua University) | | | Y |
| Ding Wei | Xiamen Borun Capital Investment Management Co., Ltd | Founder and Chairman of Xiamen Borun Capital Investment Management Co., Ltd. | | | Y |
| Tang Guliang | University of International Business and Economics | Professor, Department of Finance, International Business School, University of International Business and Economics, contributing editor and reviewer of "Accounting Research", deputy editor of "China Management Accounting", management accounting consulting expert from the Ministry of Finance, member of the CIMA Research Committee in the United Kingdom | | | Y |
| Zhang Ying | Peking University | Distinguished Professor Boya of Peking University, Vice Dean of Guanghua School of Management, Director of Peking University Management Case Study Center, Senior Researcher of China Management Research Center at Cambridge University, UK, Professional Editor in Chief of Chinese Journal of Management Science and Executive Vice Editor of Chinese Journal of Marketing Science | | | Y |
| Position in other work unit | None | | | | |

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, submitted to the company's board of directors for approval before distribution.

The basis: the senior management evaluation is divided into annual appraisal and term assessment. The salary of employee supervisors shall be paid by position in accordance with the company's salary system. 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.

Actual payments: Since June 2022, Mr. Li Keqiang, an independent director, has voluntarily waived receiving allowances, and other independent directors are paid according to the allowance standards. In 2022, directors, supervisors and senior executives who receive remuneration from the company had a total of RMB 29.1927 million yuan in remuneration payable.

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

Unit: RMB

| 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 | 57 | Incumbent | 2,509,457 | N |
| Xian Zhigang | Director | M | 52 | Incumbent | | Y |
| Zhang Bo | Director | M | 44 | Incumbent | | Y |
| Liu Gang | Director | M | 56 | Incumbent | | Y |
| Zhou Kaiquan | Director | M | 50 | Incumbent | | Y |
| Wang Jun | Director, President, Deputy Secretary of | M | 50 | Incumbent | 2,492,281 | N |

| | | | | | | |
|---------------|--|----|----|-----------|------------|----|
| | the Party Committee | | | | | |
| Zhang Deyong | Director, Chief accountant, Secretary of BOD | M | 48 | Incumbent | 1,995,683 | N |
| Ren Xiaochang | Independent Director | M | 66 | Incumbent | 120,000 | N |
| Wei Xinjiang | Independent Director | M | 54 | Incumbent | 120,000 | N |
| Cao Xingquan | Independent Director | M | 51 | Incumbent | 120,000 | N |
| Yang Xinmin | Independent Director | M | 62 | Incumbent | 120,000 | N |
| Li Keqiang | Independent Director | M | 59 | Incumbent | | N |
| Ding Wei | Independent Director | M | 62 | Incumbent | 60,000 | N |
| Tang Guliang | Independent Director | M | 60 | Incumbent | 60,000 | N |
| Zhang Ying | Independent Director | M | 44 | Incumbent | 60,000 | N |
| Lian Jian | Chairman of the Board of Supervisors | M | 59 | Incumbent | | Y |
| Sun Dahong | Supervisor | M | 56 | Incumbent | | Y |
| Shi Shengwei | Employee Supervisor | M | 51 | Incumbent | 309,463 | Y |
| Luo Yan | Employee Supervisor | F | 48 | Incumbent | 337,687 | N |
| Yuan Mingxue | Deputy Secretary of the Party Committee | M | 53 | Incumbent | 2,129,659 | N |
| Tan Benhong | Executive Vice President | M | 47 | Incumbent | 1,988,446 | N |
| Ye Pei | Executive Vice President | M | 47 | Incumbent | 2,046,423 | N |
| Chen Wei | Executive Vice President | M | 50 | Incumbent | 2,125,206 | N |
| Li Mingcai | Executive Vice President | M | 41 | Incumbent | 1,989,156 | N |
| Yang Dayong | Executive Vice President | M | 48 | Incumbent | 1,165,307 | N |
| Peng Tao | Executive Vice President | M | 45 | Incumbent | 1,148,900 | N |
| Zhang Xiaoyu | Vice President | M | 43 | Incumbent | 605,968 | N |
| Wang Xiaofei | Vice President | M | 40 | Incumbent | 605,968 | N |
| Wang Hui | Vice President | M | 41 | Incumbent | 110,176 | N |
| Li Jun | Secretary of the BOD | F | 53 | Incumbent | 874,540 | N |
| Li Wei | Executive Vice President | M | 56 | Outgoing | | N |
| Liu Jipeng | Independent Director | M | 66 | Outgoing | 60,000 | N |
| Li Qingwen | Independent Director | M | 67 | Outgoing | 60,000 | N |
| Chen Quanshi | Independent Director | M | 77 | Outgoing | 60,000 | N |
| Tan Xiaosheng | Independent Director | M | 52 | Outgoing | 60,000 | N |
| Ye Wenhua | Director | M | 50 | Outgoing | | Y |
| He Chaobing | Executive Vice President | M | 55 | Outgoing | 1,941,342 | N |
| Zhao Fei | Executive Vice President | M | 48 | Outgoing | 1,873,027 | N |
| Hua Zhanbiao | Secretary for Discipline Inspection | M | 55 | Outgoing | 2,044,038 | N |
| Total | -- | -- | -- | -- | 29,192,727 | -- |

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 32nd meeting of the 8th Session of Board of Directors | January 12, 2022 | January 13, 2022 | Please refer to the Resolution of the 32th Meeting of the 8th Board of Directors (No: Announcement 2022-02) |
| The 33rd meeting of the 8th Session of Board of Directors | January 18, 2022 | January 19, 2022 | Please refer to the resolution of the 33th Meeting of the 8th Board of Directors (Announcement No: 2022-05) |
| The 34th meeting of the 8th Session of Board of Directors | January 28, 2022 | February 8, 2022 | Please refer to the Resolution of the 34th Meeting of the 8th Board of Directors (Announcement No: 2022-07) |
| The 35th meeting of the 8th Session of Board of Directors | February 21, 2022 | February 23, 2022 | Please refer to the Resolution of the 35th Meeting of the 8th Board of Directors (Announcement No: 2022-09) |
| The 36th meeting of the 8th Session of Board of Directors | March 2, 2022 | | No disclosable matters involved |
| The 37th meeting of the 8th Session of Board of Directors | March 21, 2022 | | No disclosable matters involved |
| The 38th meeting of the 8th Session of Board of Directors | April 26, 2022 | April 28, 2022 | Please refer to the Resolution of the 38th Meeting of the 8th Board of Directors (Announcement No: 2022-18) |
| The 39th meeting of the 8th Session of Board of Directors | April 28, 2022 | April 29, 2022 | Please refer to the Resolution of the 39th Meeting of the 8th Board of Directors (Announcement No: 2022-26) |
| The 40th meeting of the 8th Session of Board of Directors | May 20, 2022 | May 21, 2022 | Please refer to the Resolution of the 40th Meeting of the 8th Board of Directors (Announcement No: 2022-32) |
| The 41st meeting of the 8th Session of Board of Directors | June 2, 2022 | | No disclosable matters involved |
| The 42nd Meeting of the 8th Session of Board of Directors | July 8, 2022 | July 9, 2022 | Please refer to the Resolution of the 42th Meeting of the Eighth Board of Directors (Announcement No.: 2022-47) |
| The 43rd meeting of the 8th Session of Board of Directors | August 2, 2022 | August 3, 2022 | Please refer to the Resolution of the 43rd Meeting of the 8th Board of Directors (Announcement No: 2022-54) |
| The 44th meeting of the 8th Session of Board of Directors | August 30, 2022 | August 31, 2022 | Please refer to the Resolution of the 44th Meeting of the 8th Board of Directors (Announcement No: 2022-64) |
| The 45th meeting of the 8th Session of Board of Directors | September 22, 2022 | September 23, 2022 | Please refer to the Resolution of the 45rd Meeting of the 8th Board of Directors (Announcement No: 2022-68) |
| The 46th meeting of the 8th Session of Board of Directors | September 29, 2022 | | No disclosable matters involved |
| The 47th meeting of the 8th Session of Board of Directors | October 18, 2022 | | No disclosable matters involved |
| The 48th meeting of the 8th Session of Board of Directors | October 28, 2022 | October 31, 2022 | Please refer to the Resolution of the 48rd Meeting of the 8th Board of Directors (Announcement No: 2022-71) |
| The 49th meeting of the 8th Session of Board of Directors | December 2, 2022 | December 3, 2022 | Please refer to the Resolution of the 49rd Meeting of the 8th Board of Directors (Announcement No: 2022-77) |
| The 50th meeting of the 8th Session of Board of Directors | December 28, 2022 | December 29, 2022 | Please refer to the Resolution of the 50th Meeting of the 8th Board of Directors (Announcement No: 2022-83) |

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 | 19 | 2 | 17 | 0 | | NO | 5 |
| Xian Zhigang | 8 | 0 | 7 | 1 | | NO | 0 |
| Zhang Bo | 19 | 1 | 17 | 1 | | NO | 2 |
| Liu Gang | 19 | 2 | 17 | 0 | | NO | 4 |
| Ye Wenhua | 5 | 0 | 4 | 1 | | NO | 0 |
| Zhou Kaiquan | 19 | 0 | 17 | 2 | | NO | 1 |
| Wang Jun | 19 | 1 | 17 | 1 | | NO | 3 |
| Zhang Deyong | 19 | 2 | 17 | 0 | | NO | 4 |
| Liu Jipeng | 10 | 1 | 9 | 0 | | NO | 0 |

| | | | | | | | |
|---------------|----|---|----|---|--|----|---|
| Li Qingwen | 10 | 1 | 9 | 0 | | NO | 0 |
| Chen Quanshi | 10 | 1 | 9 | 0 | | NO | 0 |
| Ren Xiaochang | 19 | 2 | 17 | 0 | | NO | 4 |
| Tan Xiaosheng | 10 | 1 | 9 | 0 | | NO | 0 |
| Wei Xinjiang | 19 | 2 | 17 | 0 | | NO | 4 |
| Cao Xingquan | 19 | 2 | 17 | 0 | | NO | 4 |
| Yang Xinmin | 19 | 2 | 17 | 0 | | NO | 4 |
| Li Keqiang | 9 | 1 | 8 | 0 | | NO | 2 |
| Ding Wei | 9 | 1 | 8 | 0 | | NO | 1 |
| Tang Guliang | 9 | 1 | 8 | 0 | | NO | 3 |
| Zhang Ying | 9 | 0 | 8 | 1 | | NO | 3 |

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

During the reporting period, the directors of the company performed their duties and obligations diligently and conscientiously in strict accordance with the relevant provisions of the Company Law and the Articles of Association, actively attended the board of directors and shareholders' general meetings, carefully deliberated various proposals, and put forward valuable professional opinions on the company's system improvement and daily business decision-making, effectively improving the company's standardized operation and scientific decision-making level. In addition, the independent directors of the company have issued independent and impartial independent opinions on matters such as the company's nomination of directors, the appointment of senior management, the annual profit distribution, the self-evaluation report of internal control, the annual daily related party transaction estimate, the deposit and use of raised funds, and the restricted stock incentive plan, which effectively protects the legitimate rights and interests of the company and the majority of investors, especially small and medium-sized investors, and the company actively listens to and adopts the reasonable suggestions put forward by the directors.

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 | 4 | March 2nd, 2022 | Internal audit work plan for 2022; Report on Audit and Inspection Work in the Fourth Quarter of 2021 | All the motions were passed unanimously | | |
| | | | April 19th, 2022 | Financial and accounting statements prepared by the company | All the motions were passed unanimously | | |

| | | | | | | | |
|--|--|---|---|---|---|--|--|
| | | | April 26th, 2022 | Financial statements for 2021 (after audit); 2021 Annual Audit Results and Communication Report on Important Matters | All the motions were passed unanimously | | |
| | | | March 2nd, 2022 | 2021 Annual Internal Control Audit Report; Proposal for self-evaluation report on internal control in 2021; Proposal on the appointment of auditors for the 2022 financial report and internal control report; Work plan for the second quarter of 2022 and internal audit report for the first quarter | All the motions were passed unanimously | | |
| | Tang Guliang, Wei Xinjiang, Zhang Deyong | 3 | September 2nd, 2022 | Report on Audit Work for the Half Year of 2022 | All the motions were passed unanimously | | |
| October 28th, 2022 | | | Report on audit work in the third quarter of 2022; Report on Adjusting Audit Fees for 2022 Financial Report | All the motions were passed unanimously | | | |
| December 30th, 2022 | | | 2022 Overall Audit Plan and Relevant Audit Requirements | All the motions were passed unanimously | | | |
| Compensation and Assessment Committee | Zhang Ying, Wei Xinjiang, Ding Wei | 1 | August 2nd, 2022 | Proposal on Adjusting the Repurchase Price of the A-share Restricted Stock Incentive Plan and Repurchase and Cancellation of Some Restricted Stocks | All the motions were passed unanimously | | |
| The Strategic and Investment Committee | Zhu Huarong, Wang Jun, Ren Xiaochang | 7 | January 12nd, 2022 | Proposal on Jointly Establishing Chongqing Changan Venture Private Equity Investment Fund Partnership (Limited Partnership) (Tentative Name) | All the motions were passed unanimously | | |
| | | | January 18th, 2022 | Proposal on Capital Increase and Share Expansion of Associated Enterprises through Public Listing | All the motions were passed unanimously | | |
| | | | February 21st, 2022 | Proposal on Investment Plan for 2022; Proposal on the 2022 financing plan; Proposal on developing bill pool business; Proposal on the Company and its subsidiaries to carry out forward foreign exchange transactions | All the motions were passed unanimously | | |
| | | | April 26th, 2022 | Description of financial final accounts for 2021 and financial budget for 2022; Proposal on Adjusting and Changing the Use of Some Raised Funds | All the motions were passed unanimously | | |
| | | | April 28th, 2022 | Proposal on Disposal of Equipment and Assets in Dashiba and Tea Garden Plants | All the motions were passed unanimously | | |
| | | | May 20th, 2022 | Proposal on signing a "Financial Service Agreement" with Ordnance Equipment Group Finance Co., Ltd; Proposal on Signing a Financial Service Agreement with Changan Automobile Finance Co., Ltd; Proposal on Asset Disposal and Signing of Collection and | All the motions were passed unanimously | | |

| | | | | | | | |
|--|--|---|----------------------|--|---|--|--|
| | | | | Storage Agreement in Tea Garden Plant Area | | | |
| | | | July 8th, 2022 | Proposal on Investment in Yubei Factory Replacement and Green Intelligent Upgrade Construction Project | All the motions were passed unanimously | | |
| | Zhu Huarong, Zhang Bo, Wang Jun, Ren Xiaochang, Li Keqiang | 3 | August 2nd, 2022 | Proposal on Increasing Capital to Associated Enterprises | All the motions were passed unanimously | | |
| | | | September 22nd, 2022 | Proposal on Joint-stock Establishment of Intelligent Driving Company | All the motions were passed unanimously | | |
| | | | December 2nd, 2022 | Proposal on Acquisition of Partial Equity of Changan New Energy | 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 | 31,223 |
| Number of incumbent employees in major subsidiaries | 11,671 |
| Total number of incumbent employees | 42,894 |
| Total number of incumbent salaried employees | 42,894 |
| Number of retired employees for whom parent company and major subsidiary bear the costs | 2,901 |
| Professional composition | |
| Professional fields | Number |
| Production | 27,115 |
| Sales | 2,002 |
| Technology | 9,464 |
| Finance | 483 |
| Administration | 545 |
| Management | 3,285 |
| Total | 42,894 |
| Educational Background | |
| Degree | Number |
| PhD | 113 |
| Postgraduate | 2,573 |
| Bachelor | 12,470 |
| Junior college | 11,200 |
| Technical secondary school and high school | 14,730 |
| Middle school and below | 1,808 |
| Total | 42,894 |

2. Compensation policy

The company actively deepens the reform of the distribution system, continuously optimizes and improves the salary system;

Adhere to the efficiency oriented principle, establish a payroll/labor cost generation mechanism, improve distribution efficiency, strengthen performance and salary benchmarking, and guide units to continuously improve labor productivity and human resource value creativity; Constantly establish and improve the medium and long-term incentive and constraint mechanism, closely bind the core interests of the backbone with the company's medium and long-term operations, support the company's strategic development, and promote the continuous improvement of the company's operating performance.

3. Training plan

Company staff training in 2023 will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and principles of the spirit of the 20th National Congress of the Communist Party of China, centering around the Third Business Venture-Innovation and Entrepreneurship Program. Taking “firm strategy, steady and courageous progress, innovative development, and commitment to achieving goals” as the key, through talent cultivation at all levels, in-depth internal talent transformation work is carried out, accelerating the construction of new knowledge and new capabilities for all employees, and comprehensively promoting the transformation of the company into an intelligent low-carbon travel 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) | 0 |
| Dividend per ten shares (RMB) (tax included) | 2.36 |
| Increased shares through transfer for per 10 shares (shares) | 0 |
| Equity base of distribution plan (shares) | 9,921,799,422 |
| Cash dividends (RMB) (tax included) | 2,341,544,663.59 |
| Cash dividend (RMB) of other means (such as repurchase) | - |
| Total cash dividend (RMB) (including other means) | 2,341,544,663.59 |
| Distributable profits (RMB) | 39,906,030,604.91 |
| 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 56th meeting of the 8th Session of Board Of Directors of the company deliberated and passed the 2022 Profit Distribution Plan, which still needs to be submitted to the 2022 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 13th, 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 1st, 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 18th, 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 22nd, 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 3rd, 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 30th, 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 17th, 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 19th, 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 21th, 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 30th, 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 31th, 2021.

On August 2nd, 2022, the company held the 43rd meeting of the 8th Board of Directors and the 18th meeting of the 8th Board of Supervisors, and reviewed and approved the Proposal on Adjusting the Repurchase Price of A-share Restricted Stock Incentive Plan and Repurchasing and Cancelling Some Restricted Stocks. The independent directors of the company have expressed independent opinions that they agree with.

On August 18th, 2022, the company held the third extraordinary general meeting of shareholders in 2022, and reviewed and approved the Proposal on Adjusting the Repurchase Price of the A-share Restricted Stock Incentive Plan and Repurchase and Cancellation of Some Restricted Stocks.

On February 17th, 2023, the company held the 52nd meeting of the 8th Board of Directors and the 21st meeting of the 8th Board of Supervisors, and reviewed and approved the Proposal on the Achievements of the First Release of Restriction Conditions during the First Grant Period of the A-share Restricted Stock Incentive Plan. The independent directors of the company have expressed independent opinions that they agree with.

On March 3rd, 2023, the company disclosed the "Indicative Announcement on the Release of Restricted Shares from Listing and Circulation during the First Release Period of the First Grant Part of the A-share Restricted Stock Incentive Plan", and the date of

release of restricted shares from listing and circulation was March 6th, 2023.

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 | | | | 12.31 | 350,000 | | | 3.31 | 455,000 |
| Wang Jun | Director, President, Deputy Secretary of the Party Committee | | | | 12.31 | 280,000 | | | 3.31 | 364,000 |
| Zhang Deyong | Director, The Chief Accountant, Board of Directors Secretary | | | | 12.31 | 271,600 | | | 3.31 | 353,080 |
| Yuan Mingxue | Deputy Secretary of the Party Committee | | | | 12.31 | 280,000 | | | 3.31 | 364,000 |
| Tan Benhong | Executive Vice President | | | | 12.31 | 271,600 | | | 3.31 | 353,080 |
| Ye Pei | Executive Vice President | | | | 12.31 | 271,600 | | | 3.31 | 353,080 |
| Chen Wei | Executive Vice President | | | | 12.31 | 271,600 | | | 3.31 | 353,080 |
| Li Mingcai | Executive Vice President | | | | 12.31 | 271,600 | | | 3.31 | 353,080 |
| Yang Dayong | Executive Vice President | | | | 12.31 | 194,000 | | | 7.46 | 252,200 |
| Peng Tao | Executive Vice President | | | | 12.31 | 191,240 | | | 3.31 | 248,612 |
| Zhang Xiaoyu | Vice President | | | | 12.31 | 191,240 | | | 3.31 | 248,612 |
| Wang Xiaofei | Vice President | | | | 12.31 | 132,300 | | | 3.31 | 171,990 |
| Wang Hui | Vice President | | | | 12.31 | 132,300 | | | 3.31 | 171,990 |
| Zhang Fatao | Vice President | | | | 12.31 | 191,240 | | | 3.31 | 248,612 |
| Li Jun | Board of Directors Secretary | | | | 12.31 | 191,240 | | | 3.31 | 248,612 |
| Li Wei | Executive Vice President (outgoing) | | | | 12.31 | 271,600 | | | 3.31 | 353,080 |
| He Chaobing | Executive Vice President (outgoing) | | | | 12.31 | 271,600 | | | 3.31 | 353,080 |
| Zhao Fei | Executive Vice President (outgoing) | | | | 12.31 | 271,600 | | | 3.31 | 353,080 |
| Hua Zhanbiao | Secretary of Discipline & Inspection Commission (outgoing) | | | | 12.31 | 271,600 | | | 3.31 | 353,080 |
| Total | -- | | | -- | -- | 4,577,960 | | | -- | 5,951,348 |
| Notes (if any) | 1. The above-mentioned personnel and positions are as of the disclosure date of this report; 2. The original initial grant price of the Company's A-share restricted shares was 6.66 yuan per share, and the reserved grant price was 9.93 yuan per share. The number of shares and the grant price have been adjusted accordingly based on the implementation of the Company's equity distribution plans for 2020 and 2021. | | | | | | | | | |

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

Optimize the internal control team and improve control effectiveness. Establish a matrix team of company level internal control specialists, open up internal control communication channels at all levels of the company, form a working mechanism with clear responsibilities and clear communication from top to bottom, and improve the communication efficiency of cross department internal control work. Carry out online and offline training in real time, empower units at all levels of the company, and promote the synchronous improvement of internal control awareness and professional level of units at all levels of the company.

Improve the management system and strengthen the binding force of the internal control system. Improve top-level design, promote inventory management, revise and issue the Internal Control Evaluation Manual, clarify the division of work and responsibilities of internal control, standardize the scope, standards, steps, and other requirements of internal control evaluation, improve the internal control system, and achieve closed-loop management of control, evaluation, and rectification. Continuously integrate and optimize business systems, embed internal control system control requirements into specific business systems, clarify business link control requirements and risk response measures, and build a standardized, comprehensive, and effective management system.

Strengthen authorization management and improve internal control and supervision mechanism. Carry out the clean-up of the entire level authorization management system, refine the power and responsibility boundaries of each level based on the authorization list of the board of directors, and reformulate and issue the management authorization form and centralized and decentralized authority list for institutions at all levels. Prepare a list of incompatible positions, comprehensively clean up incompatible positions at all levels of the company's institutions, sort out the responsibilities of important positions and key personnel, adjust unreasonable positions and personnel settings, and achieve the separation of incompatible position responsibilities and personnel.

Carry out comprehensive internal control evaluation to promote the continuous optimization of the internal control system. Organizations at all levels of the company use the Internal Control Evaluation Manual as a standardized process to actively evaluate the effectiveness of the implementation of the internal control system, identify problems, develop measures, improve implementation, and ensure the effective operation and rigid constraints of the company's internal control system.

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 18th, 2023 |
| 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 | 91.88% |
| 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 | 93.25% |

| 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 31st, 2022, 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 18th, 2023 |
| 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

According to the company's self-inspection, the company's overall compliance operation shows that there are no issues requiring rectification.

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

Environmental protection-related policies and industry standards

The company strictly implements the laws, regulations, standards and requirements for environmental protection in its production and operation. The regulatory standards include Environmental Protection Law of the People's Republic of China, Law on Air Pollution Prevention and Control, Law of the People's Republic of China on Prevention and Control of Water Pollution, Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, Law of People's Republic of China on Environmental Impact Assessment, etc.

Administrative regulations or rules include Measures for the Administration of Environmental Monitoring, Measures for the Administration of the List of Key Units of Environmental Supervision, Measures for Enterprise Environmental Credit Evaluation, Administrative Measures for the Legal Disclosure of Enterprise Environmental Information, Contingency Plan for Environmental Emergencies, etc.

National standards include Integrated Wastewater Discharge Standard, Integrated Emission Standard of Air Pollutants, Emission Standard of Air Pollutants for Foundry Industry, Standard for Fugitive Emission of Volatile Organic Compounds, Technical Requirement for Low-Volatile-Organic-Compound-Content Coatings Product, etc. Industry standards include Technical Specification for Application and Issuance of Pollutant Permit Automotive Industry, Self-Monitoring Technology Guidelines for Pollution Sources, Technical specification for operation of wastewater online monitoring system (CODCr, NH3-N et al.), Technical guide for leak detection and repair of volatile organic compounds in industries, etc.

Local standards include Emission standard of Air Pollutants for Surface Coating of Automobile Manufacturing Industry, Emission Standard of Air Pollutants for Catering Industry, Emission Standard of Air Pollutants for Boilers, etc. The company collects and interprets the newly released and implemented regulations and standards quarterly and conducts compliance evaluations to ensure that the company's production and operation are always legally compliant.

Environmental Protection Administrative License

—Administrative License Information for Construction Projects

In 2022, there will be a total of 6 EIA approval documents for construction projects, as follows:

| Name of construction project | Name and document number of environmental impact assessment approval document | Approval Authority | Approval acquisition time |
|--|---|---|---------------------------|
| Chongqing Changan Automobile Co., Ltd. Changan Automobile C589 Series Passenger Vehicle Production Line Technical Transformation Project | Chongqing Construction Project Environmental Impact Assessment Document Approval Letter (YSHZ [2022] No. 036) | Chongqing Ecology and Environment Bureau | June 27th, 2022 |
| Technical Transformation Project of the New Series New Energy Vehicle Production Line in the First Plant Area of Liangjiang Factory | Chongqing Construction Project Environmental Impact Assessment Document Approval Letter (YLJHZ [2022] No. 007) | Chongqing Ecology and Environment Bureau (Liangjiang New Area Branch) | January 24th, 2022 |
| NE1 Series Engine Phase III Technical Transformation Project | Chongqing Construction Project Environmental Impact Assessment Document Approval Letter (YLJHZ [2022] No. 054) | Chongqing Ecology and Environment Bureau (Liangjiang New Area Branch) | May 27th, 2022 |
| EDS2 electric drive and electric control housing production line technical transformation project | Chongqing Construction Project Environmental Impact Assessment Document Approval Letter (YLJHZ [2022] No. 118) | Chongqing Ecology and Environment Bureau (Liangjiang New Area Branch) | September 21st, 2022 |
| Environmental Protection Relocation (Replacement and Upgrade) Project of Nanjing Changan Automobile Co., Ltd | Reply on the Environmental Impact Report of the Environmental Protection Relocation (Replacement and Upgrade) Project of Nanjing Changan Automobile Co., Ltd. (NHJ [2022] No. 17) | Nanjing Ecology and Environment Bureau | September 5th, 2022 |

| | | | |
|---|--|--------------------------------------|-----------------|
| Hefei Changan Automobile Co., Ltd. C928 Series Passenger Vehicle Production Line Technical Transformation Project | Approval Opinions on the Environmental Impact Report of “Hefei Changan Automobile Co., Ltd. C928 Series Passenger Vehicle Production Line Technical Transformation Project” (HJS [2022] No. 10086) | Hefei Ecology and Environment Bureau | July 27th, 2022 |
|---|--|--------------------------------------|-----------------|

—Information on administrative permission for pollutant discharge

In 2022, each base involved a total of 36 pollution discharge license documents, including 5 re applications, 23 changes, and 8 extensions. For details, see the "National Pollution Discharge License Management Information Platform" at <http://permit.mee.gov.cn>.

—Other administrative licensing information

None.

Industry emission standards and specific conditions of pollutant emissions involved in production and business activities

| 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 | COD | Intermittent emissions | 3 | Two outlets for workshop facilities, and one main outlet for the Plant | 39.61 | Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements set by the Yubei District Sewage Treatment Plant in Chongqing | 13.65 | 347.90 | — |
| | | Ammonia nitrogen | | | | 1.09 | | 0.38 | 31.31 | — |
| | | Total nickel | | | | 0.20 | | 0.04 | 0.17 | — |
| | | Total zinc | | | | 0.14 | | 0.03 | 3.48 | — |
| | | Phosphate | | | | 0.29 | | 0.08 | 0.70 | — |
| | Exhaust gas | Sulfur dioxide | Organized emissions | 32 | Outlets around the Plant | 8.50 | 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) | 2.91 | 16.95 | — |
| | | Nitrogen oxides | | | | 47.43 | | 27.04 | 75.40 | — |
| | | Particulate matter | | | | 1.66 | | 5.01 | 94.33 | — |
| | | Volatile organic compounds | | | | 1.57 | | 3.11 | 221.21 | — |
| | | Toluene + Xylene | | | | 0.17 | | 0.50 | 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 2022 with a total of 1,866.26 tons of hazardous waste generated in this period. The 1,861.65 tons have been legally utilized and disposed of by manufacturers with hazardous waste operation permits, produced 18,369.87 tons of general industrial solid waste and 18,369.87 tons of utilization and disposal. | | | | | | | — | | |
| Chongqing Changan Automobile Co., Ltd. (Liangjiang Plant, Campus No. 1) | Wastewater | COD | Intermittent emissions | 2 | An outlet for workshop facilities, and one main outlet for the Plant | 97.13 | Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements set by Guoyuangang Sewage Treatment Plant in Chongqing | 6.00 | 14.02 | — |
| | | Ammonia nitrogen | | | | 2.78 | | 0.60 | 1.40 | — |
| | | Total nickel | | | | 0.13 | | 0.01 | 0.04 | — |
| | | Total zinc | | | | 0.12 | | 0.06 | 0.28 | — |
| | Exhaust gas | Sulfur dioxide | Organized emissions | 26 | Outlets around the Plant | 3.06 | 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) | 0.85 | 1.23 | — |
| | | Nitrogen oxides | | | | 26.99 | | 9.68 | 18.23 | — |
| | | Particulate matter | | | | 6.61 | | 13.97 | 36.14 | — |
| | | Volatile organic compounds | | | | 10.76 | | 13.82 | 63.06 | — |
| | | Toluene + xylene | | | | 0.58 | | 0.65 | 2.68 | — |
| | 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 2022 with a total of 1,854.42 tons of hazardous waste in this period. A total of 1,850.31 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits, produced 16,297.49 tons of general industrial solid waste and 16,297.49 tons of utilization and disposal. | | | | | | | — | |
| Chongqing Changan Automobile Co., Ltd. (Liangjiang Plant, | Wastewater | COD | Intermittent emissions | 2 | An outlet for workshop facilities, and one main outlet for the Plant | 75 | Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements set by the Guoyuangang Sewage Treatment Plant in Chongqing | 33.81 | 46 | — |
| | | Ammonia nitrogen | | | | 3.8 | | 1.66 | 4.6 | — |
| | | Total nickel | | | | 0.10 | | 0.008 | 0.14 | — |
| | | Total zinc | | | | 0.05 | | 0.03 | 1.38 | — |

| | | | | | | | | | | |
|---|--|--|------------------------|------------------------|--|---------------------------|--|---|--------|-------|
| Campus No. 2) | Exhaust gas | Sulfur dioxide | Organized emissions | 50 | Outlets around the Plant | 0 | 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 | | | | 61 | | 27.10 | 34.72 | — |
| | | Particulate matter | | | | 8.28 | | 19.85 | 50.61 | — |
| | | Volatile organic compounds | | | | 6.47 | | 364.31 | 543.23 | — |
| | | Toluene + xylene | | | | 0.63 | | 1.09 | 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 2022 with a total of 3,136.72 tons of hazardous waste. The 3,111.17 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits, produced 31,405.87 tons of general industrial solid waste and 31,405.87 tons of utilization and disposal. | | | | | | | | — |
| 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 | 55.3 | Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements set by the Guoyuanguang Sewage Treatment Plant in Chongqing | 13.92 | 45 | — |
| | | Total nickel | | | | 0.13 | | 0.01 | 0.1 | — |
| | | Ammonia nitrogen | | | | 2.53 | | 0.65 | 4.5 | — |
| | | Total zinc | | | | 0.095 | | 0.02 | 0.81 | — |
| | Exhaust gas | Particulate matter | Organized emissions | 42 | Outlets around the Plant | 8.6 | 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) | 13.44 | 64.24 | — |
| | | VOCs | | | | 6.15 | | 10.69 | 244.36 | — |
| | | SO2 | | | | 0 | | 0.48 | 5.34 | — |
| | | Toluene + xylene | | | | 0.322 | | 0.34 | 0.95 | — |
| | | NOx | | | | 19 | | 4.18 | 24.78 | — |
| | Soil | During the reporting period, Liangjiang Plant, Campus NO. 3 was included in the List of Key Pollutant Discharge Units in Chongqing in 2022 with a total of 2,018.65 tons of hazardous waste generated in this period. 2,030.99 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits, produced 19,542.43 tons of general industrial solid waste and 19,542.43 tons of utilization and disposal. | | | | | | | | — |
| | Chongqing Changan Automobile Co., Ltd. (Jiangbei Engine Plant, Plant No.1) | Wastewater | COD | Intermittent emissions | 1 | Main outlet for the Plant | 83 | Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements set by the Guoyuanguang Sewage Treatment Plant in Chongqing | 16.21 | 22.5 |
| Ammonia nitrogen (NH3-N) | | | 2.84 | | | | 0.52 | | 2.25 | — |
| Exhaust gas | | Particulate matter | Organized emissions | 93 | Outlets around the Plant | 21.19 | Emission Standards of Air Pollutants for Industrial Kiln and Furnace (DB 50/659-2016); Integrated Emission Standards of Air Pollutants (DB 50/418-2016) | 14.18 | — | — |
| | | SO2 | | | | 10.8 | | 7.24 | — | — |
| | | VOCs | | | | 0.609 | | 0.44 | — | — |
| | | NOx | | | | 14.73 | | 9.86 | — | — |
| Soil | | During the reporting period, Jiangbei Engine Plant, Plant NO. 1 was included in the List of Key Pollutant Discharge Units in Chongqing in 2022, and a total of 2,944.85 tons of hazardous waste was generated in this period. 2,944.85 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits or exemption certificates, produced 934.86 tons of general industrial solid waste and 934.86 tons of utilization and disposal. | | | | | | | | — |
| Chongqing Changan Automobile Co., Ltd. (Jiangbei Engine Plant, Plant No. 2) | | Wastewater | COD | Intermittent emissions | 1 | Main outlet for the Plant | 43.2 | Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements set by Guoyuanguang Sewage Treatment Plant in Chongqing | 9.652 | 11.08 |
| | Ammonia nitrogen (NH3-N) | | 3.45 | | | | 0.372 | | 1.11 | — |
| | Exhaust gas | Non-methane total hydrocarbons | Organized emissions | 37 | Outlets around the factory | 22.52 | Emission Standards of Air Pollutants for Industrial Kiln and Furnace (DB 50/659-2016); Integrated Emission Standards of Air Pollutants (DB 50/418-2016) | 1.57 | — | — |
| | | Nitrogen oxides | | | | 12.25 | | 3.17 | — | — |
| | | Particulate matter | | | | 34.58 | | 8.15 | — | — |
| | | Sulfur dioxide | | | | 7.01 | | 1.81 | — | — |

| | | | | | | | | | | |
|---|---|--|------------------------|----|---|--------|--|--------|--------|---|
| | Soil | During the reporting period, Jiangbei Engine Plant, Plant NO. 2 was included in the List of Key Pollutant Discharge units in Chongqing in 2022, and a total of 5,952.91 tons of hazardous waste was generated in this period. 5,952.91 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits or exemption certificates, produced 641.4 tons of general industrial solid waste and 641.4 tons of utilization and disposal. | | | | | | | — | |
| Chongqing Lingyao Automobile Co., Ltd. | Wastewater | COD | Intermittent emissions | 3 | An outlet for workshop facilities, and two main outlets for the Plant | 34 | Integrated Wastewater Discharge Standard (GB8978-1996); The Inlet Water Quality Requirements set by Guoyuancang Sewage Treatment Plant in Chongqing | 7.34 | 25.76 | — |
| | | Ammonia nitrogen | | | | 2.5 | | 0.42 | 3.48 | — |
| | | Total nickel | | | | 0 | | 0.00 | — | — |
| | | Total zinc | | | | 0.02 | | 0.01 | — | — |
| | | Phosphate | | | | 0.08 | | 0.03 | 0.13 | — |
| | Exhaust gas | Particulate matter | Organized emissions | 40 | Outlets around the Plant | 4.6 | 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) | 18.06 | 38.03 | — |
| | | Volatile organic compounds | | | | 0.61 | | 4.35 | 111.4 | — |
| | | Toluene + xylene | | | | 0.60 | | 1.25 | 6.46 | — |
| | | Sulfur dioxide | | | | 3 | | 0.21 | 7.12 | — |
| | | Nitrogen oxides | | | | 3 | | 0.69 | 16.26 | — |
| 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 2022, and a total of 2,213.2 tons of hazardous waste was generated in this period, 2,213.2 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits or exemption certificates, produced 15,899.33 tons of general industrial solid waste and 15,899.33 tons of utilization and disposal. | | | | | | | — | | |
| 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 | 59.29 | Integrated Discharge Standard of Water Pollutants (DB11/307-2013) | 13.63 | 63.68 | — |
| | | Ammonia nitrogen | | | | 3.52 | | 1.19 | 3.81 | — |
| | | Total nickel | | | | 0.03 | | 0.0005 | 0.01 | — |
| | | Phosphate | | | | 1.92 | | 0.04 | / | — |
| | Exhaust gas | Nitrogen oxides | Organized emissions | 52 | Outlets around the Plant | 12.3 | Emission standard of Air Pollutants for Surface Coating of Automobile Manufacturing Industry (DB11/1227-2015); Integrated Emission Standards of Air Pollutants (DB11/501-2017) | 0.37 | 3.18 | — |
| | | Volatile organic compounds | | | | 3.56 | | 8.53 | 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 2022, and a total of 551.09 tons of hazardous waste was generated in this period, 551.09 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits or exemption certificates, produced 6,648.6 tons of general industrial solid waste and 6,648.6 tons of utilization and disposal. | | | | | | | — | | |
| Hefei Changan Automobile Co., Ltd | Wastewater | COD | Intermittent emissions | 3 | Two outlets for workshop facilities, and a main outlet for the Plant | 35,224 | Integrated Wastewater Discharge Standard (GB8978-1996); The Pipe Standards set by Hefei West Group Sewage Treatment Plant | 23.99 | 144.13 | — |
| | | Total nitrogen | | | | 9.601 | | 6.54 | 39.44 | — |
| | | Total nickel | | | | 0.006 | | 0.004 | 0.09 | — |
| | | Total phosphorus | | | | 0.174 | | 0.12 | 4.73 | — |
| | | Ammonia nitrogen | | | | 0.449 | | 0.31 | 14.41 | — |
| | Exhaust gas | VOCs | Organized emissions | 83 | Outlets around the Plant | 1.3 | Emission Control Standard for Industrial Enterprises Volatile Organic Compounds of Tianjin (DB12/524-2020) | 4.267 | 1139.6 | — |
| Soil | During the reporting period, Hefei Changan Automobile Co., Ltd. was included in the List of Key Pollutant Discharge Units in Hefei in 2022, and a total of 1,968.87 tons of hazardous waste was generated in this period, 1,987.23 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits or exemption certificates, produced 23,532.7 tons of general industrial solid waste and 23,532.7 tons of utilization and disposal. | | | | | | | — | | |
| Nanjing Changan Automobile Co., Ltd. | Wastewater | COD | Intermittent emissions | 2 | An outlet for workshop facilities, and a main outlet for the Plant | 37.55 | Integrated Wastewater Discharge Standard (GB8978-1996); The Pipe Standards set by Nanjing Lishui Qinyuan Sewage Treatment Co., Ltd. | 5.83 | 13.34 | — |
| | | Total nitrogen | | | | 2.83 | | 0.22 | 14.24 | — |
| | | Total nickel | | | | 0.19 | | 0.006 | 0.06 | — |
| | | Total phosphorus | | | | 0.19 | | 0.02 | 0.08 | — |
| | | Ammonia nitrogen (NH3-N) | | | | 0.94 | | 0.06 | 0.26 | — |
| | | NOx | | 6 | | 9.67 | | 2.35 | 8.79 | — |

| | | | | | | | | | | |
|--|-------------|--|---|----|--|--------|--|-------|--------|---|
| | Exhaust gas | Particulate matter | Organized emissions | | Outlets around the Plant | 0.6 | 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) | 2.58 | 10.24 | — |
| | | VOCs | | | | 4.3 | | 16.32 | 38.48 | — |
| | | SO2 | | | | 3 | | 0.24 | 53.4 | — |
| Soil | | During the reporting period, Nanjing Changan Automobile Co., Ltd. was included in the List of Key Pollutant Discharge Units in Nanjing in 2022, and a total of 678.14 tons of hazardous waste was generated in this period, 685.64 tons were legally utilized and disposed of by manufacturers with hazardous waste operation permits or exemption certificates, produced 131.98 tons of general industrial solid waste and 131.98 tons of utilization and disposal. | | | | | | | — | |
| Chongqing Changan Kaicheng Automobile Technology Co., Ltd. Campus NO.1(Hebei Changan Automobile Co., Ltd) | Wastewater | Ammonia nitrogen | Intermittent emissions | 2 | An outlet for workshop facilities, and a main outlet for the Plant | 1.4 | Integrated wastewater discharge standard (GB8978-1996); The Influent Water Quality Requirements Set by Gezhouba Water Dingzhou Branch | 0.19 | 4.8 | — |
| | | COD | | | | 68.31 | | 7.85 | 63.71 | — |
| | | Total nitrogen | | | | 4.93 | | 0.39 | 7.32 | — |
| | | Total phosphorus | | | | 1.42 | | 0.09 | 0.92 | — |
| | | Total nickel | | | | 0.14 | | 0.001 | 0.03 | — |
| | Exhaust gas | Sulfur dioxide | Organized emissions | 51 | 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) | 0.3 | 30.01 | — |
| | | Non-methane total hydrocarbons | | | | 2.5 | | 12.14 | 570.34 | — |
| | | Particulate matter | | | | 4.05 | | 5.43 | 53.4 | — |
| | | Nitrogen oxides | | | | 7 | | 6.65 | 31.47 | — |
| | Soil | | During the reporting period, Campus NO.2 of Chongqing Changan Kaicheng Automobile Technology Co., Ltd. (formerly known as Hebei Changan) was included in the List of Key Pollutant Discharge Units in Dingzhou In 2022, with a total of 661.28 tons of hazardous waste generated in this period, of which 658.38 tons have been legally utilized and disposed of by suppliers with hazardous waste operation permits, produced 7,128.16 tons of general industrial solid waste and 7,128.16 tons of utilization and disposal. | | | | | | | — |
| Chongqing Changan Kaicheng Automobile Technology Co., Ltd. Campus NO.2(Baoding Changan Bus Manufacturing Co., Ltd) | Wastewater | COD | Intermittent emissions | 2 | A workshop facility discharge outlet, and one factory total discharge outlet | 104.43 | Integrated Wastewater Discharge Standard (GB8978-1996); The Influent Water Quality Requirements Set by Gezhouba Water Dingzhou Branch | 10.77 | 72.71 | — |
| | | Ammonia nitrogen | | | | 6.23 | | 0.42 | 4.14 | — |
| | | Total nitrogen | | | | 13.25 | | 0.92 | 5.51 | — |
| | | Total phosphorus | | | | 1.43 | | 0.12 | 1 | — |
| | | Nickel | | | | 0.19 | | 0.004 | 0.06 | — |
| | Exhaust gas | Sulfur dioxide | Organized emissions | 94 | Outlets around the plant | - | 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) | 3.8 | 88.23 | — |
| | | Nitrogen oxides | | | | 7 | | 8.01 | 33.75 | — |
| | | Particulate matter | | | | 1.5 | | 15.62 | 850.8 | — |
| | | Volatile organic compounds | | | | 3.88 | | 81.97 | 880.62 | — |
| | Soil | | During the reporting period, Campus NO.2 of Chongqing Changan Kaicheng Automobile Technology Co., Ltd. (formerly known as Changan Bus) was included in the List of Key Pollutant Discharge Units in Dingzhou in 2022. A total of 930.18 tons of hazardous waste were generated in this period, and 928.66 tons were legally utilized and disposed of by suppliers with hazardous waste operation permits , produced 10,212.26 tons of general industrial solid waste and 10,212.26 tons of utilization and disposal. | | | | | | | — |

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>), and "Changan Automobile Brand Official Website" for details (Website: <https://www.changan.com.cn/sociology?index=2>).

Treatment of pollutants

| Pollutant type | | Main processing technology | Processing method |
|----------------|---------------------------|---|------------------------------------|
| Exhaust gas | Spraying VOCs exhaust gas | Venturi wet paint mist treatment+zeolite rotary adsorption concentration+TNV incineration; Activated carbon adsorption (Changan, Nanjing); Low temperature plasma (Changan Bus) | Deal with by oneself or themselves |
| | Drying VOCs exhaust gas | TNV or RTO incineration | Deal with by oneself or themselves |
| | Other VOCs exhaust gas | Activated carbon adsorption | Deal with by oneself or |

| | | | |
|-------------|---|--|---|
| | | | themselves |
| | Test exhaust gas (nitrogen oxide) | Automotive three-way catalytic converter | Deal with by oneself or themselves |
| | Foundry dust | Bag type dust removal | Deal with by oneself or themselves |
| | Foundry stench | Alkali adsorption or biosorption | Deal with by oneself or themselves |
| | Refueling mist | Mechanical filtration | Deal with by oneself or themselves |
| Wastewater | Phosphating waste gas | Coagulation sedimentation | Self processing or outsourcing operations |
| | Oily wastewater | Oil separation+air flotation | Self processing or outsourcing operations |
| | Comprehensive wastewater | Coagulation sedimentation+aerobic biochemistry | Self processing or outsourcing operations |
| Solid waste | Waste solvent | Utilization or incineration | Outsourcing utilization and disposal |
| | Wet metal chips | Utilize | Outsourcing utilization and disposal |
| | Aluminum ash, packaging drum | Utilize | Outsourcing utilization and disposal |
| | Wastewater treatment sludge | Landfill | Outsourcing utilization and disposal |
| | Recyclable general industrial solid waste | Utilize | Outsourcing utilization and disposal |
| | Others | Incineration or landfill | Outsourcing utilization and disposal |
| Noise | Mechanical noise | Damping and sound insulation | Deal with by oneself or themselves |

In 2022, Yubei Plant added a set of TNV exhaust gas treatment facilities. Pollution 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 wastewater 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. There is no abnormal operation of pollution treatment facilities in 2022.

Contingency Plan for environmental emergencies

The manufacturing sites, as required, carries out risk assessment of environmental emergencies, emergency resource surveys, formulated or revised contingency plans for environmental emergencies, prepared on-site response plans for units with environmental risk, and continuously carried out hidden danger investigation and treatment. In 2022, Yubei Plant, Nanjing Changan and other sites completed the revision and filing of contingency plan for environmental emergencies, as shown in the following table:

| Unit | Contingency Plan | File Code | Filing Authority |
|-----------------------|---|-------------------|--|
| Yubei Plant | Chongqing Changan Automobile Co., Ltd. Yubei Plant Contingency Plan for Environmental Emergencies | 500112-2022-065-L | Chongqing Yubei District Ecological Environmental Protection Comprehensive Administrative Law Enforcement Detachment |
| Liangjiang Plant NO.1 | Chongqing Changan Automobile Co., Ltd. Liangjiang Plant NO.1 Risk Assessment Report on Environmental Emergencies | 500128-2022-156-L | Chongqing Ecology and Environment Bureau (Liangjiang New Area Branch) |
| Liangjiang Plant NO.2 | Chongqing Changan Automobile Co., Ltd. Liangjiang Plant NO.2 Contingency Plan for Environmental Emergencies (Revised Version) | 500128-2022-183-L | Chongqing Ecology and Environment Bureau (Liangjiang New Area Branch) |
| Jiangbei Engine Plant | Chongqing Changan Automobile Co., Ltd. Jiangbei Engine Plant (1# site) Contingency Plan for Environmental Emergencies | 500128-2022-036-M | Chongqing Ecology and Environment Bureau (Liangjiang New Area Branch) |
| Changan Bus | Baoding Changan Bus Manufacturing Co., Ltd. Contingency Plan for Environmental Emergencies | 139001-2022-113-L | Dingzhou Ecology and Environment Bureau |
| Nanjing Changan | Nanjing Changan Automobile Co., Ltd. Contingency Plan for Environmental Emergencies | 3201242022087L | Lishui Ecology and Environment Bureau |

| | | | |
|-------------------|---|-------------------|--|
| Chongqing Lingyao | Chongqing Lingyao Automobile Co., Ltd. Plant 2 Contingency Plan for Environmental Emergencies | 500113-2022-032-L | Chongqing Banan District Ecological Environmental Protection Comprehensive Administrative Law Enforcement Detachment |
|-------------------|---|-------------------|--|

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 2022.

Environmental self-monitoring plan

In 2022, key units responsible for pollution discharge of the company prepared self-monitoring plans and carried out self-monitoring in accordance with the requirements of laws and regulations, and disclosed monitoring information 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 | Environmental Self-Monitoring Plan Disclosure Platform | Website |
|--|--|---|
| Yubei Plant, Liangjiang Plant, Jiangbei Engine Plant, Chongqing Lingyao | Key Pollution Source Monitoring Data Release Platform | http://119.84.149.34:20003/publish2/dataSearchPub/entList.aspx |
| Beijing Changan Automobile Company | Beijing Environmental Information Disclosure Platform for Enterprises and Institutions | http://xxgk.bevoice.com.cn/monitor-pub/index.do |
| Hefei Changan Automobile Co., Ltd | Anhui Province Discharge Units Self-Monitoring Information Disclosure Platform | http://39.145.0.253:8081/index |
| Nanjing Changan Automobile Co., Ltd. | Jiangsu Province Discharge Units Self-Monitoring Information Disclosure Platform | http://218.94.78.61:8080/newPub/web/home.htm |
| Kaicheng Automobile Technology Co., Ltd. (formerly known as Hebei Changan and Changan Bus) | National Pollution Source Monitoring Information Management and Sharing Platform | https://wryjc.cnemc.cn/gkpt/mainZxjc/130000 |

Investment in environmental treatment and protection and payment of environmental protection tax

The company's environmental protection investment mainly includes: the construction of environmental protection facilities, operation and maintenance of environmental protection facilities, solid waste transportation and disposal (hazardous waste included), sewage treatment, monitoring, revision of contingency plans, purchase of emergency materials, environmental protection tax, etc.

The company paid environmental protection tax of 1,327,500 yuan in 2022.

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

√ Applicable □ Not applicable

In response to the national "3060" dual carbon strategy, Changan has set up a carbon peak & carbon neutralization joint taskforce, with the Chairman as the leader of the leading group, to promote the implementation of the overall work. The organizational structure is composed of the 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.

To achieve the carbon peaking and carbon neutrality targets, Changan has taken solid efforts in energy-saving and carbon-reducing measures in the manufacturing, achieving a 5.1% year-on-year reduction in the carbon emission per vehicle. There were five dimensions including "energy & efficiency optimization, process optimization, production plan optimization, lean management, and quality improvement". With these dimensions as focus, we carried out energy conservation and carbon reduction in production bases of self-owned Chinese brands, reducing carbon by 21,000 tons. We built photovoltaic power plants with scientific plans, and actively promoted energy mix transformation and upgrading towards green and low-carbon energy. The three major bases in Hefei, Hebei, and Nanjing have built 42.4MW of photovoltaic power stations, which generated green and clean energy for their own use. The total consumption of green electricity throughout the year stood at 37.76 million kWh, carbon emissions was down by 32,000 tons. We actively participated in green power market transactions to further expand the proportion of green energy used and reduce corporate carbon emissions.

Changan has actively carried out R&D of low-carbon technologies, as the first manufacturer in the industry to apply a number of technologies in mass production. Changan launched the BEV ultra-integrated e-drive system Force, the intelligent hybrid iDD, and Zhuge intelligent technology. The new generation of ultra-integrated e-drive can reach maximum efficiency of 95%. Changan's seven-in-one "smart core" (SVCU) cut volume by 70% with a 70% increase in overall performance. The iBC battery management system

has extended the battery life by more than 20%. We have breakthroughs in NEV platform technology and launched the first vehicle with three powertrains, namely FCEV, BEV, and REEV. Other breakthroughs occurred in new materials such as advanced thermoforming technology, and steel-aluminum body structure, and research on the performance of key low-carbon materials such as recycled aluminum alloys and bio-based nylon was completed. Changan is dedicated to creating green and low-carbon products. Up to now, 17 Changan models have been awarded as national “Green Design Products”.

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

None.

Other environmental protection-related information

1. Environmental credit evaluation

In 2022, the production bases carry out the 2021 environmental credit evaluation according to the requirement of local ecological environment authorities. Yubei Plant, the 3 bases of Liangjiang Plant, 2 bases of Jiangbei Plant, and Lingyao Automobile were named “Enterprises of Integrity in Environmental Protection”. Tooling Business Unit was named “Enterprises of Integrity in Environmental Protection” in Yubei district, and Nanjing Changan was named “Enterprise of Integrity” in 2021 by Jiangsu Province. Hefei Changan was named “Enterprises of Integrity in Environmental Protection” in 2021 by Anhui Province. Hebei Changan and Changan Bus were B-class enterprises of Dingzhou city.

2. Green supply management information

Changan plays an active role in radiating the industry to build the partnership of mutual trust, shared responsibility, and shared benefits for a new supply chain system of open cooperation, mutual benefit, and sustainable development. We have established the management process and cloud management platform where Changan coordinates with suppliers, covering all links from supplier sourcing, access certification, pricing, component R&D, and performance evaluation to integration. Changan has the SRM system, and work with suppliers through access certification, VOC control, prohibited and restricted substances management, special supply requirements, and other measures to improve environmental protection performance and encourage suppliers to save energy and cut emission for green and low-carbon development. We implemented the IATF16949 quality management system standards and the ISO14001 environmental certification, with 98% of suppliers obtaining IATF16949, and 92% acquiring ISO14001.

For the management of hazardous substances, the system data is collected through CAMDS and fed into the ELV compliance system for comprehensive analysis and certifying. In this way, Changan realizes the collection and control of automotive material data, energy consumption, and other information.

Check “China Automotive Green Dismantling System” (<http://www.cagds.org.cn>) for Changan outlets for recycling scrapped vehicles. Companies to recycle or use dismantled vehicles can also log in on the CAGDS website or CAGDS system to see the manual of M1 passenger car dismantling. Users can check relevant information on the M1 vehicle disassembly manual through the WeChat mini program “Vehicle Disassembly Manual Identity Analysis Tool”.

Power battery recycling service outlets can be checked on “Changan Automobile Official Website” (<https://www.changan.com.cn>).

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. Strengthened organizational leadership

We held 11 meetings among senior company leaders for support for targeted poor areas to decide on key programs, study the plans, line out measures, and speed up the work. Changan leaders visited Yunnan for research and guidance.

2. Guaranteed funds for assistance

Changan had pooled 10.6 million yuan for assistance, including 4.5 million yuan for Luxi County in Yunnan, and 6 million yuan for Yanshan County in Yunnan to support the comprehensive revitalization of rural industries, talents, culture, ecology, and organization in these two counties. Our purpose is to drive the development of rural industries, improve the local ecosystem, make local culture

more civilized, and improve people's well-being with more effective governance.

3. Support for innovative industries

1. Youyang Camellia Oil Project

In line with the government's overall plan for rural revitalization, Changan has continued to carry forward the Youyang Camellia Oil Project from the three aspects of marketing, brand, and systems. First, we helped with the marketing and channels of the project. Through our own sales channels, we helped Youzhou Oil and Tea Technology Co., Ltd. achieve sales of 32.68 million yuan, with annual sales exceeding 126 million yuan, top ten in the country.

Second, we helped the Youzhou company establish digital M&S by leveraging new media channels and resources such as Douyin. The company achieved 363 million reads on social media. Changan's influence in new models of public welfare working with other industries also expanded, as a good example of enterprises undertaking social responsibilities.

Third, building the operation and management system. Changan helped the company establish a long-term mechanism of scientific management. In 2022, 50,000 rural households and nearly 200,000 people benefited, of which 5,313 households and 18,595 people were lifted out of poverty.

2. Chongqing Tanmeizi Project

We have done deep research on the support plan for the special case of Chongqing Tanmeizi. By encouraging employees to buy, introducing catering suppliers for group buying, and making the products prizes for membership points in the Changan Shop, Chongqing Tanmeizi achieved chili sales of 92,000 yuan.

4. Scale up assistance through consumption

In line with the government's call, Changan encourages employees to directly purchase products from the targeted rural area, and we participated in the "Week of Consumption for Rural Area Products through SOEs under Central Government". Changan supported the consumption of 2.376 million yuan throughout the year and drove industry development and income increase in poverty alleviation areas with concrete actions.

5. Promote employment assistance

Leveraging its advantages as an automobile manufacturer, Changan has made skill training the focus and set up 8 "Changan Automobile Classes" in Luxi County and Yanshan County in Yunnan Province, and Youyang County in Chongqing City. We carried out 3 expert lectures on campus and 3 rounds of recruitment at targeted areas. A total of 405 students and residents were recruited to promote the employment of the rural labor force and help increase the income of people from rural areas. We deepened cooperation with schools and drove the Luxi Automobile Training Base Project in Yunnan to make good use of existing resources and maximize the effects and efficiency of the training base.

6. Improve communications

Under the title of "A Dreams in Youyang", Changan's case for rural vitalization was named the "Outstanding Cases of Rural Revitalization of Listed Companies". Our Youyang Camellia Oil Project showed excellent results, and the project team for supporting targeted rural areas was awarded the title of "Worker Pioneer" by the Chongqing Federation of Trade Unions.

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 |
| 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

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

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

Applicable Not applicable

During the reporting period, Avatr completed a capital increase and equity expansion to introduce new investors. After this capital increase, the company lost control of Avatr and no longer included it in the company's consolidated financial statements. As of the end of the reporting period, the company holds 40.99% equity in Avatr. Changan Brazil Holdings Co., Ltd. has completed its deregistration and will no longer be included in the company's consolidated financial statements.

VIII. Appointment and dismissal of the accounting firm

The appointed accounting firm

| | |
|--|--|
| The name of the domestic accounting firm | Ernst & Young Hua Ming LLP (Special General Partnership) |
| Payment (RMB: 10,000) | 395 |
| Years of audit services | 16 |
| Names of Certified Public Accountants | Qiao Chun, Yuan Yong |
| Years of services provided by Certified Public Accountants | (5 years) Qiao Chun, (2 years) Yuan Yong |

Whether to re-appoint the accounting firms

Yes No

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

Applicable Not applicable

After deliberation at the 2021 annual general meeting, the company has appointed Ernst & Young Hua ming LLP (special general partnership) as the internal control auditor in 2022. In 2022, the company paid Ernst & Young Hua ming 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 10 "Related Party Relationships and Transactions" under the Chapter 10.

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

Applicable Not applicable

3. Related-party transactions of common foreign investment

Applicable Not applicable

For details, please refer to "XIV. 7. Other significant related-party transactions" in Chapter 6.

4. Related rights and debt relations

Applicable Not applicable

For details, please refer to Note 10 "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% | 1,965,298 | 33,811,595 | 33,790,598 | 1,986,295 |
| Changan Automobile Financing Co., Ltd. | A company controlled by the actual controller of Changan Automobile | 1,500,000 | 1.85%-3.50% | 1,200,000 | 1,495,000 | 1,200,000 | 1,495,000 |

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 | 50,000 | 1%-4.75% | 7,330 | 8,707 | 9,137 | 6,900 |

Credit granting or other financial business

| Related party | Relationship | Business | Total amount (RMB: 10,000) | Actual amount incurred |
|---------------|--------------|----------|----------------------------|------------------------|
|---------------|--------------|----------|----------------------------|------------------------|

| | | | 10,000) | (RMB: 10,000) |
|--|---|-----------------|-----------|---------------|
| China South Industries Group Finance Co., Ltd. | A company controlled by the actual controller of Changan Automobile | Credit granting | 1,150,000 | 523,164 |

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 | Wwebsite |
|--|---------------------------|--------------------------|
| Announcement of Expected Related-party Transactions in the Ordinary Course of 2022 | April 28th, 2022 | http://www.cninfo.com.cn |
| Announcement on Related-party Transactions of China South Industries Group Finance Co., Ltd. Providing Financial Services for Changan Automobile | May 21st, 2022 | |
| Announcement on Related-party Transactions of Changan Automobile Finance Co., Ltd. Providing Financial Services for Changan Automobile | May 21st, 2022 | |
| Announcement on Related Transactions of Capital Increase to Associated Enterprises | August 3rd, 2022 | |

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 10 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

On December 2, 2022 and December 22, 2022, respectively, the company held the forty-ninth meeting of the eighth board of directors and the fourth Extraordinary General Meeting in 2022 to review the "motion on the acquisition of part of Changan New Energy". After the completion of this transaction, the company's shareholding ratio in Changan New Energy will increase from 40.66 % to 51.00%. Changan New Energy will be included in the company's consolidated statements. For details, see "Announcement on the acquisition of part of Changan New Energy" (Announcement No. 2022-78). On February 18, 2023, the company disclosed "Announcement on the progress of the acquisition of part of Changan New Energy" (Announcement No.2023-05). Changan New Energy has been included in the company's consolidated statements since February 2023.

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 | 519,818,865 | 6.81% | | | 155,945,659 | 10,950 | 155,956,609 | 675,775,474 | 6.81% |
| 1. State-owned legal person shares | 396,393,645 | 5.19% | | | 118,918,093 | | 118,918,093 | 515,311,738 | 5.19% |
| 2. Other domestic shares | 122,490,320 | 1.61% | | | 36,747,096 | 10,950 | 36,758,046 | 159,248,366 | 1.61% |
| Including: domestic legal person shares | | | | | | | | | |
| domestic natural person shares | 122,490,320 | 1.61% | | | 36,747,096 | 10,950 | 36,758,046 | 159,248,366 | 1.61% |
| 3. Foreign shares | 934,900 | 0.01% | | | 280,470 | | 280,470 | 1,215,370 | 0.01% |
| Including: foreign legal persons shares | | | | | | | | | |
| foreign natural person shares | 934,900 | 0.01% | | | 280,470 | | 280,470 | 1,215,370 | 0.01% |
| Shares without sales restrictions | 7,112,334,537 | 93.19% | | | 2,133,700,361 | -10,950 | 2,133,689,411 | 9,246,023,948 | 93.19% |
| 1. Ordinary shares denominated in RMB | 5,849,553,939 | 76.64% | | | 1,754,866,182 | -10,950 | 1,754,855,232 | 7,604,409,171 | 76.64% |
| 2. Domestic listed foreign shares | 1,262,780,598 | 16.55% | | | 378,834,179 | | 378,834,179 | 1,641,614,777 | 16.55% |
| Total shares | 7,632,153,402 | 100.00% | | | 2,289,646,020 | | 2,289,646,020 | 9,921,799,422 | 100.00% |

Reasons for share change

Applicable Not applicable

The company implemented the 2021 annual equity distribution (see the "Announcement on the Implementation of 2021 Annual Dividend Distribution and Capital Share Increase by Transfer" for more information). The distribution plan went: based on the total capital share of 7,632,153,402 distribute RMB 2.33 for each 10 shares Cash (tax included) to all shareholders and increase by transferring 3 shares for each 10 shares to all shareholders by capital reserve. The ex-dividend date is June 27, 2022, and the total number of capital share was 9,921,799,422 after the transfer.

Other changes in the company's limited sales conditions shares are caused by changes in lock-up stocks for retired executives.

Approval of share change

Applicable Not applicable

2021 annual equity distribution was reviewed and approved by the 38th meeting of the 8th Session of Board of Directors on April 26, 2022 and was reviewed and approved by the company's 2021 annual general meeting of shareholders on June 15, 2022.

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 0.36 yuan, and at the end, RMB 0.80 yuan; the diluted earnings per share at the beginning of the reporting period was RMB 0.36 yuan, and at the end was RMB 0.78 yuan; the net assets per share attributable to ordinary shareholders at the beginning were RMB 7.30 yuan, and at the end, RMB 6.34 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 |
|--|--|--------------------------------------|---|--|--|---|
| Southern Industry Asset Management Co., Ltd. | 261,682,243 | 78,504,673 | - | 340,186,916 | Non-public issuance of A shares in 2020 | 2023-10-26 |
| China Changan Automobile Group Co., Ltd. | 130,841,122 | 39,252,336 | - | 170,093,458 | Non-public issuance of A shares in 2020 | 2023-10-26 |
| China South Industries Group Co., Ltd. | 3,870,280 | 1,161,084 | - | 5,031,364 | Non-public issuance of A shares in 2020 | 2023-10-26 |
| A-share restricted stock | 123,398,760 | 37,019,628 | - | 160,418,388 | Equity incentive | The restricted stock granted by the incentive object for the first time and reserved for the restricted stock is released in three batches. The restriction period of each batch is 24 months, 36 months and 48 months from the date of completion of the corresponding grant registration. The proportion of lifting the restriction is 33 %, 33 % and 34 % of the total number of shares granted by the incentive object. |
| Other shareholders | 26,460 | 18,888 | - | 45,348 | Locked shares of senior executives and outgoing executives other than Restricted stock | Lift the sale restriction according to the relevant rules |
| Total | 519,818,865 | 155,956,609 | - | 675,775,474 | -- | -- |

Note: The above "Increase during the reporting period" has been adjusted according to the implementation of the company's 2021 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

Unit: RMB

| 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 |
|--|---------------------|--------------------------|---------------|---------------------|--|-------------------------|--|---------------------|
| Convertible corporate bonds, separate transaction convertible corporate bonds, corporate bonds | | | | | | | | |
| 22 Changan K1 | December 19th, 2022 | 3.00% | 1,000,000,000 | December 26th, 2022 | 1,000,000,000 | December 20th, 2027 | For details, please see the " Chongqing Changan Automobile Co., Ltd.in 2022 for Professional Investors to Publicly Issued Scientific and Technological Innovation Corporate Bonds (Phase I) Issuance Announcement " on http://www.cninfo.com.cn | December 15th, 2022 |

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

On December 19, 2022, the company publicly issued the technology innovation company bonds (Phase I) to professional investors, with the issuance scale of RMB 1,000,000,000 yuan, the bond issuance period of 5 years, and the bond coupon rate of 3.00%. It was listed and traded on the Shenzhen Stock Exchange on December 26, 2022.

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 135,404,623,479.63; the total liabilities were RMB 79,538,383,535.43, and the asset-liability ratio was 58.74%. At the end of the period, the total assets were RMB 146,048,555,951.92, the total liabilities were RMB 83,099,751,390.43, and the asset-liability ratio was 56.90%.

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 | | 731,125 | Number of ordinary shareholders at the month-end prior to the disclosure date of this Report | | 736,208 | 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% | 1,783,090,143 | 411,482,340 | 170,093,458 | 1,612,996,685 | Not pledged, labeled or frozen | | | | |
| China South Industries Group Co., Ltd. | State-owned legal person | 14.22% | 1,410,747,155 | 285,364,756 | 5,031,364 | 1,405,715,791 | | | | | |
| Southern Industry Asset Management Co., Ltd. | State-owned legal person | 5.10% | 506,243,257 | 49,175,367 | 340,186,916 | 166,056,341 | | | | | |
| China Securities Finance Co., Ltd. | Domestic general legal person | 4.30% | 426,362,905 | 98,391,439 | | 426,362,905 | | | | | |
| United Prosperity Investment Co., Ltd. | Foreign legal person | 2.83% | 280,498,832 | 64,730,500 | | 280,498,832 | | | | | |
| Hong Kong Securities Clearing Co., Ltd. | Foreign legal person | 1.44% | 143,126,909 | -97,559,531 | | 143,126,909 | | | | | |
| China Construction Bank Corporation - Huaxia Energy Reform Equity Securities Investment Fund | Funds, wealth management products, etc. | 0.72% | 71,921,430 | 16,048,986 | | 71,921,430 | | | | | |
| GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED | Foreign legal person | 0.43% | 42,682,415 | 12,517,977 | | 42,682,415 | | | | | |
| China Merchants Securities (HK) Co., Ltd. | Foreign legal person | 0.40% | 39,905,619 | 39,905,619 | | 39,905,619 | | | | | |
| Taiping Life Insurance Co., Ltd. | State-owned legal person | 0.35% | 34,742,116 | 34,742,116 | | 34,742,116 | | | | | |
| 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. | 1,612,996,685 | RMB ordinary shares | 1,612,996,685 | | | | | | | | |
| China South Industries Group Co., Ltd. | 1,405,715,791 | RMB ordinary shares | 1,405,715,791 | | | | | | | | |

| | | | |
|--|---|--------------------------------|-------------|
| China Securities Finance Co., Ltd. | 426,362,905 | RMB ordinary shares | 426,362,905 |
| United Prosperity Investment Co., Limited | 280,498,832 | Domestic listed foreign shares | 280,498,832 |
| Southern Industry Asset Management Co., Ltd. | 166,056,341 | RMB ordinary shares | 166,056,341 |
| Hong Kong Securities Clearing Co., Ltd. | 143,126,909 | RMB ordinary shares | 143,126,909 |
| China Construction Bank Corporation - Huaxia Energy Reform Equity Securities Investment Fund | 71,921,430 | RMB ordinary shares | 71,921,430 |
| GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED | 42,682,415 | Domestic listed foreign shares | 42,682,415 |
| China Merchants Securities (HK) Co., Ltd. | 39,905,619 | Domestic listed foreign shares | 39,905,619 |
| Taiping Life Insurance Co., Ltd. | 34,742,116 | RMB ordinary shares | 34,742,116 |
| Description of the related relationship or acting in concert among the top 10 shareholders of unrestricted circulating shares, and between the top 10 shareholders of unrestricted tradable shares and the top 10 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 as stipulated in the "Measures for the Administration of Takeover of Listed Companies". | | |

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

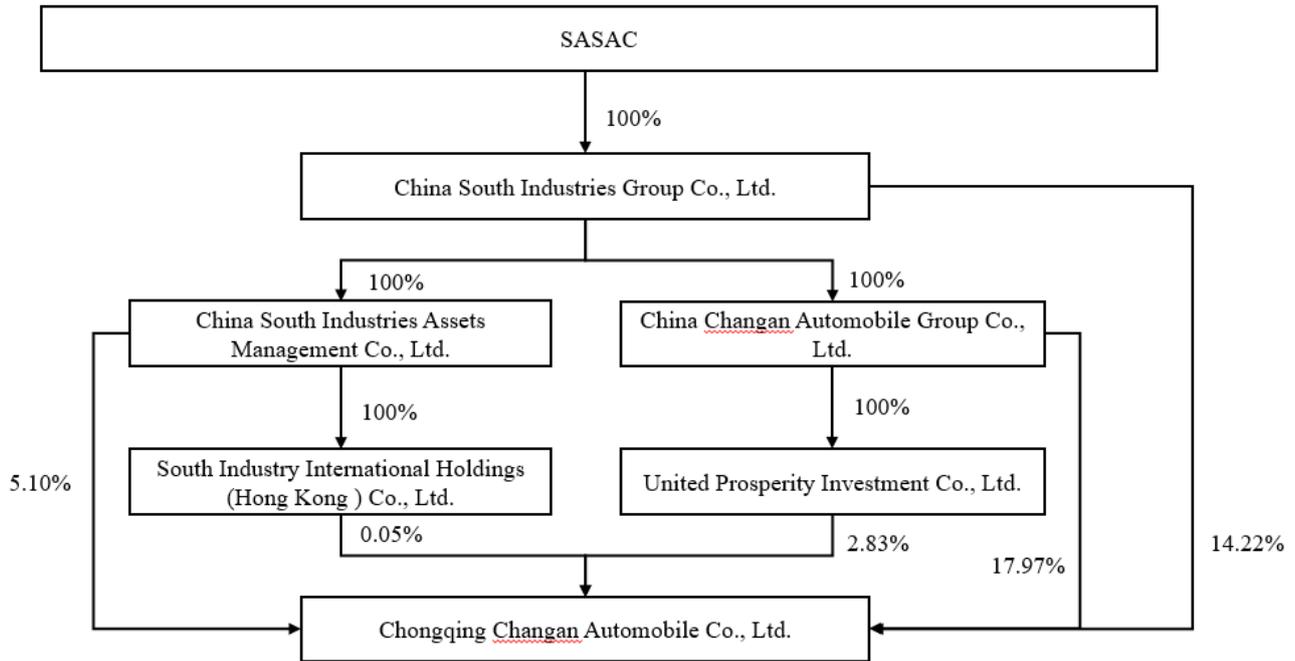
| Name | Legal Representative | Date of establishment | Organization code | Businesses |
|---|--|-----------------------|--------------------|---|
| China South Industries Group Corp. | Xu Xianping | Jun 29th,1999 | 91110000710926043F | Investment and management of state-owned assets, operation and management, 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

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

I. Enterprise Bonds

Applicable Not applicable

No enterprise bonds in the Reporting Period

II. Corporate Bonds

Applicable Not applicable

1. Basic Information of the Corporate Bonds

Unit: RMB

| Bond Name | Abbreviation | Bond Code | Date of issue | Value date | Maturity | Bonds balance | Interest rate | Way of redemption | Trading place |
|--|--|-----------|---------------------|---------------------|---------------------|---------------|---------------|---|-------------------------|
| Chongqing Changan Automobile Co., Ltd. publicly issued science and technology innovation corporate bonds to professional investors in 2022 (Phase I) | 22 Changan K1 | 148147.SZ | December 19th, 2022 | December 20th, 2022 | December 20th, 2027 | 1,000,000,000 | 3.00% | Single interest is calculated on an annual basis, excluding compound interest. The interest is paid once a year, and the principal is repaid once due. The last interest is paid with the payment of the principal. | Shenzhen Stock Exchange |
| Appropriate arrangement of the investors (if any) | This bond is issued to professional institutional investors who open A-share securities accounts in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. (excluding purchasers prohibited by laws and regulations). | | | | | | | | |
| Applicable trading mechanism | Centralized bidding trade and block trading | | | | | | | | |
| Risk of termination of listing transactions (if any) and countermeasures | None | | | | | | | | |

Overdue bonds

Applicable Not applicable

2. The Trigger and Execution of the Option Clause of the Issuers or Investors and the Investor Protection Clause

Applicable Not applicable

3. Intermediary

| Bond | Intermediary | Office address | Signature accountant | Contact person of intermediary | Contact number |
|--|---|--|------------------------------|--------------------------------|----------------|
| Chongqing Changan Automobile Co., Ltd. | Lead underwriter and bond trustee: CITIC Securities Co., Ltd. | 22nd Floor, CITIC Securities Building, No. 48 Liangmaqiao Road, Chaoyang District, Beijing | Hu Yan, Qiao Chun, Yuan Yong | Jiang Haotian, Jiang jiarong | 010-60837490 |

| | | | | |
|---|---|--|----------------------------|---------------|
| publicly issued science and technology innovation corporate bonds to professional investors in 2022 (Phase I) | Joint lead underwriter: China International Capital Corporation Limited | 27th and 28th Floors, Block 2, Guomao Building, No. 1 Jianguomenwai Street, Chaoyang District, Beijing | Qi Qin, Yan Runan, Li Cong | 010-65051166 |
| | Law Firm: Beijing ZhongLun Law Firm | Floor 8-10, Building A, Rongchao Business Center, 6003 Yitian Road, Futian District, Shenzhen | Xu Zhigang | 0755-33256902 |
| | Accounting firm: Ernst & Young Hua Ming LLP (Special General Partnership) | 17th Floor, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing, China | Qiao Chun, Yuan Yong | 023-62736177 |
| | Rating agency: United Credit Rating Co., Ltd. | 17th Floor, PICC Property&Casualty Insurance Building, No. 2 Jianguomenwai Street, Chaoyang District, Beijing | Sun Changzheng, Li Jingyun | 010-85679696 |

Indicate by tick mark whether above intermediary changed in the Reporting Period

Yes No

4. List of the Usage of the Raised Funds

Unit: RMB

| Bond | Total amount | Amount spent | Unused amount | Operation of special account for raised funds | Rectification of raised funds for violation operation | Whether is consistent with the usage, using plan and other agreements stipulated in the raising specification |
|--|---------------|---------------|---------------|---|---|---|
| Chongqing Changan Automobile Co., Ltd. publicly issued science and technology innovation corporate bonds to professional investors in 2022 (Phase I) | 1,000,000,000 | 1,000,000,000 | 0 | Relevant special accounts for raised funds are used normally according to regulations | No illegal use of raised funds | Yes |

The raised funds were used for project construction

Applicable Not applicable

The Company changed the usage of above funds raised from bonds during the Reporting Period.

Applicable Not applicable

5. Adjustment of Credit Rating Results during the Reporting Period

Applicable Not applicable

6. Execution and Changes of Guarantee, Repayment Plan and Other Repayment Guarantee Measures as well as Influence on Equity of Bond Investors during the Reporting Period

Applicable Not applicable

III. Debt Financing Instruments of Non-financial Enterprises

Applicable Not applicable

No such cases in the Reporting Period.

IV. Convertible Corporate Bonds

Applicable Not applicable
No such cases in the Reporting Period.

V. Losses of Scope of Consolidated Financial Statements during the Reporting Period Exceeding 10% of Net Assets up the Period-end of Last Year

Applicable Not applicable

VI. Matured Interest-bearing Debt excluding Bonds up the Period-end

Applicable Not applicable

VII. Whether there was any Violation of Rules and Regulations during the Reporting Period

Yes No

VIII. The Major Accounting Data and the Financial Indicators of the Recent 2 Years of the Company up the Period-end

Unit: 10,000 RMB

| Items | 31 December 2022 | 31 December 2021 | Increase/decrease |
|---|------------------|------------------|-------------------|
| Current ratio | 1.28 | 1.20 | 6.67% |
| Debt/asset ratio | 56.90% | 58.74% | -1.84% |
| Quick ratio | 1.18 | 1.03 | 14.56% |
| | 31 December 2022 | 31 December 2021 | Increase/decrease |
| Net profit after deducting non-recurring profit or loss | 445,891.93 | 165,277.13 | 169.78% |
| Debt/EBITDA ratio | 46.48% | 39.59% | 6.89% |
| Interest cover (times) | 137.44 | 67.31 | 104.19% |
| Cash-to-interest cover (times) | 116.39 | 508.67 | -77.12% |
| EBITDA-to-interest cover (times) | 793.45 | 697.23 | 13.80% |
| Loan repayment rate | 100% | 100% | 0 |
| Interest coverage | 100% | 100% | 0 |

Chapter 10 Auditor's Report

Ernst & Young Hua Ming Shen Zi (2023) 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 (2023) 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 2022, 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 2022, 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 (2023) 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 |
|---|---|
| <i>Provision for warranties</i> | |
| <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 (2023) 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 (2023) 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 (2023) 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 (2023) 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

16 April 2023

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET
31 December 2022
(Expressed in Renminbi Yuan)

| Assets | Notes V | 2022/12/31 | 2021/12/31 |
|------------------------------------|----------------|---------------------------|---------------------------|
| Current assets | | | |
| Cash | 1 | 53,530,183,827.34 | 51,976,242,149.37 |
| Financial assets held for trading | 2 | 280,315,571.09 | 195,798,300.00 |
| Notes receivable | 3 | 35,849,660,652.96 | 24,267,633,416.65 |
| Accounts receivable | 4 | 3,068,414,415.29 | 1,675,427,534.87 |
| Prepayments | 5 | 749,572,262.00 | 3,241,248,831.28 |
| Other receivables | 6 | 1,261,157,951.14 | 632,122,942.37 |
| Inventories | 7 | 5,823,307,512.90 | 6,852,874,420.59 |
| Contract assets | 8 | 458,389,187.10 | 1,151,292,247.36 |
| Other current assets | 9 | <u>1,054,779,668.19</u> | <u>1,147,798,871.42</u> |
| Total current assets | | <u>102,075,781,048.01</u> | <u>91,140,438,713.91</u> |
| Non-current assets | | | |
| Long-term equity investments | 10 | 14,406,662,456.28 | 13,245,374,860.55 |
| Other equity instrument investment | 11 | 489,950,000.00 | 701,409,600.00 |
| Investment property | 12 | 6,422,715.04 | 6,649,426.60 |
| Fixed assets | 13 | 19,346,764,691.44 | 21,325,959,850.16 |
| Construction in progress | 14 | 1,387,898,218.64 | 1,460,176,539.43 |
| Right-of-use assets | 15 | 100,813,386.01 | 66,313,062.98 |
| Intangible assets | 16 | 4,446,385,255.68 | 4,385,997,657.67 |
| Development expenditure | 17 | 723,211,177.47 | 727,568,248.78 |
| Goodwill | 18 | 9,804,394.00 | 48,883,188.37 |
| Long-term deferred expenses | 19 | 26,375,422.17 | 15,032,814.19 |
| Deferred tax assets | 20 | <u>3,028,487,187.18</u> | <u>2,280,819,516.99</u> |
| Total non-current assets | | <u>43,972,774,903.91</u> | <u>44,264,184,765.72</u> |
| TOTAL ASSETS | | <u>146,048,555,951.92</u> | <u>135,404,623,479.63</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET (continued)
31 December 2022
(Expressed in Renminbi Yuan)

| | <u>Notes V</u> | <u>2022/12/31</u> | <u>2021/12/31</u> |
|--|----------------|--------------------------|--------------------------|
| Current liabilities | | | |
| Short-term loans | 21 | 29,000,000.00 | 19,000,000.00 |
| Notes payable | 22 | 22,072,793,864.83 | 24,292,268,371.12 |
| Account payable | 23 | 29,449,664,138.75 | 23,650,604,870.98 |
| Contract liabilities | 24 | 5,655,256,792.66 | 9,840,509,514.39 |
| Payroll payable | 25 | 2,807,158,489.85 | 2,566,570,928.52 |
| Tax payable | 26 | 1,749,946,082.32 | 1,121,313,397.52 |
| Other payables | 27 | 6,082,766,424.67 | 4,562,626,344.69 |
| Contingent liabilities | 28 | 4,589,299,321.49 | 3,839,015,677.84 |
| Non-current liabilities due within one year | 29 | 885,723,901.34 | 533,839,583.57 |
| Other current liabilities | 30 | <u>6,627,044,667.62</u> | <u>5,680,959,029.22</u> |
| Total current liabilities | | <u>79,948,653,683.53</u> | <u>76,106,707,717.85</u> |
| Non-current liabilities | | | |
| Long-term loans | 31 | 36,000,000.00 | 600,000,000.00 |
| Bonds payable | 32 | 999,528,301.88 | - |
| Lease Liabilities | 33 | 60,205,397.98 | 38,679,735.59 |
| Long-term account payable | 34 | 553,518,750.12 | 825,473,490.08 |
| Long term payroll payable | 35 | 35,013,000.00 | 39,103,000.00 |
| Deferred income | 36 | 347,568,549.62 | 924,749,731.12 |
| Deferred tax liabilities | 20 | 237,036,741.16 | 217,441,992.37 |
| Other non-current liabilities | 37 | <u>882,226,966.14</u> | <u>786,227,868.42</u> |
| Total non-current liabilities | | <u>3,151,097,706.90</u> | <u>3,431,675,817.58</u> |
| Total liabilities | | <u>83,099,751,390.43</u> | <u>79,538,383,535.43</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET (continued)
 31 December 2022
 (Expressed in Renminbi Yuan)

| | <u>Notes V</u> | <u>2022/12/31</u> | <u>2021/12/31</u> |
|-------------------------------|----------------|---------------------------|---------------------------|
| Owners' equity | | | |
| Share capital | 38 | 9,921,799,422.00 | 7,632,153,402.00 |
| Capital reserves | 39 | 8,532,806,685.77 | 9,776,193,360.38 |
| Less: treasury shares | 40 | 627,060,416.52 | 655,812,327.60 |
| Other | | | |
| comprehensive Income | 41 | 98,841,615.42 | 69,442,469.53 |
| Special reserves | 42 | 24,090,898.05 | 27,988,260.61 |
| Surplus reserves | 43 | 3,528,137,635.53 | 2,982,292,413.67 |
| Retained earnings | 44 | <u>41,379,489,865.45</u> | <u>35,900,674,525.13</u> |
| Equity attributable to owners | | 62,858,105,705.70 | 55,732,932,103.72 |
| Minority interests | | <u>90,698,855.79</u> | <u>133,307,840.48</u> |
| Total equity | | <u>62,948,804,561.49</u> | <u>55,866,239,944.20</u> |
| TOTAL LIABILITIES | | | |
| AND OWNERS' EQUITY | | | |
| | | <u>146,048,555,951.92</u> | <u>135,404,623,479.63</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 2022
(Expressed in Renminbi Yuan)

| | <u>Notes V</u> | <u>2022</u> | <u>2021</u> |
|---|----------------|-------------------------|-------------------------|
| Operating revenue | 45 | 121,252,864,085.40 | 105,141,877,237.05 |
| Less: Operating cost | 45 | 96,409,610,873.76 | 87,648,705,534.14 |
| Tax and surcharges | 46 | 4,101,847,822.50 | 3,972,433,040.45 |
| Operating expenses | 47 | 5,138,270,162.95 | 4,645,654,234.59 |
| General and administrative expenses | 48 | 3,532,458,198.76 | 3,499,654,508.49 |
| Research and development expenses | 49 | 4,315,444,864.76 | 3,515,029,178.76 |
| Financial income | 50 | (1,017,305,743.08) | (780,923,197.18) |
| Interest expense | | 48,683,490.36 | 45,160,385.56 |
| Interest income | | 1,014,346,758.69 | 868,952,893.13 |
| Add: Other incomes | 51 | 529,819,888.31 | 330,174,796.23 |
| Investment income/(loss) | 52 | (768,957,070.79) | 1,013,650,091.28 |
| Including: Investment income/(loss) from associates and joint venture | | (3,060,648,491.82) | 924,827,870.13 |
| Earnings from fair value changes | 53 | 3,570,229.29 | 42,078,804.00 |
| Impairment loss of credit | 54 | (32,242,010.27) | (23,050,864.57) |
| Impairment loss on assets | 55 | (945,853,716.20) | (1,019,254,832.79) |
| Gain on disposal of assets | 56 | 74,862,481.00 | 745,601,530.26 |
| Operating profit | | 7,633,737,707.09 | 3,730,523,462.21 |
| Add: Non-operating income | 57 | 128,910,416.79 | 130,170,270.12 |
| Less: Non-operating expenses | 58 | 54,391,039.79 | 40,084,896.60 |
| Total profit | | 7,708,257,084.09 | 3,820,608,835.73 |
| Less: Income tax expense | 60 | (36,425,271.88) | 216,390,645.75 |
| Net profit | | <u>7,744,682,355.97</u> | <u>3,604,218,189.98</u> |
| Classification by going concern | | | |
| Net profit from continuing operations | | 7,744,682,355.97 | 3,604,218,189.98 |
| Classification by ownership attribution | | | |
| Net profit attributable to owners | | 7,798,451,093.72 | 3,552,463,320.03 |
| Minority interests | | (53,768,737.75) | 51,754,869.95 |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED INCOME STATEMENT (continued)
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

| | <u>Notes V</u> | <u>2022</u> | <u>2021</u> |
|--|----------------|-------------------------|-------------------------|
| Other comprehensive income, net of tax | | | |
| Total comprehensive income attributable to owners, net of tax | | 34,464,805.89 | (8,978,251.25) |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods | | | |
| Change in net liability or assets from defined benefit plan | | 112,000.00 | (1,519,000.00) |
| Other comprehensive income under the equity method cannot be converted into profit or loss | | 602,832.07 | (1,279,985.89) |
| Changes in fair value of other equity investment | | (4,675,000.00) | 8,006,660.00 |
| | | <u>(3,960,167.93)</u> | <u>5,207,674.11</u> |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | |
| Other comprehensive income under the equity method to be converted into profit or loss | | (75,815.98) | - |
| Foreign currency reserve | | 38,500,789.80 | (14,185,925.36) |
| | | <u>38,424,973.82</u> | <u>(14,185,925.36)</u> |
| Total comprehensive income attributable to minority interests, net of tax | | <u>(1,916.69)</u> | <u>19,231.15</u> |
| Total comprehensive income | | <u>7,779,145,245.17</u> | <u>3,595,259,169.88</u> |
| <i>Including:</i> | | | |
| Total comprehensive income attributable to owners | | 7,832,915,899.61 | 3,543,485,068.78 |
| Total comprehensive income attributable to minority interest | | (53,770,654.44) | 51,774,101.10 |
| Earnings per share | | | |
| Basic earnings per share | 61 | <u>0.7960</u> | <u>0.3616</u> |
| Diluted earnings per share | 61 | <u>0.7799</u> | <u>0.3579</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 2022
(Expressed in Renminbi Yuan)

2022

| | 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 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 |
| Changes during the year: | | | | | | | | | | |
| Total comprehensive income | - | - | - | 34,464,805.89 | - | - | 7,798,451,093.72 | 7,832,915,899.61 | (53,770,654.44) | 7,779,145,245.17 |
| Capital contributed by owners and capital decreases | | | | | | | | | | |
| 1.Amount of share-based payments included in shareholders' equity | - | 380,209,900.00 | - | - | - | - | - | 380,209,900.00 | - | 380,209,900.00 |
| 2.Others | - | 666,049,445.39 | - | - | - | - | - | 666,049,445.39 | - | 666,049,445.39 |
| Distribution of profit | | | | | | | | | | |
| 1.Surplus reserve | - | - | - | - | - | 545,845,221.86 | (545,845,221.86) | - | - | - |
| 2.Distribution to owners | - | - | (28,751,911.08) | - | - | - | (1,778,856,191.54) | (1,750,104,280.46) | - | (1,750,104,280.46) |
| Internal transfer of shareholder equity | | | | | | | | | | |
| 1.Capital reserve converted into share capital | 2,289,646,020.00 | (2,289,646,020.00) | - | - | - | - | - | - | - | - |
| 2.Other comprehensive income converted to retained earnings | - | - | - | (5,065,660.00) | - | - | 5,065,660.00 | - | - | - |
| Special reserves | | | | | | | | | | |
| 1.Provided | - | - | - | - | 104,696,987.95 | - | - | 104,696,987.95 | 3,726,050.64 | 108,423,038.59 |
| 2.Utilized | - | - | - | - | (108,594,350.51) | - | - | (108,594,350.51) | (3,439,069.58) | (112,033,420.09) |
| Disposal of subsidiaries | - | - | - | - | - | - | - | - | 10,874,688.69 | 10,874,688.69 |
| At 31 December 2022 | 9,921,799,422.00 | 8,532,806,685.77 | 627,060,416.52 | 98,841,615.42 | 24,090,898.05 | 3,528,137,635.53 | 41,379,489,865.45 | 62,858,105,705.70 | 90,698,855.79 | 62,948,804,561.49 |

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 2022
(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 CASH FLOW STATEMENT
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

| | <u>Notes V</u> | <u>2022</u> | <u>2021</u> |
|---|----------------|---------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from sale of goods or rendering of services | | 122,619,321,871.95 | 128,548,576,993.05 |
| Refunds of taxes | | 2,134,224,529.98 | 1,031,417,236.58 |
| Cash received relating to other operating activities | 62 | <u>2,441,682,594.87</u> | <u>3,267,694,695.32</u> |
| Subtotal of cash inflows | | <u>127,195,228,996.80</u> | <u>132,847,688,924.95</u> |
| Cash paid for goods and services | | 97,369,979,246.46 | 90,214,683,838.52 |
| Cash paid to and on behalf of employees | | 9,188,241,321.99 | 7,600,050,569.34 |
| Cash paid for all types of taxes | | 8,604,964,741.08 | 6,961,836,584.35 |
| Cash paid relating to other operating activities | 62 | <u>6,365,696,828.75</u> | <u>5,099,394,721.90</u> |
| Subtotal of cash outflows | | <u>121,528,882,138.28</u> | <u>109,875,965,714.11</u> |
| Net cash flows from operating activities | 63 | <u>5,666,346,858.52</u> | <u>22,971,723,210.84</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash received from recovery of investment | | 131,455,724.43 | 79,892,280.00 |
| Cash received from return on investment | | 1,750,853,747.11 | 985,428,249.71 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 609,907,900.54 | 85,134,014.22 |
| Cash received relating to other investing activities | 62 | <u>-</u> | <u>300,000,000.00</u> |
| Subtotal of cash inflows | | <u>2,492,217,372.08</u> | <u>1,450,454,543.93</u> |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | | 1,405,004,336.97 | 2,009,773,990.95 |
| Cash paid for investment | | 3,226,058,570.32 | 929,905,994.00 |
| Other cash disbursed in connection with investment activities | 62 | <u>815,126,333.76</u> | <u>-</u> |
| Subtotal of cash outflows | | <u>5,446,189,241.05</u> | <u>2,939,679,984.95</u> |
| Net cash flows from investing activities | | <u>(2,953,971,868.97)</u> | <u>(1,489,225,441.02)</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 2022
(Expressed in Renminbi Yuan)

| | <u>Notes V</u> | <u>2022</u> | <u>2021</u> |
|---|----------------|--------------------------|---------------------------|
| CASH FLOWS FROM | | | |
| FINANCING ACTIVITIES: | | | |
| Cash received from absorbing investments | | - | 942,392,939.15 |
| Including: cash received by the subsidiary from absorbing minority shareholders' investment | | - | 4,812,859.15 |
| Cash received from borrowings | | 1,086,598,301.88 | 48,000,000.00 |
| Cash received relating to other financing activities | 62 | <u>1,705,726,148.77</u> | <u>836,125,136.66</u> |
| Sub-total of cash inflows | | <u>2,792,324,450.65</u> | <u>1,826,518,075.81</u> |
| Cash repayments of borrowings | | 391,370,000.00 | 708,000,000.00 |
| Cash paid for distribution of dividends or profits and interest expenses | | 1,803,960,937.04 | 1,704,968,349.69 |
| Cash paid relating to other financing activities | 62 | <u>372,563,245.60</u> | <u>2,009,509,141.05</u> |
| Sub-total of cash outflows | | <u>2,567,894,182.64</u> | <u>4,422,477,490.74</u> |
| Net cash flows from financing activities | | <u>224,430,268.01</u> | <u>(2,595,959,414.93)</u> |
| EFFECT OF CHANGES IN | | | |
| EXCHANGE RATE ON CASH | | <u>36,712,955.19</u> | <u>(24,589,577.53)</u> |
| NET INCREASE IN CASH | | | |
| AND CASH EQUIVALENTS | | 2,973,518,212.75 | 18,861,948,777.36 |
| Add: Opening balance of cash and cash equivalents | | <u>49,517,916,834.99</u> | <u>30,655,968,057.63</u> |
| CLOSING BALANCE OF | | | |
| CASH AND CASH EQUIVLANT | 63 | <u>52,491,435,047.74</u> | <u>49,517,916,834.99</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
BALANCE SHEET
31 December 2022
(Expressed in Renminbi Yuan)

| | <u>Notes</u> <u>XIV</u> | <u>2022/12/31</u> | <u>2021/12/31</u> |
|---------------------------------------|----------------------------|---------------------------|---------------------------|
| Current assets | | | |
| Cash | | 44,742,705,933.76 | 41,917,770,676.45 |
| Financial assets held for trading | | 251,165,128.80 | 195,798,300.00 |
| Notes receivable | | 32,497,209,409.96 | 21,500,746,660.99 |
| Accounts receivable | 1 | 5,538,504,821.82 | 7,931,510,606.59 |
| Prepayments | | 519,014,279.72 | 2,935,068,191.78 |
| Other receivables | 2 | 859,026,748.64 | 1,756,623,581.93 |
| Inventories | | 2,872,390,838.54 | 4,137,987,048.19 |
| Contract assets | | 221,555,444.48 | 635,112,994.60 |
| Other current assets | | <u>199,954,784.05</u> | <u>21,082,615.46</u> |
| Total current assets | | <u>87,701,527,389.77</u> | <u>81,031,700,675.99</u> |
| Non-current assets | | | |
| Long-term equity investments | 3 | 17,385,137,116.25 | 17,660,819,978.70 |
| Other equity instrument investment | | 489,950,000.00 | 691,156,200.00 |
| Fixed assets | | 14,214,227,798.06 | 16,001,089,813.79 |
| Construction in progress | | 895,860,965.16 | 475,209,255.90 |
| Right-of-use assets | | 78,806,182.57 | 53,789,648.12 |
| Intangible assets | | 3,299,143,861.49 | 3,205,472,940.52 |
| Development expenditure | | 616,814,902.46 | 422,291,074.50 |
| Long-term deferred expenses | | 24,406,892.18 | 12,065,475.24 |
| Deferred tax assets | | <u>2,631,189,529.75</u> | <u>1,893,957,371.71</u> |
| Total non-current assets | | <u>39,635,537,247.92</u> | <u>40,415,851,758.48</u> |
| TOTAL ASSETS | | <u>127,337,064,637.69</u> | <u>121,447,552,434.47</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
BALANCE SHEET (continued)
31 December 2022
(Expressed in Renminbi Yuan)

| | <u>Notes</u> <u>XIV</u> | <u>2022/12/31</u> | <u>2021/12/31</u> |
|---|----------------------------|---------------------------|---------------------------|
| Current liabilities | | | |
| Notes payable | | 18,728,133,049.99 | 19,118,739,562.85 |
| Accounts payable | | 21,488,548,997.96 | 20,181,845,700.58 |
| Contract liabilities | | 3,997,514,972.13 | 8,446,500,016.04 |
| Payroll payable | | 2,436,938,973.59 | 2,074,732,440.77 |
| Taxes payable | | 1,376,448,691.45 | 784,928,251.22 |
| Other payables | | 5,425,776,798.83 | 4,330,506,737.23 |
| Contingent liabilities | | 3,936,444,965.49 | 3,050,701,028.41 |
| Non-current liabilities due within one year | | 635,180,849.52 | 374,210,756.73 |
| Other current liabilities | | <u>5,932,680,982.04</u> | <u>4,955,516,106.11</u> |
| Total current liabilities | | <u>63,957,668,281.00</u> | <u>63,317,680,599.94</u> |
| Non-current liabilities | | | |
| Long term loans | | 36,000,000.00 | 600,000,000.00 |
| Bonds Payable | | 999,528,301.88 | - |
| Lease Liabilities | | 45,437,270.79 | 30,751,928.99 |
| Long term payable | | 144,571,302.45 | 120,409,242.99 |
| Long term payroll payable | | 20,565,000.00 | 21,995,000.00 |
| Deferred income | | 150,000,000.00 | 150,000,000.00 |
| Deferred tax liabilities | | 195,053,909.31 | 178,583,323.79 |
| Other non-current liabilities | | <u>844,435,549.31</u> | <u>715,087,257.75</u> |
| Total non-current liabilities | | <u>2,435,591,333.74</u> | <u>1,816,826,753.52</u> |
| Total liabilities | | <u>66,393,259,614.74</u> | <u>65,134,507,353.46</u> |
| Owner's equity | | | |
| Share capital | | 9,921,799,422.00 | 7,632,153,402.00 |
| Capital reserves | | 8,047,195,325.61 | 9,293,065,334.91 |
| Less: treasury shares | | 627,060,416.52 | 655,812,327.60 |
| Other comprehensive income | | 157,416,810.63 | 166,051,336.11 |
| Special reserves | | 10,285,640.79 | 7,552,984.45 |
| Surplus reserves | | 3,528,137,635.53 | 2,982,292,413.67 |
| Retained earnings | | <u>39,906,030,604.91</u> | <u>36,887,741,937.47</u> |
| Total owner's equity | | <u>60,943,805,022.95</u> | <u>56,313,045,081.01</u> |
| TOTAL LIABILITIES AND OWNERS' EQUITY | | <u>127,337,064,637.69</u> | <u>121,447,552,434.47</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
INCOME STATEMENT
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

| | <u>Notes</u> | <u>2022/12/31</u> | <u>2021/12/31</u> |
|---|--------------|-------------------------|-------------------------|
| | <u>XIV</u> | | |
| Operating revenue | 4 | 106,665,145,289.28 | 98,302,939,371.97 |
| Less: Operating cost | 4 | 86,241,479,807.95 | 84,138,585,800.66 |
| Tax and surcharges | | 2,941,819,015.41 | 2,898,309,008.73 |
| Operating expenses | | 3,664,889,410.65 | 3,670,173,505.37 |
| General and administrative expenses | | 2,913,302,431.16 | 2,610,713,089.51 |
| Research and development expenses | | 4,234,015,352.11 | 3,371,837,869.71 |
| Financial income | | (825,576,954.93) | (695,999,209.03) |
| Interest expense | | 26,032,591.55 | 39,147,654.54 |
| Interest income | | 868,071,769.55 | 752,571,893.13 |
| Add: Other incomes | | 283,581,332.54 | 40,860,900.00 |
| Investment income | 5 | (1,923,078,565.61) | 1,531,325,711.97 |
| Including: Investment Income/(loss) from associates and joint venture | | (3,075,237,898.94) | 1,441,363,553.71 |
| Income/(loss) from fair value changes | | (25,580,213.00) | (2,805,696.00) |
| Credit impairment loss | | (15,475,196.02) | (8,817,825.93) |
| Impairment loss | | (659,679,327.77) | (861,714,244.01) |
| Gain/(loss) on disposal of assets | | 33,996,713.38 | 10,187,339.53 |
| Operating profit | | 5,188,980,970.45 | 3,018,355,492.58 |
| Add: Non-operating income | | 50,112,744.21 | 23,020,197.15 |
| Less: Non-operating expenses | | 25,461,278.69 | 23,902,086.95 |
| Total profit | | 5,213,632,435.97 | 3,017,473,602.78 |
| Less: Income tax expense | | (244,819,782.60) | 11,530,336.10 |
| Net profit | | <u>5,458,452,218.57</u> | <u>3,005,943,266.68</u> |
| Classification by going concern | | | |
| Net profit from continuing operations | | 5,458,452,218.57 | 3,005,943,266.68 |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
INCOME STATEMENT (continued)
 Year ended 31 December 2022
 (Expressed in Renminbi Yuan)

| | <u>Notes</u> <u>XIV</u> | <u>2022/12/31</u> | <u>2021/12/31</u> |
|---|----------------------------|-------------------------|-------------------------|
| 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 | | 141,000.00 | (720,000.00) |
| Other comprehensive income under the equity method cannot be converted into profit or loss | | 602,832.07 | (1,279,985.89) |
| Changes in fair value of other equity investment | | (4,675,000.00) | 8,097,270.00 |
| | | <u>(3,931,167.93)</u> | <u>6,097,284.11</u> |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | | | |
| Reclassification of financial assets recognized in other comprehensive income | | | |
| Amounts under equity method | | 70,412.45 | - |
| Total comprehensive income | | <u>5,454,591,463.09</u> | <u>3,012,040,550.79</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 2022
(Expressed in Renminbi Yuan)

2022

| | Share capital | Capital reserves | Less: treasury shares | Other comprehensive income | Special reserves | Surplus reserves | Retained earnings | Total owner's equity |
|---|------------------|--------------------|-----------------------|----------------------------|------------------|------------------|--------------------|----------------------|
| At 31 December 2021 | 7,632,153,402.00 | 9,293,065,334.91 | 655,812,327.60 | 166,051,336.11 | 7,552,984.45 | 2,982,292,413.67 | 36,887,741,937.47 | 56,313,045,081.01 |
| Changes during the year: | | | | | | | | |
| Total comprehensive income | - | - | - | (3,860,755.48) | - | - | 5,458,452,218.57 | 5,454,591,463.09 |
| Capital contributed by owners and capital decreases | | | | | | | | |
| 1.Amount of share-based payments included in shareholders' equity | - | 380,209,900.00 | - | - | - | - | - | 380,209,900.00 |
| 2.Others | - | 663,566,110.70 | - | - | - | - | - | 663,566,110.70 |
| Distribution of profit | | | | | | | | |
| 1.Surplus reserve | - | - | - | - | - | 545,845,221.86 | (545,845,221.86) | - |
| 2.Distribution to owners | - | - | (28,751,911.08) | - | - | - | (1,778,856,191.54) | (1,750,104,280.46) |
| Internal transfer of shareholder equity | | | | | | | | |
| 1.Capital reserve converted into share capital | 2,289,646,020.00 | (2,289,646,020.00) | - | - | - | - | - | - |
| 2.Other comprehensive earnings converted to retained earnings | - | - | - | (4,773,770.00) | - | - | 4,773,770.00 | - |
| Special reserves | | | | | | | | |
| 1.Provided | - | - | - | - | 61,019,966.31 | - | - | 61,019,966.31 |
| 2.Utilized | - | - | - | - | (58,287,309.97) | - | - | (58,287,309.97) |
| Disposition of subsidiaries | - | - | - | - | - | - | (120,235,907.73) | (120,235,907.73) |
| At 31 December 2022 | 9,921,799,422.00 | 8,047,195,325.61 | 627,060,416.52 | 157,416,810.63 | 10,285,640.79 | 3,528,137,635.53 | 39,906,030,604.91 | 60,943,805,022.95 |

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 2022
(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
CASH FLOW STATEMENT
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

| | <u>2022</u> | <u>2021</u> |
|---|---------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from sale of goods or rendering of services | 101,043,628,683.39 | 111,833,846,959.34 |
| Refunds of taxes | 215,500,668.27 | - |
| Cash received relating to other operating activities | <u>2,041,143,114.40</u> | <u>1,467,818,250.53</u> |
| Subtotal of cash inflows | <u>103,300,272,466.06</u> | <u>113,301,665,209.87</u> |
| Cash paid for goods and services | 80,159,943,881.88 | 78,605,485,054.62 |
| Cash paid to and on behalf of employees | 6,388,175,996.37 | 5,542,027,671.21 |
| Cash paid for all types of taxes | 5,761,670,921.49 | 5,258,611,669.40 |
| Cash paid relating to other operating activities | <u>4,922,708,175.82</u> | <u>4,133,449,098.11</u> |
| Subtotal of cash outflows | <u>97,232,498,975.56</u> | <u>93,539,573,493.34</u> |
| Net cash flows from operating activities | <u>6,067,773,490.50</u> | <u>19,762,091,716.53</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash received from recovery of investment | 121,799,633.86 | 79,892,280.00 |
| Cash received from return on investment | 1,809,926,134.11 | 918,427,083.03 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 554,362,304.63 | 14,915,738.17 |
| Cash received relating to other investing activities | <u>-</u> | <u>500,000,000.00</u> |
| Subtotal of cash inflows | <u>2,486,088,072.60</u> | <u>1,513,235,101.20</u> |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | 1,064,936,821.33 | 1,479,062,944.86 |
| Cash paid for investment | <u>3,506,058,570.32</u> | <u>1,429,902,283.00</u> |
| Subtotal of cash outflows | <u>4,570,995,391.65</u> | <u>2,908,965,227.86</u> |
| Net cash flows from investing activities | <u>(2,084,907,319.05)</u> | <u>(1,395,730,126.66)</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CASH FLOW STATEMENT (continued)
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

| | <u>2022</u> | <u>2021</u> |
|--|---------------------------|---------------------------|
| CASH FLOWS FROM | | |
| FINANCING ACTIVITIES: | | |
| Cash received from absorbing investments | - | 683,830,080.00 |
| Cash received from borrowings | <u>1,039,528,301.88</u> | <u>-</u> |
| Sub-total of cash inflows | <u>1,039,528,301.88</u> | <u>683,830,080.00</u> |
| Cash repayments of borrowings | 354,300,000.00 | 611,000,000.00 |
| Cash paid for distribution of dividends or profits and interest expenses | 1,802,234,067.67 | 1,702,697,363.56 |
| Cash paid relating to other financing activities | <u>23,280,631.67</u> | <u>37,526,537.08</u> |
| Sub-total of cash outflows | <u>2,179,814,699.34</u> | <u>2,351,223,900.64</u> |
| Net cash flows from financing activities | <u>(1,140,286,397.46)</u> | <u>(1,667,393,820.64)</u> |
| EFFECT OF CHANGES IN | | |
| EXCHANGE RATE ON CASH | <u>-</u> | <u>-</u> |
| NET INCREASE IN CASH | | |
| AND CASH EQUIVALENTS | 2,842,579,773.99 | 16,698,967,769.23 |
| Add: Opening balance of cash and cash equivalents | <u>41,889,838,553.29</u> | <u>25,190,870,784.06</u> |
| CLOSING BALANCE OF | | |
| CASH AND CASH EQUIVLANT | <u>44,732,418,327.28</u> | <u>41,889,838,553.29</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 2022, due to the capital reserve conversion plan, the total share capital of the company increased by RMB2,289,646,020.00. On 31 December 2022, the total share capital of the company was RMB9,921,799,422.00.

Until December 31, 2022, 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 2,063,588,975 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 1,921,622,884 ordinary shares of the Company, representing a shareholding ratio of 19.37%. China Changan and South Group hold a total of 3,985,211,859 ordinary shares of the company, with an equity ratio of 40.17%.

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

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

According to the Articles of Association, the financial statements, which has been approved by the board of directors on 16 April 2023, 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 2022 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 to 7 years |
| Patent technology | 10 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.

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.

32. Fair value measurement (continued)

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.

33. Significant accounting judgments and estimates (continued)

Judgments (continued)

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.

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.

33. Significant accounting judgments and estimates (continued)

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.

Uncertainty of accounting estimates (continued)

The lessee's incremental borrowing rate

For leases where the interest rate embedded in the lease cannot be determined, the Group uses the lessee's incremental borrowing rate as the discount rate to calculate the present value of the lease payment. When determining the incremental borrowing rate, the Group uses the observable interest rate as the reference basis for determining the incremental borrowing rate according to its economic environment, and on this basis, adjusts the reference interest rate according to its own circumstances, the underlying assets, the lease period and the amount of lease liabilities and other leasing business conditions to derive the applicable incremental borrowing rate.

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 Hebei Changan Automobile Company Limited (2020-2022) and 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

| | 2022 | 2021 |
|--------------|--------------------------|--------------------------|
| Cash | 32,155.77 | 36,881.35 |
| Cash at bank | 52,455,913,791.28 | 49,517,879,953.64 |
| Other cash | <u>1,074,237,880.29</u> | <u>2,458,325,314.38</u> |
| Total | <u>53,530,183,827.34</u> | <u>51,976,242,149.37</u> |

On 31 December 2022, the book value of restricted cash was RMB1,038,748,779.60, which was mainly restricted for the issuance of acceptance bill (December 2021: RMB2,458,325,314.38).

On December 2022, the cash at bank overseas is equivalent to RMB 231,286,316.97 (31 December 2021: RMB 300,347,944.86).

On December 31, 2022, the cash deposited by the Group in the finance company (related party) was RMB 34,812,952,043.78 (December 31, 2021: RMB 31,652,980,551.77). 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

| | 2022 | 2021 |
|------------------------------|-----------------------|-----------------------|
| Equity instrument investment | 251,165,128.80 | 177,902,700.00 |
| Others | <u>29,150,442.29</u> | <u>17,895,600.00</u> |
| Total | <u>280,315,571.09</u> | <u>195,798,300.00</u> |

As of December 31, 2022, the equity instrument investment was 33.63 million ordinary shares of Southwest Securities Co., Ltd. held by the Group without selling restrictions (December 31, 2021: 33.63 million) and 26.05 million restricted shares of CATARC Automotive Proving Ground Co., Ltd. (December 31, 2021: Nil comments).

3. Notes receivable

(1) Classification of notes receivable

| | 2022 | 2021 |
|----------------------------|--------------------------|--------------------------|
| Commercial acceptance bill | 10,010,938,909.34 | 7,080,362,856.62 |
| Bank acceptance bill | <u>25,838,721,743.62</u> | <u>17,187,270,560.03</u> |
| Total | <u>35,849,660,652.96</u> | <u>24,267,633,416.65</u> |

(2) Pledged notes receivable

| | 2022 | 2021 |
|----------------------------|-------------------------|-------------------------|
| Commercial acceptance bill | 508,288,620.00 | 1,042,916,400.00 |
| Bank acceptance bill | <u>5,831,967,343.00</u> | <u>6,164,348,540.74</u> |
| Total | <u>6,340,255,963.00</u> | <u>7,207,264,940.74</u> |

As at 31 December 2022 and 2021, 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:

| | 2022 | | 2021 | |
|----------------------------|-------------------------|------------------|-------------------------|------------------|
| | Derecognition | Un-derecognition | Derecognition | Un-derecognition |
| Commercial acceptance bill | 518,527,457.01 | - | 10,249,473.84 | - |
| Bank acceptance bill | <u>4,775,896,824.61</u> | - | <u>2,381,317,582.00</u> | - |
| Total | <u>5,294,424,281.62</u> | - | <u>2,391,567,055.84</u> | - |

(4) As at 31 December 2022, there was no note receivables converted to accounts receivable due to the inability of the drawer to perform the contract. (As at 31 December 2021: Nil comments)

4. Accounts receivable

(1) Aging analysis of the accounts receivable on 31 December 2022 is as follows:

| | 2022 | 2021 |
|-----------------|-------------------------|-------------------------|
| Within 1 year | 2,905,353,787.00 | 1,605,244,476.97 |
| 1 to 2 years | 176,712,124.08 | 28,484,908.94 |
| 2 to 3 years | 25,732,015.24 | 116,846,682.50 |
| Over 3 years | <u>201,045,330.53</u> | <u>140,125,844.08</u> |
| Total | 3,308,843,256.85 | 1,890,701,912.49 |
| Less: Provision | <u>(240,428,841.56)</u> | <u>(215,274,377.62)</u> |
| | <u>3,068,414,415.29</u> | <u>1,675,427,534.87</u> |

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

| | Beginning balance | Accrual | Reversal | Write-off | Ending balance |
|------|-----------------------|----------------------|---------------------|---------------------|-----------------------|
| 2022 | 215,274,377.62 | 35,457,297.58 | 4,945,346.85 | 5,357,486.79 | 240,428,841.56 |
| 2021 | <u>189,491,038.22</u> | <u>31,121,598.40</u> | <u>3,933,948.00</u> | <u>1,404,311.00</u> | <u>215,274,377.62</u> |

(3) Analysis of accounts receivable by category as at 31 December 2022 is as follows:

| | 2022 | | | |
|---|-------------------------|---------------|-----------------------|--------------|
| | Balance | | Accrual | |
| | Amount | (%) | Amount | (%) |
| Individually analyzed for provision | 2,059,626,543.23 | 62.25 | 152,800,930.19 | 7.42 |
| Provision based on the combination of credit risk characteristics | <u>1,249,216,713.62</u> | <u>37.75</u> | <u>87,627,911.37</u> | <u>7.01</u> |
| Total | <u>3,308,843,256.85</u> | <u>100.00</u> | <u>240,428,841.56</u> | <u>7.27</u> |
| | 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>1,890,701,912.49</u> | <u>100.00</u> | <u>215,274,377.62</u> | <u>11.39</u> |

4. Accounts receivable (continued)

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

| | 2022 | | | 2021 | | |
|---------------|----------------------------------|-------------------------------|--|-----------------------|---------------------|------------------------|
| | 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 | 1,031,532,359.36 | 0.41 | 4,211,660.35 | 572,882,251.72 | 0.13 | 759,937.11 |
| 1 to 2 years | 30,724,065.06 | 7.24 | 2,225,905.84 | 28,352,246.25 | 8.57 | 2,429,794.47 |
| 2 to 3 years | 25,707,148.00 | 16.02 | 4,118,732.53 | 92,634,562.67 | 12.47 | 11,548,535.79 |
| Over 3 years | <u>161,253,141.20</u> | <u>47.80</u> | <u>77,071,612.65</u> | <u>80,827,441.37</u> | <u>47.90</u> | <u>38,713,159.82</u> |
| Total | <u>1,249,216,713.62</u> | <u>7.01</u> | <u>87,627,911.37</u> | <u>774,696,502.01</u> | <u>6.90</u> | <u>53,451,427.19</u> |

- (5) As at 31 December 2022, accounts receivable from Top 5 clients amounted to RMB1,880,530.647.71, accounted for 56.83%. (2021: RMB924,920,983.66, accounted for 48.92% of the total accounts receivable).

- (6) There were no accounts receivable derecognized due to transfer of financial assets during 2022 (2021: Nil).

5. Prepayments

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

| Aging | 2022 | | 2021 | |
|---------------|-----------------------|----------------|-------------------------|----------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Within 1 year | 523,061,724.51 | 69.78 | 3,223,697,503.44 | 99.46 |
| 1 to 2 years | 217,460,711.49 | 29.01 | 12,192,890.74 | 0.38 |
| 2 to 3 years | 8,858,465.69 | 1.18 | 3,934,439.12 | 0.12 |
| Over 3 years | <u>191,360.31</u> | <u>0.03</u> | <u>1,423,997.98</u> | <u>0.04</u> |
| Total | <u>749,572,262.00</u> | <u>100.00</u> | <u>3,241,248,831.28</u> | <u>100.00</u> |

- (2) As at 31 December 2022, prepayments to Top 5 suppliers amounted to RMB 341,251,881.85 , which accounted for 45.53% of the total prepayments (2021: RMB1,151,298,912.20, which accounted for 35.52% of the total prepayments).

6. Other receivables

(1) Aging analysis of other receivables as at 31 December 2022 is as follows:

| | 2022 | 2021 |
|-----------------|--------------------------------|------------------------------|
| Within 1 year | 1,192,972,701.51 | 617,564,020.74 |
| 1 to 2 years | 57,855,077.50 | 1,762,913.64 |
| 2 to 3 years | 1,364,188.70 | 2,737,081.98 |
| Over 3 years | <u>18,062,282.93</u> | <u>17,525,165.97</u> |
| Total | 1,270,254,250.64 | 639,589,182.33 |
| Less: Provision | <u>(9,096,299.50)</u> | <u>(7,466,239.96)</u> |
| | <u><u>1,261,157,951.14</u></u> | <u><u>632,122,942.37</u></u> |

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

| | 2022 | 2021 |
|--------------------|--------------------------------|------------------------------|
| New energy subsidy | 667,729,527.63 | 409,468,872.96 |
| Investment | 399,486,432.52 | 26,670,000.00 |
| Reserve | 63,703,195.18 | 23,921,846.41 |
| Margin | 16,618,938.83 | 84,465,512.53 |
| Other | <u>113,619,856.98</u> | <u>87,596,710.47</u> |
| Total | <u><u>1,261,157,951.14</u></u> | <u><u>632,122,942.37</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 |
|------|----------------------|------------------|---------------------|-------------------|---------------------|
| 2022 | 7,466,239.96 | 1,886,641.46 | 156,581.92 | 100,000.00 | 9,096,299.50 |
| 2021 | <u>11,821,252.79</u> | <u>68,455.17</u> | <u>4,205,241.00</u> | <u>218,227.00</u> | <u>7,466,239.96</u> |

6. Other receivables (continued)

(4) at 31 December 2022, top five debtors of other receivables are as follows:

2022

| | Amount | Nature | Aging | Proportion of total other receivables (%) | Provision |
|--------|-------------------------|--------------------|--------------|---|-----------|
| First | 338,394,118.63 | New energy subsidy | Within 1year | 26.64 | - |
| Second | 297,876,247.07 | Equity investment | Within 1year | 23.45 | - |
| Third | 206,328,464.00 | New energy subsidy | Within 1year | 16.24 | - |
| Fourth | 123,006,945.00 | New energy subsidy | Within 1year | 9.68 | - |
| Fifth | <u>101,610,185.45</u> | Equity investment | Within 1year | <u>8.00</u> | - |
| Total | <u>1,067,215,960.15</u> | | | <u>84.01</u> | - |

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> | - |

(5) For the year ended 2022, there were no accounts receivable derecognized due to transfer of financial assets. (2021: Nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

7. Inventories

(1) Classification of inventories

| | 2022 | | | 2021 | | |
|-------------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------|
| | Balance | Provision | Net value | Balance | Provision | Net value |
| Raw materials | 1,230,104,093.50 | 439,269,923.99 | 790,834,169.51 | 814,952,436.64 | 313,721,126.17 | 501,231,310.47 |
| Material in transit | 130,255,961.90 | - | 130,255,961.90 | 355,550,319.54 | - | 355,550,319.54 |
| Work in progress | 1,719,902,124.07 | 53,609,953.08 | 1,666,292,170.99 | 2,759,775,787.47 | 72,995,707.72 | 2,686,780,079.75 |
| Finish goods | 3,264,190,903.27 | 87,522,918.36 | 3,176,667,984.91 | 3,420,908,192.91 | 166,294,516.69 | 3,254,613,676.22 |
| Consigned processing material | 26,582,772.70 | - | 26,582,772.70 | 29,535,580.80 | - | 29,535,580.80 |
| Consumables | 32,674,452.89 | - | 32,674,452.89 | 25,163,453.81 | - | 25,163,453.81 |
| Total | 6,403,710,308.33 | 580,402,795.43 | 5,823,307,512.90 | 7,405,885,771.17 | 553,011,350.58 | 6,852,874,420.59 |

(2) Provision for inventories

2022

| | Beginning balance | Provision | Deduction | | Ending balance |
|------------------|-----------------------|-----------------------|-------------------|-----------------------|-----------------------|
| | | | Reversal | Written off | |
| Raw materials | 313,721,126.17 | 208,865,490.81 | 160,368.68 | 83,156,324.31 | 439,269,923.99 |
| Work in progress | 72,995,707.72 | 48,288,507.37 | 44,851.63 | 67,629,410.38 | 53,609,953.08 |
| Finish goods | 166,294,516.69 | 27,948,697.61 | - | 106,720,295.94 | 87,522,918.36 |
| Total | 553,011,350.58 | 285,102,695.79 | 205,220.31 | 257,506,030.63 | 580,402,795.43 |

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 |

(3) Note for inventory provision

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

8. Contract assets

| | 2022 | | |
|-----------------|-------------------------|-----------------------|-------------------------|
| | Book balance | Impairment | Book value |
| Contract assets | <u>747,871,586.89</u> | <u>289,482,399.79</u> | <u>458,389,187.10</u> |
| | 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> |

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 |
|------|--------------------------------------|----------------------|---------------------|---------------------|-----------------------|
| 2022 | 169,661,981.98 | 129,619,022.81 | 9,798,605.00 | - | 289,482,399.79 |
| 2021 | <u>134,148,932.88</u> | <u>49,094,830.06</u> | <u>7,431,781.00</u> | <u>6,149,999.96</u> | <u>169,661,981.98</u> |

9. Other current assets

| | 2022 | 2021 |
|--------------------------|-------------------------|-------------------------|
| Input VAT to be deducted | 803,647,039.82 | 1,140,996,871.24 |
| Prepaid taxes and fees | 250,386,657.89 | 3,078,565.10 |
| Others | <u>745,970.48</u> | <u>3,723,435.08</u> |
| Total | <u>1,054,779,668.19</u> | <u>1,147,798,871.42</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

10. Long-term equity investments

2022

| | Beginning balance | Addition | less | Investment Income/(loss) under equity method | Other comprehensive income | Other equity variation | Cash dividends declared | Ending balance | Ending balance of provision |
|---|--------------------------|-------------------------|-----------------|--|----------------------------------|---------------------------|----------------------------|--------------------------|-----------------------------------|
| Joint Venture | | | | | | | | | |
| Changan Ford Automobile Co., Ltd. | 2,934,876,043.99 | - | - | (1,222,416,692.14) | - | - | (1,000,000,000.00) | 712,459,351.85 | - |
| Changan Mazda Automobile Co., Ltd. | 1,867,086,106.67 | - | - | 45,093,349.65 | - | - | (478,875,000.00) | 1,433,304,456.32 | - |
| Changan Mazda Engine Co., Ltd. | 835,121,564.38 | - | - | 30,420,484.67 | - | - | (41,500,000.00) | 824,042,049.05 | - |
| Nanchang Jiangling Holding Co., Ltd. | 1,630,596,420.97 | - | - | 179,430,391.82 | 602,832.07 | - | - | 1,810,629,644.86 | - |
| Subtotal | 7,267,680,136.01 | - | - | (967,472,466.00) | 602,832.07 | - | (1,520,375,000.00) | 4,780,435,502.08 | - |
| Associates | | | | | | | | | |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 242,792,196.86 | - | - | (33,023,260.52) | - | - | - | 209,768,936.34 | - |
| Chongqing Changan Kuayue Automobile Sales Co., Ltd. (note1) | - | - | - | - | - | - | - | - | - |
| Beijing Fang'an crescent taxi Co., Ltd. (note1) | - | - | - | - | - | - | - | - | - |
| Changan Automobile Financing Co.,Ltd | 2,520,349,332.44 | - | - | 325,492,694.33 | - | - | (66,943,616.44) | 2,778,898,410.33 | - |
| Hainan Anxinxing Information Technology Co., Ltd. | - | 368,900.00 | (849.01) | (368,050.99) | - | - | - | - | - |
| Nanjing Chelai Travel Technology Co., Ltd. | 866,888.90 | - | - | (242,115.59) | - | - | - | 624,773.31 | - |
| Hunan Guoxin Semiconductor Technology Co., Ltd. | 25,285,116.95 | - | - | 167,308.31 | - | - | - | 25,452,425.26 | - |
| Jiangling Holding Co., Ltd. (note1) | 70,492,790.08 | - | - | (70,492,790.08) | - | - | - | - | - |
| Nanjing Leading Equity Investment Management Co., Ltd. (Limited Partnership) | 2,424,143,949.52 | - | - | 146,277,515.18 | - | - | - | 2,570,421,464.70 | - |
| Nanjing Leading Equity Investment Partnership | 1,133,065.60 | - | - | (20,854.91) | - | - | - | 1,112,210.69 | - |
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | 425,266,071.28 | 1,360,000,000.00 | - | (1,508,341,243.99) | - | 663,566,110.70 | - | 940,490,937.99 | - |
| Zhongqi Chuangzhi Technology Co., Ltd. | 190,534,997.15 | - | - | (22,042,206.37) | - | - | - | 168,492,790.78 | - |
| Chongqing Changxin Zhiqi Private Equity Investment Fund Partnership (Limited Partnership) | 25,007,587.62 | 133,187,500.00 | - | 12,244,966.46 | - | - | - | 170,440,054.08 | - |
| Anhe Chongqing Dingfeng Auto Contractual Private Equity Investment Fund | - | 61,744,000.00 | - | (175,293.92) | - | - | - | 61,568,706.08 | - |
| Avatr Technology (Chongqing) Co., Ltd. | - | 3,611,526,800.00 | - | (966,915,043.54) | (75,815.98) | - | - | 2,644,535,940.48 | - |
| Chongqing Changan Innovation private Equity Investment Fund Partnership (Limited Partnership) | - | 1,000,000.00 | - | 844.59 | - | - | - | 1,000,844.59 | - |
| Chongqing Wutong Chelian Technology Co., Ltd (note1). | - | - | - | (2,483,334.69) | - | 2,483,334.69 | - | - | - |
| Anhe (Chongqing) Stock Right Investment Fund Management Co.,Ltd. | 2,199,216.74 | 2,640,640.00 | - | 310,930.67 | - | - | - | 5,150,787.41 | - |
| Hangzhou Chelizi Intelligent Technology Co., Ltd. | 9,456,236.58 | - | - | (6,436,209.78) | - | - | - | 3,020,026.80 | - |
| Master Changan Automobile Limited | 40,167,274.82 | - | - | 5,081,370.54 | - | - | - | 45,248,645.36 | - |
| Subtotal | 5,977,694,724.54 | 5,170,467,840.00 | (849.01) | (2,120,964,774.30) | (75,815.98) | 666,049,445.39 | (66,943,616.44) | 9,626,226,954.20 | - |
| Total | 13,245,374,860.55 | 5,170,467,840.00 | (849.01) | (3,088,437,240.30) | 527,016.09 | 666,049,445.39 | (1,587,318,616.44) | 14,406,662,456.28 | - |

Note 1: On 2022 December 31, the Group of Chongqing Changan Kuayue Automobile Co., Ltd., Beijing Fang'an crescent taxi Co., Ltd., Jiangling Holding Co., Ltd. and Chongqing Wutong Chelian Technology Co., Ltd. did not have the obligation to undertake extra losses, so the excess loss when it occurs, only the long-term equity investment was written down to zero. The excess losses related to the investment in the above three companies were not recognized.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

10. Long-term equity investments (continued)

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. | <u>1,545,807,633.84</u> | - | <u>86,068,773.02</u> | <u>(1,279,985.89)</u> | - | - | - | <u>1,630,596,420.97</u> | - |
| Subtotal | <u>6,166,209,007.73</u> | - | <u>1,688,491,961.70</u> | <u>(1,279,985.89)</u> | <u>173,259,152.47</u> | <u>(759,000,000.00)</u> | - | <u>7,267,680,136.01</u> | - |
| 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 cresent 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 Anxing 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. | 33,559,101.47 | - | 6,617,173.35 | - | - | - | - | 40,176,274.82 | - |
| 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 | <u>5,942,880,787.94</u> | <u>867,235,994.00</u> | <u>(763,664,091.57)</u> | - | - | <u>(68,757,965.83)</u> | - | <u>5,977,694,724.54</u> | - |
| Total | <u>12,109,089,795.67</u> | <u>867,235,994.00</u> | <u>924,827,870.13</u> | <u>(1,279,985.89)</u> | <u>173,259,152.47</u> | <u>(827,757,965.83)</u> | - | <u>13,245,374,860.55</u> | - |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

11. Investment in other equity instruments

2022

| | 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 |
|--|---|-----------------------|-----------------------|--|
| China South Industry Group Finance Co., Ltd | 181,979,200.00 | 339,000,000.00 | 143,737,363.49 | Unlisted equity instruments |
| National Innovation Center of Intelligent and connected Vehicles | 2,700,000.00 | 52,700,000.00 | 73,034.00 | Unlisted equity instruments |
| Guolian Automobile Power Battery Research Institute Co.,Ltd. | - | 40,000,000.00 | - | Unlisted equity instruments |
| China South Industries Financial Leasing Co., Ltd. | 3,698,000.00 | 34,250,000.00 | 411,666.67 | Unlisted equity instruments |
| Zhong Fa Lian Investment Co., Ltd. | - | 21,000,000.00 | 15,866,100.00 | Unlisted equity instruments |
| CAERI(Beijing) automobile Lightweight Technology Research Institution Co., Ltd. | - | 3,000,000.00 | - | Unlisted equity instruments |
| Total | 188,377,200.00 | 489,950,000.00 | 160,088,164.16 | |

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 Industries Financial Leasing 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 |
| Total | 199,836,800.00 | 701,409,600.00 | 78,499,905.15 | |

In 2022, the Group disposed of investments in other equity instruments of RMB205,959,600.00, totaling RMB5,065,660.00 from other comprehensive income to retained earnings.

12. Investment property

Cost Model

| Buildings | 2022 | 2021 |
|---|----------------------|----------------------|
| Original cost | | |
| Beginning and Ending balance | <u>10,050,100.00</u> | <u>10,050,100.00</u> |
| Accumulated depreciation and amortization | | |
| Beginning | 3,400,673.40 | 3,173,961.84 |
| Accrual | <u>226,711.56</u> | <u>226,711.56</u> |
| Ending | <u>3,627,384.96</u> | <u>3,400,673.40</u> |
| Impairment Provision | | |
| Beginning and Ending | <u>-</u> | <u>-</u> |
| Carrying amount | | |
| Ending | <u>6,422,715.04</u> | <u>6,649,426.60</u> |
| Beginning | <u>6,649,426.60</u> | <u>6,876,138.16</u> |

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

As at 31 December 2022, there was no investment property without property certificate (As at 31 December 2021: Nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

13. Fixed assets

(1) Details of fixed assets

2022

| | Buildings | Machinery | Vehicles | Other Equipment | Total |
|--|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|
| Original cost | | | | | |
| Beginning | 9,881,301,151.22 | 26,013,931,324.85 | 1,421,170,657.53 | 9,442,094,973.15 | 46,758,498,106.75 |
| Purchase | 1,265,124.39 | 3,890,620.93 | 1,608,965.83 | 10,537,259.44 | 17,301,970.59 |
| Transfer from Construction in progress | 15,846,963.74 | 576,973,067.51 | 670,805,017.81 | 373,187,890.97 | 1,636,812,940.03 |
| Government grants | 16,984,544.50 | 146,643,567.32 | – | 24,611,126.55 | 188,239,238.37 |
| Disposal | 52,803,557.15 | 153,014,327.54 | 109,955,267.54 | 316,751,699.72 | 632,524,851.95 |
| Other deduction | – | – | 433,482.76 | 8,742,126.24 | 9,175,609.00 |
| Ending | <u>9,828,625,137.70</u> | <u>26,295,137,118.43</u> | <u>1,983,195,890.87</u> | <u>9,475,715,171.05</u> | <u>47,582,673,318.05</u> |
| Accumulated depreciation | | | | | |
| Beginning | 2,830,770,398.43 | 14,770,986,696.00 | 537,352,883.68 | 4,988,689,213.76 | 23,127,799,191.87 |
| Accrual | 319,496,770.54 | 1,708,030,839.79 | 228,535,233.82 | 580,979,774.97 | 2,837,042,619.12 |
| Disposal | 26,785,669.57 | 91,638,342.44 | 52,941,050.82 | 225,100,138.35 | 396,465,201.18 |
| Other deduction | – | – | 205,021.23 | 1,225,713.14 | 1,430,734.37 |
| Ending | <u>3,123,481,499.40</u> | <u>16,387,379,193.35</u> | <u>712,742,045.45</u> | <u>5,343,343,137.24</u> | <u>25,566,945,875.44</u> |
| Impairment provision | | | | | |
| Beginning | 99,421,052.16 | 1,772,417,722.74 | 99,933,602.55 | 332,966,687.27 | 2,304,739,064.72 |
| Accrual | 858,451.71 | 465,342,187.03 | 763,786.28 | 6,436,099.39 | 473,400,524.41 |
| Disposal | 2,561,175.92 | 47,971,857.94 | 42,928,054.22 | 15,715,749.88 | 109,176,837.96 |
| Ending | <u>97,718,327.95</u> | <u>2,189,788,051.83</u> | <u>57,769,334.61</u> | <u>323,687,036.78</u> | <u>2,668,962,751.17</u> |
| Carrying amount | | | | | |
| Ending | <u>6,607,425,310.35</u> | <u>7,717,969,873.25</u> | <u>1,212,684,510.81</u> | <u>3,808,684,997.03</u> | <u>19,346,764,691.44</u> |
| Beginning | <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> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

13. Fixed assets (continued)

(1) Details of fixed assets (continued)

2021

| | Buildings | Machinery | Vehicles | Other Equipment | Total |
|--|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|
| Original cost | | | | | |
| Beginning | 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 | 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> |

(2) Fixed assets that are temporarily unused

On December 31, 2022, fixed assets with a book value of approximately RMB 191,192,253.37 (December 31, 2021: book value of approximately RMB 150,232,534.30) were temporarily idle due to product planning and other reasons.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

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

2022

| | Buildings | Machinery | Vehicles | Total |
|---------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Original cost | | | | |
| Beginning | 407,385,917.78 | 193,922,403.14 | 1,142,516,412.19 | 1,743,824,733.11 |
| Addition | 2,106,368,074.56 | 4,818,277,154.51 | 655,644,459.59 | 7,580,289,688.66 |
| Deduction | <u>24,869,567.09</u> | <u>116,543,579.08</u> | <u>107,604,264.51</u> | <u>249,017,410.68</u> |
| Ending | <u><u>2,488,884,425.25</u></u> | <u><u>4,895,655,978.57</u></u> | <u><u>1,690,556,607.27</u></u> | <u><u>9,075,097,011.09</u></u> |
| Accumulated depreciation | | | | |
| Beginning | 98,821,531.20 | 68,789,989.43 | 438,775,091.17 | 606,386,611.80 |
| Addition | 1,078,562,000.71 | 3,157,041,669.93 | 193,774,365.75 | 4,429,378,036.39 |
| Deduction | <u>3,907,592.46</u> | <u>52,571,903.60</u> | <u>84,324,631.38</u> | <u>140,804,127.44</u> |
| Ending | <u><u>1,173,475,939.45</u></u> | <u><u>3,173,259,755.76</u></u> | <u><u>548,224,825.54</u></u> | <u><u>4,894,960,520.75</u></u> |
| Impairment provision | | | | |
| Beginning | 13,971,205.80 | 63,528,839.55 | - | 77,500,045.35 |
| Addition | <u>400,000.00</u> | <u>338,636,738.17</u> | - | <u>339,036,738.17</u> |
| | <u><u>14,371,205.80</u></u> | <u><u>402,165,577.72</u></u> | <u><u>-</u></u> | <u><u>416,536,783.52</u></u> |
| Carrying amount | | | | |
| Ending | <u><u>1,301,037,280.00</u></u> | <u><u>1,320,230,645.09</u></u> | <u><u>1,142,331,781.73</u></u> | <u><u>3,763,599,706.82</u></u> |
| Beginning | <u><u>294,593,180.78</u></u> | <u><u>61,603,574.16</u></u> | <u><u>703,741,321.02</u></u> | <u><u>1,059,938,075.96</u></u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

13. Fixed assets (continued)

(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 |
| Addition | 22,457,459.22 | 7,404,924.60 | 108,398,037.71 | 138,260,421.53 |
| Deduction | - | - | 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> |

13. Fixed assets (continued)

(4) Fixed assets without property certificate as at 31 December 2022 are as follow:

| | Carrying amount | Reason for incomplete |
|--------------------------------|-------------------|-----------------------|
| Assembly workshop | 282,128,369.30 | In process |
| Painting workshop | 249,774,785.51 | In process |
| Welding workshop | 185,112,742.30 | In process |
| Other plants | 88,726,117.42 | In process |
| Engine workshop | 69,319,545.23 | In process |
| Stamping Workshop | 65,725,773.29 | In process |
| S series machine plant | 56,059,727.15 | In process |
| H plant Phase IV | 48,377,664.60 | In process |
| R&D Center | 30,473,938.22 | In process |
| Yuzui Auto City | 21,440,076.05 | In process |
| Staff cafeteria | 12,232,566.28 | In process |
| Other supporting facilities | 10,170,587.87 | In process |
| Emission Capability Laboratory | 9,115,582.70 | In process |
| Office building | <u>171,633.38</u> | In process |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

14. Construction in progress

(1) Details of construction in progress

| Item | 2022 | | | 2021 | | |
|---|-------------------------|----------------------|-------------------------|-------------------------|----------------------|-------------------------|
| | Balance | Provision | Carrying amount | Balance | Provision | Carrying amount |
| Mini-bus production equipment | 75,025,377.82 | - | 75,025,377.82 | 110,892,336.09 | - | 110,892,336.09 |
| Car production equipment | 242,918,939.86 | 22,624,011.22 | 220,294,928.64 | 304,941,771.34 | 21,313,648.08 | 283,628,123.26 |
| Engine plant | 504,558,659.05 | - | 504,558,659.05 | 127,069,581.90 | - | 127,069,581.90 |
| Vehicle research institution | 17,740,102.50 | - | 17,740,102.50 | 27,661,450.64 | - | 27,661,450.64 |
| Car production Project of Hefei Changan | 55,863,516.26 | - | 55,863,516.26 | 13,073,052.88 | - | 13,073,052.88 |
| Light vehicle project | 13,541,208.87 | - | 13,541,208.87 | 20,953,663.84 | - | 20,953,663.84 |
| Car-sharing project | 9,631,578.61 | - | 9,631,578.61 | 721,192,899.46 | - | 721,192,899.46 |
| Others | 514,351,814.01 | 23,108,967.12 | 491,242,846.89 | 206,083,453.28 | 50,378,021.92 | 155,705,431.36 |
| Total | 1,433,631,196.98 | 45,732,978.34 | 1,387,898,218.64 | 1,531,868,209.43 | 71,691,670.00 | 1,460,176,539.43 |

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

| | Beginning balance | Provision | Write-off | Ending balance |
|------|----------------------|-------------------|-------------------|----------------------|
| 2022 | 71,691,670.00 | 1,533,334.00 | 27,492,025.66 | 45,732,978.34 |
| 2021 | <u>71,352,959.12</u> | <u>558,034.00</u> | <u>219,323.12</u> | <u>71,691,670.00</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

14. Construction in progress (continued)

(2) Movements of significant construction in progress in 2022

| | 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 | 137,470.00 | 110,892,336.09 | 191,447,800.99 | - | 227,314,759.26 | 62% | 62% | Self-funded | 75,025,377.82 |
| Car production equipment | 360,738.00 | 283,628,123.26 | 282,894,772.61 | 120,121,061.17 | 226,106,906.06 | 35% | 35% | Self-raised and additional issuance | 220,294,928.64 |
| Engine plant | 485,216.00 | 127,069,581.90 | 507,405,858.99 | - | 129,916,781.84 | 63% | 63% | Self-raised and additional issuance | 504,558,659.05 |
| Vehicle research institution | 209,906.00 | 27,661,450.64 | 36,536,296.38 | - | 46,457,644.52 | 75% | 75% | Self-funded | 17,740,102.50 |
| Car production project of Hefei Changan | 394,980.00 | 13,073,052.88 | 80,152,211.39 | - | 37,361,748.01 | 88% | 88% | Self-raised and additional issuance | 55,863,516.26 |
| Light vehicle project | 65,828.00 | 20,953,663.84 | 58,492,273.87 | - | 65,904,728.84 | 44% | 44% | Self-funded | 13,541,208.87 |
| Car-sharing project | | 721,192,899.46 | 19,868,623.27 | 64,969,026.54 | 666,460,917.58 | | | | 9,631,578.61 |
| Others | | 155,705,431.36 | 572,826,869.45 | - | 237,289,453.92 | | | | 491,242,846.89 |
| Total | | 1,460,176,539.43 | 1,749,624,706.95 | 185,090,087.71 | 1,636,812,940.03 | | | | 1,387,898,218.64 |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

14. Construction in progress (continued)

(2) Movements of significant construction in progress in 2021: (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 | 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> |

15. Right-of-use assets

2022

| | Buildings 2022 | Buildings 2021 |
|---------------------------------|-----------------------|----------------------|
| Cost | | |
| Beginning | 92,864,546.90 | 55,163,093.63 |
| Addition | 141,510,763.34 | 37,701,453.27 |
| Disposal | 2,689,483.42 | - |
| Other deduction | 78,792,400.21 | - |
| Ending | <u>152,893,426.61</u> | <u>92,864,546.90</u> |
| Accumulated depreciation | | |
| Beginning | 26,551,483.92 | - |
| Accrual | 29,882,264.96 | 26,551,483.92 |
| Disposal | 582,721.40 | - |
| Other deduction | 3,770,986.88 | - |
| Ending | <u>52,080,040.60</u> | <u>26,551,483.92</u> |
| Carrying amount | | |
| Ending | <u>100,813,386.01</u> | <u>66,313,062.98</u> |
| Beginning | <u>66,313,062.98</u> | <u>55,163,093.63</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

16. Intangible assets

2022

| | Land use rights | Software use rights | Trademark use rights | Non-patent technology | Patent technology | Total |
|-----------------------------------|-------------------------|-----------------------|-----------------------|-------------------------|----------------------|--------------------------|
| Original cost | | | | | | |
| Beginning | 2,284,655,025.60 | 785,360,545.01 | 211,864,157.55 | 6,643,349,368.90 | - | 9,925,229,097.06 |
| Purchase | - | 60,419,074.89 | - | - | 85,556,571.30 | 145,975,646.19 |
| Internal research and development | - | - | - | 1,052,395,491.38 | - | 1,052,395,491.38 |
| Other deduction | - | 388,564.73 | - | - | - | 388,564.73 |
| Disposal | <u>46,688,334.00</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>46,688,334.00</u> |
| Ending | <u>2,237,966,691.60</u> | <u>845,391,055.17</u> | <u>211,864,157.55</u> | <u>7,695,744,860.28</u> | <u>85,556,571.30</u> | <u>11,076,523,335.90</u> |
| Accumulated amortization | | | | | | |
| Beginning | 440,258,024.63 | 671,428,815.01 | 211,786,800.00 | 3,969,781,572.32 | - | 5,293,255,211.96 |
| Accrual | 48,341,991.87 | 55,422,065.44 | 4,716.98 | 934,762,871.41 | 7,129,714.27 | 1,045,661,359.97 |
| Other deduction | - | 388,564.73 | - | - | - | 388,564.73 |
| Disposal | <u>20,568,118.91</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>20,568,118.91</u> |
| Ending | <u>468,031,897.59</u> | <u>726,462,315.72</u> | <u>211,791,516.98</u> | <u>4,904,544,443.73</u> | <u>7,129,714.27</u> | <u>6,317,959,888.29</u> |
| Impairment provision | | | | | | |
| Beginning | - | 23,617,923.17 | - | 222,358,304.26 | - | 245,976,227.43 |
| Accrual | <u>-</u> | <u>-</u> | <u>-</u> | <u>66,201,964.50</u> | <u>-</u> | <u>66,201,964.50</u> |
| Ending | <u>-</u> | <u>23,617,923.17</u> | <u>-</u> | <u>288,560,268.76</u> | <u>-</u> | <u>312,178,191.93</u> |
| Carrying amount | | | | | | |
| Ending | <u>1,769,934,794.01</u> | <u>95,310,816.28</u> | <u>72,640.57</u> | <u>2,502,640,147.79</u> | <u>78,426,857.03</u> | <u>4,446,385,255.68</u> |
| Beginning | <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>-</u> | <u>4,385,997,657.67</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

16. Intangible assets(continued)

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>9,925,229,097.06</u> |
| Accumulated amortization | | | | | |
| Beginning | 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> |

As of December 31, 2022, intangible assets formed through internal research and development accounted for 56.28% of the year-end book value of intangible assets (December 31, 2021: 55.89%).

As of December 31, 2022, there is no land use rights that have not completed the land use right certificate (December 31, 2021: Nil)

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

17. Development expenditure

2022

| | 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>727,568,248.78</u> | <u>1,362,363,103.60</u> | <u>1,052,395,491.38</u> | <u>62,815,604.46</u> | <u>251,509,079.07</u> | <u>723,211,177.47</u> |

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>33,995,024.32</u> | - | <u>727,568,248.78</u> |

18. Goodwill

2022

| | 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>39,078,794.37</u> | <u>9,804,394.00</u> |

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> |

The movement of provision for goodwill is as follow:

2022 and 2021

| | 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.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

19. Long-term deferred expenses

| | Beginning balance | Addition | Deduction | Ending balance |
|------|----------------------|----------------------|---------------------|----------------------|
| 2022 | <u>15,032,814.19</u> | <u>15,184,585.04</u> | <u>3,841,977.06</u> | <u>26,375,422.17</u> |
| 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> |

20. Deferred tax assets and liabilities

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

| Deferred tax assets | 2022 | | 2021 | |
|---|----------------------------------|-------------------------|----------------------------------|-------------------------|
| | Deductible temporary differences | Deferred tax assets | Deductible temporary differences | Deferred tax assets |
| Assets provision | 3,278,951,051.51 | 491,238,489.39 | 2,777,356,777.37 | 416,729,166.66 |
| Accrued expenses and contingent liabilities | 8,585,308,052.56 | 1,298,584,169.65 | 6,824,636,821.50 | 1,034,344,964.94 |
| Unpaid tech development expense and advertisement expense | 372,397,166.51 | 55,859,574.98 | 371,602,577.37 | 55,740,386.60 |
| Deferred income | 2,699,509,959.27 | 457,007,113.15 | 2,897,724,045.52 | 434,658,606.83 |
| Unpaid salary and bonus and others | <u>4,831,140,039.89</u> | <u>725,797,840.01</u> | <u>2,252,471,662.68</u> | <u>339,346,391.96</u> |
| Total | <u>19,767,306,269.74</u> | <u>3,028,487,187.18</u> | <u>15,123,791,884.44</u> | <u>2,280,819,516.99</u> |

| Deferred tax liabilities: | 2022 | | 2021 | |
|--|-------------------------------|--------------------------|-------------------------------|--------------------------|
| | 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 | 358,180,218.36 | 53,727,032.75 | 366,226,945.07 | 54,934,041.76 |
| Fair value adjustment of business combination not under common control | 204,733,319.00 | 30,709,997.85 | 223,598,108.60 | 33,539,716.29 |
| Long-term equity investment | 971,329,619.28 | 145,699,442.89 | 824,671,946.85 | 123,700,792.03 |
| Other | <u>46,001,784.40</u> | <u>6,900,267.67</u> | <u>35,116,281.93</u> | <u>5,267,442.29</u> |
| Total | <u>1,580,244,941.04</u> | <u>237,036,741.16</u> | <u>1,449,613,282.45</u> | <u>217,441,992.37</u> |

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

| | 2022 | 2021 |
|-------------------------------------|-------------------------|--------------------------|
| The deductible temporary difference | 1,785,535,297.97 | 2,557,584,132.14 |
| The deductible tax loss | <u>3,908,340,793.95</u> | <u>7,599,963,296.27</u> |
| Total | <u>5,693,876,091.92</u> | <u>10,157,547,428.41</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:

| | 2022 | 2021 |
|-----------------|--------------------------------|--------------------------------|
| 2022 | - | 186,827,208.01 |
| 2023 | 719,486,343.29 | 719,486,343.29 |
| 2024 | 644,243,430.69 | 644,243,430.69 |
| 2025 | 669,056,651.63 | 804,477,322.53 |
| 2026 | 172,527,777.26 | 191,081,327.12 |
| 2027 and beyond | <u>1,703,026,591.08</u> | <u>5,053,847,664.63</u> |
| Total | <u><u>3,908,340,793.95</u></u> | <u><u>7,599,963,296.27</u></u> |

21. Short-term loans

Classification of short-term loans:

| | 2022 | 2021 |
|----------------|-----------------------------|-----------------------------|
| Mortgage loans | <u>29,000,000.00</u> | <u>19,000,000.00</u> |
| Total | <u><u>29,000,000.00</u></u> | <u><u>19,000,000.00</u></u> |

As at 31 December 2022, the interest rates of the above loans were 4.6%-4.75% (as at 31 December 2021: 4.75%).

As at 31 December 2022, there was no overdue short-term loan (as at 31 December 2021: Nil).

In 2022, the Group used land use rights with a book value of RMB 16,823,861.76 and fixed assets with a book value of RMB 29,963,526.50 as collateral to obtain a working capital mortgage loan of RMB 29,000,000.00 from the China South Industries Group Finance Co., Ltd. (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 to obtain a liquidity mortgage loan of RMB 19,000,000.00 from the China South Industries Group Finance Co., Ltd.).

22. Notes payable

| | 2022 | 2021 |
|----------------------------|--------------------------|--------------------------|
| Commercial acceptance bill | 5,001,155,687.84 | 5,419,108,409.88 |
| Bank acceptance bill | <u>17,071,638,176.99</u> | <u>18,873,159,961.24</u> |
| Total | <u>22,072,793,864.83</u> | <u>24,292,268,371.12</u> |

As at 31 December 2022, there is no overdue unpaid notes payable (as at 31 December 2021: Nil)

23. Accounts payable

| | 2022 | 2021 |
|------------------|--------------------------|--------------------------|
| Accounts payable | <u>29,449,664,138.75</u> | <u>23,650,604,870.98</u> |

As at 31 December 2022, there were no significant accounts payable aged over one year (as at 31 December 2021: Nil).

24. Contract liabilities/Advances from customers

| | 2022 | 2021 |
|-------------------------|-------------------------|-------------------------|
| Advance payment | 4,808,762,223.46 | 9,274,445,050.60 |
| Advance service payment | <u>846,494,569.20</u> | <u>566,064,463.79</u> |
| Total | <u>5,655,256,792.66</u> | <u>9,840,509,514.39</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

25. Payroll payable

2022

| | Beginning balance | Addition | Deduction | Other deduction | Ending balance |
|----------------------------|-------------------------|-------------------------|-------------------------|----------------------|-------------------------|
| Short term salary benefits | 2,474,414,390.26 | 8,829,988,102.78 | 8,546,570,667.33 | 41,347,085.59 | 2,716,484,740.12 |
| Defined contribution plans | 89,216,538.26 | 667,430,841.13 | 665,797,989.33 | 1,991,640.33 | 88,857,749.73 |
| Early retirement benefits | <u>2,940,000.00</u> | <u>2,323,630.24</u> | <u>3,447,630.24</u> | - | <u>1,816,000.00</u> |
| Total | <u>2,566,570,928.52</u> | <u>9,499,742,574.15</u> | <u>9,215,816,286.90</u> | <u>43,338,725.92</u> | <u>2,807,158,489.85</u> |

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> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

25. Payroll payable (continued)

Short term salary benefits:

2022

| | Beginning balance | Addition | Deduction | Other deduction | Ending balance |
|--|-------------------------|-------------------------|-------------------------|----------------------|-------------------------|
| Salary, bonus, allowance and subsidy | 2,051,402,711.53 | 7,146,292,092.31 | 6,945,040,964.14 | 30,997,758.66 | 2,221,656,081.04 |
| Employee benefit | 50,630,435.22 | 386,349,815.91 | 386,037,939.85 | 185,939.60 | 50,756,371.68 |
| Social insurance | | | | | |
| Medical insurance | 21,021,344.24 | 395,967,753.79 | 394,480,490.19 | 1,158,414.89 | 21,350,192.95 |
| Industrial injury insurance | 11,118,683.26 | 40,723,587.86 | 40,684,896.28 | 54,852.60 | 11,102,522.24 |
| Maternity insurance | 1,382,325.53 | 1,172,637.29 | 1,159,217.83 | - | 1,395,744.99 |
| Housing accumulation fund | 82,772,742.30 | 491,467,767.44 | 488,154,268.15 | 2,142,079.87 | 83,944,161.72 |
| Labor fund and employee education fund | <u>256,086,148.18</u> | <u>368,014,448.18</u> | <u>291,012,890.89</u> | <u>6,808,039.97</u> | <u>326,279,665.50</u> |
| Total | <u>2,474,414,390.26</u> | <u>8,829,988,102.78</u> | <u>8,546,570,667.33</u> | <u>41,347,085.59</u> | <u>2,716,484,740.12</u> |

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> |

25. Payroll payable (continued)

Defined contribution plans:

2022

| | Beginning balance | Addition | Deduction | Other Deduction | Ending balance |
|---------------------------|----------------------|-----------------------|-----------------------|---------------------|----------------------|
| Basic retirement security | 79,483,988.05 | 646,286,750.65 | 644,976,261.42 | 1,763,392.69 | 79,031,084.59 |
| Unemployment insurance | <u>9,732,550.21</u> | <u>21,144,090.48</u> | <u>20,821,727.91</u> | <u>228,247.64</u> | <u>9,826,665.14</u> |
| Total | <u>89,216,538.26</u> | <u>667,430,841.13</u> | <u>665,797,989.33</u> | <u>1,991,640.33</u> | <u>88,857,749.73</u> |

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> |

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

| | 2022 | 2021 |
|---|-------------------------|-------------------------|
| Value-added tax | 655,162,944.40 | 226,203,631.00 |
| Consumption tax | 378,822,293.63 | 677,686,833.74 |
| Corporate income tax | 550,250,134.24 | 105,632,071.69 |
| City maintenance and construction tax and | 106,797,577.85 | 40,480,950.08 |
| Others | <u>58,913,132.20</u> | <u>71,309,911.01</u> |
| Total | <u>1,749,946,082.32</u> | <u>1,121,313,397.52</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

27. Other payables

| | 2022 | 2021 |
|---|--------------------------------|--------------------------------|
| Purchase and construction of fixed assets, intangible assets and engineering deposits | 1,190,478,260.12 | 949,561,307.22 |
| Customer and supplier margin | 839,653,876.07 | 614,910,836.94 |
| New energy vehicle subsidiaries | 697,956,559.00 | - |
| Advanced receipt of land and plant disposal fees | 635,268,035.18 | - |
| Treasury stock repurchase | 627,060,416.52 | 655,812,327.60 |
| Advertisement fees | 505,569,065.16 | 890,826,555.71 |
| Storage fees and freight | 382,409,902.25 | 159,463,618.29 |
| Maintenance fees | 278,765,596.52 | 212,946,188.78 |
| Capital increase from third parties received in advance by subsidiaries | - | 253,750,000.00 |
| Others | <u>925,604,713.85</u> | <u>825,355,510.15</u> |
| Total | <u>6,082,766,424.67</u> | <u>4,562,626,344.69</u> |

28. Contingent liabilities

2022

| | Beginning | Addition | Deduction | Ending |
|--|--------------------------------|--------------------------------|------------------------------|--------------------------------|
| Warranty | 3,295,272,783.50 | 1,595,486,879.87 | 738,758,003.06 | 4,152,001,660.31 |
| Contingent liabilities of contract performance | <u>543,742,894.34</u> | <u>26,346,680.32</u> | <u>132,791,913.48</u> | <u>437,297,661.18</u> |
| Total | <u>3,839,015,677.84</u> | <u>1,621,833,560.19</u> | <u>871,549,916.54</u> | <u>4,589,299,321.49</u> |

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>3,125,170,942.46</u> | <u>1,718,259,462.95</u> | <u>1,004,414,727.57</u> | <u>3,839,015,677.84</u> |

29. Non-current liability within 1 year

| | 2022 | 2021 |
|----------------------------------|------------------------------|------------------------------|
| Long-term loan within 1 year | 604,000,000.00 | 354,300,000.00 |
| Long-term payables within 1 year | 244,429,325.65 | 154,593,759.05 |
| Lease liabilities within 1 year | <u>37,294,575.69</u> | <u>24,945,824.52</u> |
| | <u>885,723,901.34</u> | <u>533,839,583.57</u> |

Non-current liability within 1 year refer to refer to Note V 31, 33 and 34.

30. Other current liabilities

| | 2022 | 2021 |
|--|-------------------------|-------------------------|
| Accrued commercial discount payable | 3,837,216,057.38 | 3,367,324,452.66 |
| Accrued market development expense | 1,004,950,610.70 | 808,031,552.57 |
| Accrued transportation fee | 728,264,657.72 | 729,390,155.06 |
| Accrued technology royalty | 534,463,454.23 | 342,675,110.58 |
| Accrued labor service fee | 107,051,967.02 | 63,197,022.32 |
| Accrued integrated services fee | 87,715,544.50 | 79,555,300.00 |
| Accrued utilities | 60,370,787.91 | 48,068,943.51 |
| Accrued negative points for fuel consumption | 59,308,609.28 | 33,239,495.00 |
| Others | <u>207,702,978.88</u> | <u>209,476,997.52</u> |
| Total | <u>6,627,044,667.62</u> | <u>5,680,959,029.22</u> |

31. Long-term Loan

| | 2022 | 2021 |
|-------------------------------|-----------------------|-----------------------|
| Credit loan | 640,000,000.00 | 954,300,000.00 |
| Deduction: Loan within 1 year | <u>604,000,000.00</u> | <u>354,300,000.00</u> |
| Net long-term borrowings | <u>36,000,000.00</u> | <u>600,000,000.00</u> |

As at 31 December 2022, the interest rates of the above loans were 1.00%-3.00% (as at 31 December 2021: 1.00%-3.00%).

As at 31 December 2022, there is no overdue long-term loans (as at 31 December 2021: Nil).

32. Bonds Payable

| | 2022 | 2021 |
|-----------------|-----------------------|----------|
| Corporate Bonds | <u>999,528,301.88</u> | <u>-</u> |

In December 2022, the Company publicly issued technology innovation corporate bonds (Phase I) to professional investors, with a face value of RMB1,000,000,000.00, a coupon rate of 3%, simple interest payable annually, the interest payment date is December 20 of each year from 2023 to 2027, and the final redemption date is December 20, 2027.

33. Lease liabilities

| | 2022 | 2021 |
|---------------------------------------|----------------------|----------------------|
| Lease liabilities | 97,499,973.67 | 63,625,560.11 |
| Less: Lease liabilities within 1 year | <u>37,294,575.69</u> | <u>24,945,824.52</u> |
| | <u>60,205,397.98</u> | <u>38,679,735.59</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

34. Long-term payables

| | 2022 | 2021 |
|--------------------|------------------------------|------------------------------|
| Long-term payables | 408,939,511.34 | 642,513,537.69 |
| Special payables | <u>144,579,238.78</u> | <u>182,959,952.39</u> |
| Total | <u>553,518,750.12</u> | <u>825,473,490.08</u> |

Long-term payables:

| | 2022 | 2021 |
|--|------------------------------|------------------------------|
| Purchase of fixed assets | 653,368,836.99 | 797,107,296.74 |
| Less: Long-term payables within 1 year | <u>244,429,325.65</u> | <u>154,593,759.05</u> |
| Total | <u>408,939,511.34</u> | <u>642,513,537.69</u> |

Special payables:

2022

| | Beginning | Addition | Deduction | Ending |
|---|------------------------------|-----------------------------|------------------------------|------------------------------|
| Land relocation compensation of Nanjing changan | 55,350,709.40 | - | 55,350,709.40 | - |
| Intelligent manufacturing project | 82,777,201.36 | 6,169,200.00 | 34,823,429.36 | 54,122,972.00 |
| Lightweight design of automobile structure | 18,903,766.50 | 4,900,000.00 | 9,393,208.56 | 14,410,557.94 |
| Others | <u>25,928,275.13</u> | <u>71,133,518.47</u> | <u>21,016,084.76</u> | <u>76,045,708.84</u> |
| Total | <u>182,959,952.39</u> | <u>82,202,718.47</u> | <u>120,583,432.08</u> | <u>144,579,238.78</u> |

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> |

35. Long-term payroll payable

| | 2022 | 2021 |
|--|-----------------------------|-----------------------------|
| Net obligation of defined benefit plan | 29,227,000.00 | 30,917,000.00 |
| Early retirement | <u>5,786,000.00</u> | <u>8,186,000.00</u> |
| Total | <u><u>35,013,000.00</u></u> | <u><u>39,103,000.00</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 Enterprise Solutions Shanghai Co Ltd. at 31 December 2022.

The related plans recognized in the profit and loss of the defined benefit plan are as follows:

| | 2022 | 2021 |
|---|-------------------|---------------------|
| Service costs- current period | 56,000.00 | 47,000.00 |
| Net interest | <u>818,000.00</u> | <u>964,000.00</u> |
| Net post-employment benefit costs | <u>874,000.00</u> | <u>1,011,000.00</u> |
| Recorded in general administrative expenses | 874,000.00 | 1,011,000.00 |

Movement of present value of defined benefits plan is as follows:

| | <u>Defined Benefit Plan Obligation</u> | |
|--|--|-----------------------------|
| | 2022 | 2021 |
| Beginning balance | 30,917,000.00 | 30,832,000.00 |
| Charged to income Statement of the current period | | |
| Service costs- current period | 56,000.00 | 47,000.00 |
| Interest expense, net | 818,000.00 | 964,000.00 |
| Actuarial losses charged to other comprehensive income | (112,000.00) | 1,519,000.00 |
| Benefits Payment | <u>(2,452,000.00)</u> | <u>(2,445,000.00)</u> |
| Ending balance | <u><u>29,227,000.00</u></u> | <u><u>30,917,000.00</u></u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

36. Deferred income

2022

| | 2021.12.31 | Addition | Deduction | Other deduction | 2022.12.31 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Government grants related to assets | 224,903,605.46 | 185,504,839.57 | 188,239,238.37 | - | 222,169,206.66 |
| Government grants related to gains | <u>699,846,125.66</u> | <u>-</u> | <u>299,235,506.09</u> | <u>275,211,276.61</u> | <u>125,399,342.96</u> |
| | <u>924,749,731.12</u> | <u>185,504,839.57</u> | <u>487,474,744.46</u> | <u>275,211,276.61</u> | <u>347,568,549.62</u> |

2021

| | 2020.12.31 | 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> |

As at 31 December 2022, details of liabilities related to government grants are as follows:

| | 2021.12.31 | Addition | Deduction | 2022.12.31 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Related to assets: | 224,903,605.46 | 185,504,839.57 | 188,239,238.37 | 222,169,206.66 |
| Production and construction subsidies | 158,141,323.00 | 185,504,839.57 | 177,229,238.37 | 166,416,924.20 |
| Other government subsidies | 66,762,282.46 | - | 11,010,000.00 | 55,752,282.46 |
| Related to gains: | 699,846,125.66 | - | 574,446,782.70 | 125,399,342.96 |
| R&D technology subsidies | 569,842,539.65 | - | 448,091,782.38 | 121,750,757.27 |
| Other government subsidies | 130,003,586.01 | - | 126,355,000.32 | 3,648,585.69 |
| Total | <u>924,749,731.12</u> | <u>185,504,839.57</u> | <u>762,686,021.07</u> | <u>347,568,549.62</u> |

36. Deferred income (continued)

As at 31 December 2021, details of liability related to government grants are as follows(Restated):

| | 2021.12.31 | Addition | Deduction | 2022.12.31 |
|---------------------------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| Related to assets: | 205,752,282.46 | 400,905,095.77 | 381,753,772.77 | 224,903,605.46 |
| 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: | 612,646,147.76 | 599,550,000.00 | 512,350,022.10 | 699,846,125.66 |
| 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> |

37. Other non-current liabilities

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Advance service payment | 1,728,721,535.34 | 1,352,292,332.21 |
| Deduction: Advance service payment within 1 year | <u>846,494,569.20</u> | <u>566,064,463.79</u> |
| | <u>882,226,966.14</u> | <u>786,227,868.42</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

38. Share capital

2022

| | 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 | 396,393,645.00 | - | - | 118,918,093.00 | - | 118,918,093.00 | 515,311,738.00 |
| 2 Other domestic shareholdings | 122,490,320.00 | - | - | 36,747,096.00 | 10,950.00 | 36,758,046.00 | 159,248,366.00 |
| Including: | | | | | | | |
| shares held by domestic legal persons | - | - | - | - | - | - | - |
| shares held by domestic natural persons | 122,490,320.00 | - | - | 36,747,096.00 | 10,950.00 | 36,758,046.00 | 159,248,366.00 |
| 3 Foreign shareholdings | 934,900.00 | - | - | 280,470.00 | - | 280,470.00 | 1,215,370.00 |
| Total of restricted shares | 519,818,865.00 | - | - | 155,945,659.00 | 10,950.00 | 155,956,609.00 | 675,775,474.00 |
| II. Unrestricted shares | | | | | | | |
| 1 RMB ordinary shares | 5,849,553,939.00 | - | - | 1,754,866,182.00 | (10,950.00) | 1,754,855,232.00 | 7,604,409,171.00 |
| 2 Foreign-funded shares listed domestically | 1,262,780,598.00 | - | - | 378,834,179.00 | - | 378,834,179.00 | 1,641,614,777.00 |
| Total of unrestricted shares | 7,112,334,537.00 | - | - | 2,133,700,361.00 | (10,950.00) | 2,133,689,411.00 | 9,246,023,948.00 |
| III. Total shares | 7,632,153,402.00 | - | - | 2,289,646,020.00 | - | 2,289,646,020.00 | 9,921,799,422.00 |

Note: According to the Company's 2021 profit distribution and capital reserve conversion plan to increase share capital, the Company will increase the capital reserve to all shareholders by 3 shares for every 10 shares, increasing the share capital by RMB 2,289,646,020.00 and reducing the capital reserve by RMB 2,289,646,020.00.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

38. Share capital (continued)

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) | (122,427,645.00) | 122,490,320.00 |
| 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) | 122,471,420.00 | 122,490,320.00 |
| 3 Foreign shareholdings | 32,710,280.00 | - | - | - | (32,710,280.00) | (31,775,380.00) | 934,900.00 |
| 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> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

39. Capital reserves

2022

| | Beginning | Addition | Deduction | Ending |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Share premium | 8,774,823,352.59 | - | 2,289,646,020.00 | 6,485,177,332.59 |
| Share-based payments | 268,539,867.92 | 380,209,900.00 | - | 648,749,767.92 |
| 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>671,317,255.67</u> | <u>666,049,445.39</u> | - | <u>1,337,366,701.06</u> |
| Total | <u>9,776,193,360.38</u> | <u>1,046,259,345.39</u> | <u>2,289,646,020.00</u> | <u>8,532,806,685.77</u> |

Note 1: In 2022, the increase in other capital reserves was mainly due to the absorption of new investments by Chongqing Changan New Energy Automobile Technology Co., Ltd., an associate of the Company.

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>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> |

40. Treasury stock

| 2022 | Beginning | Addition | Deduction | Ending |
|----------------|-----------------------|-----------------------|----------------------|-----------------------|
| Treasury stock | <u>655,812,327.60</u> | <u>-</u> | <u>28,751,911.08</u> | <u>627,060,416.52</u> |
| 2021 | Beginning | Addition | Deduction | Ending |
| Treasury stock | <u>-</u> | <u>683,830,080.00</u> | <u>28,017,752.40</u> | <u>655,812,327.60</u> |

Note: The decrease in treasury shares for the year was due to the Group's distribution of dividends to incentive recipients during the year.

41. Other comprehensive income

Accumulated other comprehensive income in consolidated balance sheet attributable to parent company is as follows:

| 2022 | 2021.12.31 | Movement | 2022.12.31 |
|---|------------------------|------------------------|------------------------|
| Re-measurement of changes in defined benefit plans | (297,000.00) | 112,000.00 | (185,000.00) |
| Other comprehensive income that cannot be transferred to profit or loss under the equity method | (3,368,053.89) | 602,832.07 | (2,765,221.82) |
| Other comprehensive income on convertible gains and losses under the equity method | - | (75,815.98) | (75,815.98) |
| Changes in the fair value of other equity instrument investments | 169,861,280.00 | (9,740,660.00) | 160,120,620.00 |
| Translation difference of foreign currency financial statements | <u>(96,753,756.58)</u> | <u>38,500,789.80</u> | <u>(58,252,966.78)</u> |
| Total | <u>69,442,469.53</u> | <u>29,399,145.89</u> | <u>98,841,615.42</u> |
| 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 | <u>(82,567,831.22)</u> | <u>(14,185,925.36)</u> | <u>(96,753,756.58)</u> |
| Total | <u>78,420,720.78</u> | <u>(8,978,251.25)</u> | <u>69,442,469.53</u> |

41. Other comprehensive income (continued)

Current occurrence amount of other comprehensive income in consolidated income statement attributable to parent company:

2022

| | Amount before tax | Deduct: amounts transferred to income statement which were recognized in other comprehensive income in prior period | Deduct: amounts transferred to retained earnings which were recognized in other comprehensive income in prior period | Deduct: Income tax | Amount attributable to owners | Amount attributable to minority interests |
|---|------------------------|---|--|--------------------|-------------------------------|---|
| Other comprehensive income not to be reclassified to profit or loss in subsequent period | | | | | | |
| Change in net liability or assets from defined benefit plan | (112,000.00) | - | - | - | (112,000.00) | - |
| Other comprehensive income that cannot be transferred to profit or loss under the equity method | (602,832.07) | - | - | - | (602,832.07) | - |
| Fair value change of Investment in other equity instruments | <u>5,500,000.00</u> | - | <u>(5,065,660.00)</u> | <u>825,000.00</u> | <u>9,740,660.00</u> | - |
| Subtotal | <u>4,785,167.93</u> | - | <u>(5,065,660.00)</u> | <u>825,000.00</u> | <u>9,025,827.93</u> | - |
| Other comprehensive income will be reclassified to profit or loss in subsequent period | | - | | | | |
| Other comprehensive income which can convert to gain and loss under the equity method | 75,815.98 | - | - | - | 75,815.98 | - |
| Foreign currency translation difference | <u>(37,775,975.99)</u> | <u>722,897.12</u> | - | - | <u>(38,500,789.80)</u> | <u>1,916.69</u> |
| Subtotal | <u>(37,700,160.01)</u> | <u>722,897.12</u> | - | - | <u>(38,424,973.82)</u> | <u>1,916.69</u> |
| Total | <u>(32,914,992.08)</u> | <u>722,897.12</u> | <u>(5,065,660.00)</u> | <u>825,000.00</u> | <u>(29,399,145.89)</u> | <u>1,916.69</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

41. 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>-</u> | <u>(1,412,940.00)</u> | <u>(8,006,660.00)</u> | <u>-</u> |
| Subtotal | <u>(6,620,614.11)</u> | <u>-</u> | <u>(1,412,940.00)</u> | <u>(5,207,674.11)</u> | <u>-</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>-</u> | <u>-</u> | <u>14,185,925.36</u> | <u>(19,231.15)</u> |
| Subtotal | <u>14,166,694.21</u> | <u>-</u> | <u>-</u> | <u>14,185,925.36</u> | <u>(19,231.15)</u> |
| Total | <u>7,546,080.10</u> | <u>-</u> | <u>(1,412,940.00)</u> | <u>8,978,251.25</u> | <u>(19,231.15)</u> |

42. Special reserves

2022

| | Beginning | Addition | Deduction | Ending |
|-------------|----------------------|-----------------------|-----------------------|----------------------|
| Safety fund | <u>27,988,260.61</u> | <u>104,696,987.95</u> | <u>108,594,350.51</u> | <u>24,090,898.05</u> |

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> |

The special reserve is the safety production fee accrued by the Group in accordance with the Administrative Measures for the Withdrawal and Use of Enterprise Safety Production Expenses (Caizi [2022] No. 136) promulgated by the Ministry of Finance and the Ministry of Emergency Response on 21 November 2022.

43. Surplus reserves

2022

| | Beginning | Addition | Deduction | Ending |
|-------------------|-------------------------|-----------------------|-----------|-------------------------|
| Statutory surplus | <u>2,982,292,413.67</u> | <u>545,845,221.86</u> | <u>-</u> | <u>3,528,137,635.53</u> |

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> |

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.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

44. Retained earnings

| | 2022 | 2021 |
|--|--------------------------|--------------------------|
| Retained earnings at beginning of the year | 35,900,674,525.13 | 34,315,048,892.26 |
| Add: Profits attributable to parent company for the current year | 7,798,451,093.72 | 3,552,463,320.03 |
| Add: Other comprehensive income transferred to retained earnings | 5,065,660.00 | - |
| Less: Appropriation to statutory surplus reserves | 545,845,221.86 | 300,594,326.67 |
| Less: Ordinary share dividend of cash | <u>1,778,856,191.54</u> | <u>1,666,243,360.49</u> |
| Retained earnings at the end of year | <u>41,379,489,865.45</u> | <u>35,900,674,525.13</u> |

According to the decision of the fifty-sixth meeting of the eighth session of the company's board of directors, the 2022 profit distribution plan is: based on the total share capital of 9,921,799,422.00 shares on the date of announcement, to distribute cash of RMB2.36 (including tax) for every 10 shares to all shareholders, totaling the distribution cash RMB 2,341,544,663.59 (tax included). The above plan is yet to be reviewed and approved by the company's general meeting of shareholders.

45. Operating revenue and cost

| | 2022 | | 2021 | |
|----------------|---------------------------|--------------------------|---------------------------|--------------------------|
| | Revenue | Cost | Revenue | Cost |
| Main business | 117,565,143,198.95 | 94,573,428,488.62 | 102,696,170,307.57 | 86,348,567,579.13 |
| Other business | <u>3,687,720,886.45</u> | <u>1,836,182,385.14</u> | <u>2,445,706,929.48</u> | <u>1,300,137,955.01</u> |
| Total | <u>121,252,864,085.40</u> | <u>96,409,610,873.76</u> | <u>105,141,877,237.05</u> | <u>87,648,705,534.14</u> |

Operating revenue listed as follows:

| | 2022 | 2021 |
|----------------------------------|---------------------------|---------------------------|
| Sale of goods | 114,066,406,439.25 | 99,238,618,010.70 |
| Provide labor and other services | <u>7,186,457,646.15</u> | <u>5,903,259,226.35</u> |
| Total | <u>121,252,864,085.40</u> | <u>105,141,877,237.05</u> |

The breakdown of operating revenue generated from contracts with customers is as follows:

45. Operating revenue and cost (continued)

| | 2022 | 2021 |
|---|----------------------------------|----------------------------------|
| Revenue recognition time | | |
| Recognize revenue at a certain point in time | 120,203,760,630.11 | 104,253,879,828.51 |
| Recognize revenue within a certain period of time | <u>1,049,103,455.29</u> | <u>887,997,408.54</u> |
| Total | <u><u>121,252,864,085.40</u></u> | <u><u>105,141,877,237.05</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:

| | 2022 | 2021 |
|----------------------------------|--------------------------------|--------------------------------|
| Sales of goods | 9,274,445,050.60 | 3,779,593,859.42 |
| Provision of services and others | <u>566,064,463.79</u> | <u>154,187,357.35</u> |
| Total | <u><u>9,840,509,514.39</u></u> | <u><u>3,933,781,216.77</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:

| | 2022 | 2021 |
|------------------|--------------------------------|---------------------------------|
| Within 1 year | 5,655,256,792.66 | 9,840,509,514.39 |
| More than 1 year | <u>882,226,966.14</u> | <u>786,227,868.42</u> |
| Total | <u><u>6,537,483,758.80</u></u> | <u><u>10,626,737,382.81</u></u> |

46. Tax and surcharges

| | 2022 | 2021 |
|---------------------------------------|--------------------------------|--------------------------------|
| Consumption tax | 3,022,759,216.21 | 3,002,762,967.36 |
| City maintenance and construction tax | 454,863,299.03 | 373,005,368.21 |
| Educational surcharge | 229,702,527.01 | 188,365,736.49 |
| Others | <u>394,522,780.25</u> | <u>408,298,968.39</u> |
| Total | <u><u>4,101,847,822.50</u></u> | <u><u>3,972,433,040.45</u></u> |

47. Operating expenses

| | 2022 | 2021 |
|---------------------------------|--------------------------------|--------------------------------|
| Sales service fee | 2,132,352,506.82 | 1,657,420,104.39 |
| Promotion, advertising fee | 1,760,645,464.70 | 1,872,615,623.45 |
| Payroll and welfare | 718,415,703.07 | 570,208,149.45 |
| Transportation and storage fees | 296,302,707.75 | 347,165,629.82 |
| Travelling expenses | 71,192,697.52 | 71,196,292.69 |
| Package expenses | 42,180,208.06 | 35,130,297.34 |
| Consulting fee | 31,870,498.85 | 7,580,858.70 |
| Training fee | 27,499,082.32 | 29,950,509.42 |
| Others | <u>57,811,293.86</u> | <u>54,386,769.33</u> |
| Total | <u><u>5,138,270,162.95</u></u> | <u><u>4,645,654,234.59</u></u> |

48. General and administrative expenses

| | 2022 | 2021 |
|--------------------------------------|--------------------------------|--------------------------------|
| Payroll and welfare | 2,361,704,245.03 | 2,239,444,389.16 |
| Share-based payments | 380,209,900.00 | 268,539,867.92 |
| Administrative expenses | 342,662,496.31 | 351,316,057.92 |
| Depreciation and amortization | 209,021,291.13 | 196,426,684.61 |
| Traffic expenses | 54,685,498.40 | 43,244,134.99 |
| Travelling expenses | 7,465,840.51 | 16,681,419.45 |
| Negative points for fuel consumption | - | 175,899,501.68 |
| Others | <u>176,708,927.38</u> | <u>208,102,452.76</u> |
| Total | <u><u>3,532,458,198.76</u></u> | <u><u>3,499,654,508.49</u></u> |

49. Research and development expenses

| | 2022 | 2021 |
|-------------------------------|--------------------------------|--------------------------------|
| Payroll and welfare | 1,744,089,751.78 | 1,320,641,894.55 |
| Depreciation and amortization | 1,221,653,901.00 | 1,223,956,918.63 |
| Subcontract fee | 580,052,391.93 | 339,472,444.83 |
| Material fee | 192,475,951.44 | 168,390,304.98 |
| Test fee | 109,549,382.65 | 135,140,093.55 |
| Others | <u>467,623,485.96</u> | <u>327,427,522.22</u> |
| Total | <u><u>4,315,444,864.76</u></u> | <u><u>3,515,029,178.76</u></u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

50. Financial income

| | 2022 | 2021 |
|-------------------------------------|--------------------------------|------------------------------|
| Interest income | 1,014,346,758.69 | 868,952,893.13 |
| Less: Foreign exchange gain or loss | (79,104,476.10) | 16,412,404.08 |
| Interest expense | 48,683,490.36 | 45,160,385.56 |
| Others | <u>27,462,001.35</u> | <u>26,456,906.31</u> |
| Total | <u><u>1,017,305,743.08</u></u> | <u><u>780,923,197.18</u></u> |

51. Other income

| | 2022 | 2021 | Amount recognized in 2021 as non-recurring profit and loss |
|---|-----------------------|-----------------------|--|
| Government subsidies related to daily activities | <u>529,819,888.31</u> | <u>330,174,796.23</u> | <u>529,819,888.31</u> |

Government subsidies related to daily activities are as follows:

| | 2022 | 2021 |
|---------------------------------------|------------------------------|------------------------------|
| Production and construction subsidies | 385,172,523.26 | 248,073,126.32 |
| Other government subsidies | <u>144,647,365.05</u> | <u>82,101,669.91</u> |
| | <u><u>529,819,888.31</u></u> | <u><u>330,174,796.23</u></u> |

52. Investment income

| | 2022 | 2021 |
|--|--------------------------------|--------------------------------|
| Long-term equity investment income/(loss) accounted for by the equity method | (3,060,648,491.82) | 924,827,870.13 |
| The investment income of financial asset held for trading during its holding period | 3,289,610.51 | 3,363,000.00 |
| Dividend income from remaining investments in other equity instruments | 160,088,164.16 | 78,499,905.15 |
| Gains from the remeasurement of the remaining equity at fair value after the loss of control | 2,128,313,646.36 | - |
| Interest income from entrusted loan | <u>-</u> | <u>6,959,316.00</u> |
| Total | <u><u>(768,957,070.79)</u></u> | <u><u>1,013,650,091.28</u></u> |

53. Fair value change

| | 2022 | 2021 |
|------------------------------|----------------------|----------------------|
| Equity instrument investment | (25,737,569.00) | (3,026,700.00) |
| Others | <u>29,307,798.29</u> | <u>45,105,504.00</u> |
| Total | <u>3,570,229.29</u> | <u>42,078,804.00</u> |

54. Impairment loss of credit

| | 2022 | 2021 |
|---------------------------------|----------------------|-----------------------|
| Bad debt for account receivable | 30,511,950.73 | 27,187,650.40 |
| Bad debt for other receivables | <u>1,730,059.54</u> | <u>(4,136,785.83)</u> |
| Total | <u>32,242,010.27</u> | <u>23,050,864.57</u> |

55. Impairment loss on assets

| | 2022 | 2021 |
|--|-----------------------|-------------------------|
| Impairment of inventory | 284,897,475.48 | 179,625,599.51 |
| Impairment of contract assets | 119,820,417.81 | 41,663,049.06 |
| Impairment of fixed assets | 473,400,524.41 | 631,682,165.90 |
| Impairment of intangible assets | 66,201,964.50 | 165,725,984.32 |
| Impairment of construction in progress | <u>1,533,334.00</u> | <u>558,034.00</u> |
| Total | <u>945,853,716.20</u> | <u>1,019,254,832.79</u> |

56. Gain on disposal of assets

| | 2022 | 2021 | Amount recognized in 2022 as non- recurring profit and loss |
|----------------------------------|----------------------|-----------------------|--|
| Gain on disposal of fixed-assets | <u>74,862,481.00</u> | <u>745,601,530.26</u> | <u>74,862,481.00</u> |

57. Non-operating income

| | 2022 | 2021 | Amount recognized in 2021 as non- recurring profit and loss |
|-----------------------------|-----------------------|-----------------------|--|
| Fines, penalties and others | <u>128,910,416.79</u> | <u>130,170,270.12</u> | <u>128,910,416.79</u> |

58. Non-operating expenses

| | 2022 | 2021 | Amount recognized in 2022 as non-recurring profit and loss |
|---------------------|----------------------|----------------------|--|
| Donation | 19,172,451.80 | 16,259,600.00 | 19,172,451.80 |
| Fines and penalties | 1,168,042.33 | 6,225,500.39 | 1,168,042.33 |
| Others | <u>34,050,545.66</u> | <u>17,599,796.21</u> | <u>31,050,545.66</u> |
| Total | <u>54,391,039.79</u> | <u>40,084,896.60</u> | <u>51,391,039.79</u> |

59. 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:

| | 2022 | 2021 |
|-------------------------------------|-----------------------|-----------------------|
| Government grants related to assets | | |
| Write down: Fixed assets | <u>188,239,238.37</u> | <u>381,753,772.77</u> |
| Government grants related to income | | |
| Write down: Operating cost | 87,580,801.54 | 169,371,137.15 |
| Operating expenses | 4,958,904.12 | 9,941,452.49 |
| General and administrative expenses | 62,862,742.73 | 30,312,480.16 |
| Research and development expenses | 179,583,821.24 | 521,570,527.20 |
| Financial income | <u>-</u> | <u>91,000.00</u> |

For other government grants, refer to notes V, 51.

60. Income tax expense

| | 2022 | 2021 |
|-----------------------------|--------------------------------------|-------------------------------------|
| Current income tax expense | 689,928,709.52 | 265,219,161.46 |
| Deferred income tax expense | <u>(726,353,981.40)</u> | <u>(48,828,515.71)</u> |
| Total | <u><u>(36,425,271.88)</u></u> | <u><u>216,390,645.75</u></u> |

The relationship between income tax expense and profit/(loss) before tax is as follows:

| | 2022 | 2021 |
|---|--------------------------------------|-------------------------------------|
| Profit before tax | <u>7,708,257,084.09</u> | <u>3,820,608,835.73</u> |
| Tax at the applicable tax rate | 1,156,238,562.61 | 573,091,325.37 |
| Impact of different tax rates of subsidiaries | 44,322,786.54 | 65,824,174.22 |
| Adjustments to current income tax of previous period | (34,234,083.88) | (28,003,351.23 |
| Profit or loss attributable to joint ventures and associates | 484,159,369.97 | (37,003,883.24) |
| Non-taxable income | (347,606,111.09) | (13,064,084.90) |
| Non-deductible tax expense | 17,534,017.22 | 10,747,006.40 |
| Usage previous deductible losses | (689,321,898.12) | (104,980,345.46) |
| Unrecognized deductible temporary differences and deductible losses | (121,558,547.51) | 209,941,859.03 |
| Additional deduction arising from research and development expense | (480,741,014.87) | (460,162,054.44) |
| Changes in the applicable tax rate for deferred tax assets | <u>(65,218,352.75)</u> | <u>-</u> |
| Tax expense under actual tax rate of the Group | <u><u>(36,425,271.88)</u></u> | <u><u>216,390,645.75</u></u> |

61. Earnings per share ("EPS")

| | 2022 | 2021 |
|---------------|---------------|---------------|
| Basic EPS | | |
| Going concern | <u>0.7960</u> | <u>0.3616</u> |
| Diluted EPS | | |
| Going concern | <u>0.7799</u> | <u>0.3579</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 2022, 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 July 2022, the Company converted 3 shares for every 10 shares with capital reserve. Accordingly, basic earnings per share and diluted earnings per share for each presentation period are calculated on an adjusted share basis. For details of the conversion of capital reserve into share capital, see Note 5 and 38.

62. Notes to cash flow statement

(1) Items of cash received relating to other operating activities are as follows:

| | 2022 | 2021 |
|-------------------|-------------------------|-------------------------|
| Interest income | 1,014,346,758.69 | 868,952,893.13 |
| Government grants | 711,835,358.28 | 1,580,573,924.48 |
| Others | <u>715,500,477.90</u> | <u>818,167,877.71</u> |
| Total | <u>2,441,682,594.87</u> | <u>3,267,694,695.32</u> |

62. Notes to cash flow statement (continued)

(2) Items of cash paid relating to other operating activities are as follows:

| | 2022 | 2021 |
|-----------------------------------|-------------------------|-------------------------|
| Selling expense | 4,057,275,191.41 | 2,851,733,499.00 |
| Administrative expense | 594,849,261.20 | 635,117,562.52 |
| Research and development expenses | 951,048,522.32 | 1,146,120,474.66 |
| Others | <u>762,523,853.82</u> | <u>466,423,185.72</u> |
| Total | <u>6,365,696,828.75</u> | <u>5,099,394,721.90</u> |

(3) Items of cash received relating to other investing activities are as follows:

| | 2022 | 2021 |
|-------------------------|----------|-----------------------|
| Entrusted loan received | <u>-</u> | <u>300,000,000.00</u> |
| Total | <u>-</u> | <u>300,000,000.00</u> |

(4) Items of cash received relating to other investing activities are as follows:

| | 2022 | 2021 |
|---|-----------------------|----------|
| Cash transferred out from the loss of control of the subsidiary | <u>815,126,333.76</u> | <u>-</u> |

(5) Items of cash received relating to other financing activities are as follows:

| | 2022 | 2021 |
|------------------------------|-------------------------|-----------------------|
| Withdraw for deposit of bill | <u>1,705,726,148.77</u> | <u>836,125,136.66</u> |

(6) Items of cash paid relating to other financing activities are as follows:

| | 2022 | 2021 |
|-----------------------------|-----------------------|-------------------------|
| Payment for deposit of bill | 328,638,801.53 | 1,967,854,026.77 |
| Repurchase restricted share | - | 4,703,440.00 |
| Others | <u>43,924,444.07</u> | <u>36,951,674.28</u> |
| Total | <u>372,563,245.60</u> | <u>2,009,509,141.05</u> |

63. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Cash flows from operating activities calculated by adjusting the net profit:

| | 2022 | 2021 |
|---|--------------------------------|---------------------------------|
| Net profit | 7,744,682,355.97 | 3,604,218,189.98 |
| Add: Impairment provision for assets | 978,095,726.47 | 1,042,305,697.36 |
| Depreciation of fixed assets | 2,837,042,619.12 | 2,925,265,596.12 |
| Right-of-use assets depreciation | 29,882,264.96 | 26,551,483.92 |
| Depreciation and amortization of investment property | 226,711.56 | 226,711.56 |
| Amortization of intangible assets | 1,045,661,359.97 | 1,074,851,875.74 |
| Amortization of long-term deferred expense | 3,841,977.06 | 4,560,471.76 |
| Increase/(decrease) in deferred income | (113,730,666.52) | 464,611,919.67 |
| Disposal income on fixed assets, intangible assets and others | | |
| long-term assets | (74,862,481.00) | (745,601,530.26) |
| Loss/(income) of abandonment of fixed assets | - | 964,155.31 |
| Income of fair value movement | (3,570,229.29) | (42,078,804.00) |
| Financial expense | 8,976,404.49 | 45,450,807.95 |
| Investment income/(loss) | 768,957,070.79 | (1,013,650,091.28) |
| Increase in deferred tax assets | (747,667,670.19) | (149,552,839.47) |
| Increase/(decrease) in inventory | 744,669,432.21 | (1,064,983,789.53) |
| Deferred income tax liabilities Increased/(decreased) | 21,313,688.79 | 100,724,323.76 |
| Increase/(decrease) in operating receivables | (10,855,537,441.91) | 2,050,313,410.12 |
| Increase in operating payables | 2,901,766,217.54 | 14,395,488,567.44 |
| Share-based payments cost | 380,209,900.00 | 268,539,867.92 |
| Others | (3,610,381.50) | (16,482,813.23) |
| Net cash flows from operating activities | <u>5,666,346,858.52</u> | <u>22,971,723,210.84</u> |
| Movement of cash and cash equivalents: | | |
| Ending balance of cash | 52,491,435,047.74 | 49,517,916,834.99 |
| Less: beginning balance of cash | <u>49,517,916,834.99</u> | <u>30,655,968,057.63</u> |
| Increase in cash and cash equivalents | <u><u>2,973,518,212.75</u></u> | <u><u>18,861,948,777.36</u></u> |

63. Supplementary information of cash flow statement (continued)

(2) Endorsement of bills:

| | 2022 | 2021 |
|--|--------------------------|-------------------------|
| Endorsed bank acceptance received by sales and providing service | <u>10,213,830,689.47</u> | <u>5,101,549,250.90</u> |

(3) Cash and cash equivalents

| | 2022 | 2021 |
|--|--------------------------|--------------------------|
| Cash | | |
| Including: Cash | 32,155.77 | 36,881.35 |
| Bank deposits that can be readily used | 52,455,913,791.28 | 49,517,879,953.64 |
| Other cash and cash equivalents that can be readily used | 35,489,100.69 | - |
| Cash equivalents | <u>-</u> | <u>-</u> |
| Ending balance of cash and cash equivalents | <u>52,491,435,047.74</u> | <u>49,517,916,834.99</u> |

Note: The restricted cash and cash equivalents of the Group are not included in the cash and cash equivalents.

64. The assets with ownership or right restricted

| | 2022 | 2021 | Notes |
|---------------------------|-------------------------|-------------------------|-------------|
| Cash and cash equivalents | 1,038,748,779.60 | 2,458,325,314.38 | Note V 1 |
| Note receivables | 6,340,255,963.00 | 7,207,264,940.74 | Note V 3(2) |
| Intangible assets | 16,823,861.76 | 17,242,713.12 | Note V 21 |
| Fixed assets | <u>29,963,526.50</u> | <u>16,987,667.52</u> | Note V 21 |
| | <u>7,425,792,130.86</u> | <u>9,699,820,635.76</u> | |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

65. Foreign Monetary Item

| | 2022 | | | 2021 | | |
|----------------------------|-------------------|---------------|-------------------|-------------------|---------------|-------------------|
| | Original Currency | Exchange Rate | Translated to RMB | Original Currency | Exchange Rate | Translated to RMB |
| Cash | | | | | | |
| USD | 56,180,945.38 | 6.9646 | 391,277,812.22 | 57,387,026.02 | 6.3757 | 365,882,461.80 |
| GBP | 3,256,961.22 | 8.3941 | 27,339,258.18 | 5,209,847.34 | 8.6064 | 44,838,030.15 |
| EUR | 10,611,483.98 | 7.4229 | 78,767,984.44 | 9,516,883.92 | 7.2197 | 68,709,046.84 |
| JPY | 92,191,272.00 | 0.0524 | 4,826,950.62 | 179,758,385.00 | 0.0554 | 9,961,310.90 |
| SUR | 5,653,760.56 | 0.0942 | 532,404.26 | 1,529,465,059.95 | 0.0855 | 130,719,040.37 |
| BRL | - | 1.3174 | - | 571,122.09 | 1.1443 | 653,558.85 |
| Accounts receivable | | | | | | |
| USD | 40,416,598.13 | 6.9646 | 281,485,439.30 | 36,727,588.87 | 6.3757 | 234,164,088.36 |
| Other receivables | | | | | | |
| USD | 31,960.50 | 6.9646 | 222,592.10 | 32,000.00 | 6.3757 | 204,022.40 |
| JPY | 14,581,471.00 | 0.0524 | 763,456.66 | 13,365,572.00 | 0.0554 | 740,653.17 |
| EUR | 1,685,080.00 | 7.4229 | 12,508,180.33 | 1,587,999.00 | 7.2197 | 11,464,876.38 |
| GBP | 466,250.99 | 8.3941 | 3,913,757.44 | 606,906.32 | 8.6064 | 5,223,278.55 |
| Accounts Payable | | | | | | |
| JPY | 13,886,600.00 | 0.0524 | 727,074.60 | - | 0.0554 | - |
| EUR | 2,821,453.00 | 7.4229 | 20,943,363.47 | - | 7.2197 | - |
| GBP | 41,575.10 | 8.3941 | 348,985.55 | - | 8.6064 | - |
| SUR | 16,777,602.67 | 0.0942 | 1,579,916.07 | - | 0.0855 | - |
| USD | 59,626.10 | 6.9646 | 415,271.94 | - | 6.3757 | - |
| Other Payables | | | | | | |
| USD | 1,175,603.03 | 6.9646 | 8,187,604.86 | 33,900.00 | 6.3757 | 216,136.23 |
| GBP | 209,186.02 | 8.3941 | 1,755,928.37 | 11,860.01 | 8.6064 | 102,071.99 |
| EUR | - | 7.4229 | - | 7,790.84 | 7.2197 | 56,247.53 |

VI Changes in the scope of consolidation

1. Disposition of subsidiaries

| | Registration place | Nature of business | Shareholding Ratio of the Group (%) | Proportion of voting rights of the Group (%) | Reason of disposition |
|---|--------------------|---|-------------------------------------|--|---|
| AVATR Technology (Chongqing) Co., Ltd. ("AVATR Technology") | ChongQing | Production and sales of new energy vehicles and parts | 39.018% | 39.018% | The introduction of investors leads to dilution of equity |

According to the capital increase agreement signed by the Company with Shanghai NIO Automobile Co., Ltd., CATL New Energy Technology Co., Ltd., Fujian Mindong Times Rural Investment and Development Partnership (Limited Partnership), Chongqing Chengan Private Equity Investment Fund Partnership (Limited Partnership), Chongqing Liangjiang Xizheng Equity Investment Fund Partnership (Limited Partnership), Southern Industrial Asset Management Co., Ltd. and Chongqing Southern Industrial Equity Investment Fund Partnership (Limited Partnership) (Collectively referred to as "investors"), the Company and the investors increased their capital to AVATR Technology by RMB 500,000,000.00 and RMB 1,920,000,000.00, respectively, for a total capital increase of RMB 2,420,000,000.00. After the completion of the capital increase, the investors held a total of 60.9820% of the equity of AVATR Technology, the equity of AVATR Technology held by the Company decreased from 95.38% to 39.0180%, and AVATR Technology was changed from a subsidiary of the Company to an associate. As of the completion date of the capital increase (March 11, 2022), the Group will no longer include AVATR Technology in the scope of the merger.

1. Disposition of subsidiaries (Continued)

The relevant financial information of Avita Technology is set out below:

| | 2022/3/11 Book Value | 2021/12/31 Book Value |
|---|-------------------------|--------------------------|
| Current Assets | 2,542,310,614.22 | 1,018,554,547.61 |
| Non-Current Asset | 454,396,428.20 | 288,663,663.28 |
| Current Liability | 483,860,747.75 | 1,193,023,674.26 |
| Non-Current Liability | <u>328,229,166.81</u> | <u>309,005,514.38</u> |
| Shareholder's Equity | <u>2,184,617,127.86</u> | <u>(194,810,977.75)</u> |
| Less: Capital Increase | 2,420,000,000.00 | |
| Less: Minority interests | <u>(10,874,688.69)</u> | |
| The Company's share of net assets on the date of disposal | (224,508,183.45) | |
| Add: Capital Increase from this company | 500,000,000.00 | |
| Add: Goodwill | 39,078,794.37 | |
| Less: Other comprehensive income transferred out | <u>357,457.28</u> | |
| | 314,213,153.64 | |
| Fair Value of Residual Equity | <u>2,442,526,800.00</u> | |
| Disposal income | <u>2,128,313,646.36</u> | |

The operating results of AVATR Technology from January 1, 2022 to the completion date of capital increase are listed as follows :

| | 2022/1/1-2023/3/11 |
|-------------------|--------------------|
| Operating Revenue | - |
| Operating Costs | - |
| Net loss | (40,527,007.50) |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

VII Shares in other entities

1. Shares in subsidiaries

The subsidiaries of the Company are as follows:

| Company name | Main operating place | Registered place | Nature of business | Registered capital (0,000) | Total proportion of shareholders (%) | |
|---|----------------------------|----------------------------|--------------------|----------------------------|--------------------------------------|----------|
| | | | | | direct | indirect |
| I. The subsidiary formed by establish or investment | | | | | | |
| Chongqing Changan International Automobile Sales Co., Ltd. | Chongqing | Chongqing | Sales | 20,375.64 | 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 | - |
| Changan Brazil Holdings Limited (note 3) | St. Paul, Brazil | St. Paul, Brazil | Sales | BRL100 | 99.00 | 1.00 |
| 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 Automobile Investment (Shenzhen) Co., Ltd. | Shenzhen | Shenzhen | Sales | 23,789.00 | 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. | 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 | - |
| Chongqing Xingzhi Technology Co., Ltd. | Chongqing | Chongqing | Sales | 4,900.00 | 100.00 | - |
| Chongqing Changan Technology Co., Ltd. | Chongqing | Chongqing | R&D | 9,000.00 | 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 | - |
| III. The subsidiary formed by business combination under common control | | | | | | |
| Hefei Changan Automobile Co.,Ltd. | Hefei | Hefei | Manufacturing | 227,500.00 | 100.00 | - |

Note 1: The proportion of the company's voting rights in Nanjing Changan Automobile Co., Ltd. is 91.53%. The reason for the inconsistency between the shareholding ratio and the proportion of voting rights is that some minority shareholders entrust the company to exercise their voting rights.

Note 2: The remaining shareholders of Chongqing Changan Special Purpose Vehicle Co., Ltd. have signed the "Concerted Acting Persons Agreement" with the company, all agreeing to vote in accordance with the company's voting intentions, so the company can exercise control over it, so it is included in the scope of consolidated financial report.

Note 3: In 2022, Changan Brazil Holding Co., Ltd. was liquidated and canceled.

As at 31 December 2022, the Group has no subsidiaries with important minority interests.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

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 | 32,811 | 40.6559 | - | 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. (note 1) | 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 | 56,056 | - | 27.05 | The equity method |
| Anhe (Chongqing) Equity Investment Fund Management Co., Ltd. | Chongqing | Chongqing | Equity investment management | 1,260 | - | 44.44 | The equity method |
| Hangzhou Chelizi Intelligent Technology Co., Ltd. | Hangzhou | Hangzhou | Car travel service | 630 | - | 20.00 | The equity method |
| Master Changan Motors Ltd. (note 2) | 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 |
| AVATR Technology (Chongqing) Co., Ltd. | Chongqing | Chongqing | Production and sales of new energy automobiles and auto parts | 164,466 | 40.9939 | - | The equity method |
| Anhe Chongqing Dingfeng Auto Contractual Private Equity Investment Fund | Chongqing | Chongqing | Private equity | 15,436 | 40.00 | - | The equity method |
| Chongqing Changan Innovation Private Equity Investment Fund Partnership (Limited Partnership) | Chongqing | Chongqing | Private equity | 65,100 | 46.08 | - | The equity method |

2. Shares in joint ventures and associates (Continued)

Note 1 : In 2022, Hainan Anxinxing Information Technology Co., Ltd. was liquidated and cancelled.

Note 2 : The former Pakistan Master Automobile Co., Ltd. has been renamed Master Changan Automobile Limited.

Note 3 : In March 2022, Avita Technology (Chongqing) Co., Ltd. completed the capital increase and equity expansion to introduce new investors. After the completion of the capital increase, it changed from a subsidiary to an associate.

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.

| | 2022 | 2021 |
|---|---------------------------|--------------------------|
| Current assets | 15,159,099,717.00 | 13,985,198,069.00 |
| Including: cash and cash equivalent | 6,818,327,323.00 | 5,495,088,974.00 |
| Non-current assets | <u>20,859,166,829.00</u> | <u>26,699,638,722.00</u> |
| Total assets | <u>36,018,266,546.00</u> | <u>40,684,836,791.00</u> |
| Current liabilities | 26,771,621,602.00 | 28,816,791,001.00 |
| Non-current liabilities | <u>7,716,321,374.00</u> | <u>5,889,087,187.00</u> |
| Total liabilities | <u>34,487,942,976.00</u> | <u>34,705,878,188.00</u> |
| Minority interests | - | - |
| Equity attributable to owners | 1,530,323,570.00 | 5,978,958,603.00 |
| Net asset owned according to share proportion | 765,161,785.00 | 2,989,479,301.50 |
| Adjustment | <u>(52,702,433.15)</u> | <u>(54,603,257.51)</u> |
| Book value of investment | <u>712,459,351.85</u> | <u>2,934,876,043.99</u> |
| Operating revenue | 51,066,908,933.00 | 61,765,317,548.00 |
| Financial expenses- interest income | 127,367,165.00 | 117,633,590.00 |
| Financial expenses- interest expense | 326,852,062.00 | 453,750,578.00 |
| Income tax expense | 1,343,872,002.00 | 235,034,761.00 |
| Net profit/ (loss) | <u>(2,448,635,033.00)</u> | <u>2,283,913,708.00</u> |

2. Shares in joint ventures and associates (continued)

The table below shows the financial status of the less important joint ventures and associates:

| | 2022 | 2021 |
|--|---------------------------|-------------------------|
| Joint venture | | |
| Total book value of the investment | 4,067,976,150.23 | 4,332,804,092.02 |
| Total amount calculated by shareholding proportion | | |
| Net profit | 254,944,226.14 | 545,149,412.88 |
| Other comprehensive income | <u>602,832.07</u> | <u>(1,279,985.89)</u> |
| Total comprehensive income | <u>255,547,058.21</u> | <u>543,869,426.99</u> |
| Associates | | |
| Total book value of the investment | 9,626,226,954.20 | 5,977,694,724.54 |
| Total amount calculated by shareholding proportion | | |
| Net profit | (2,120,964,774.30) | (763,664,091.57) |
| Other comprehensive income | <u>(75,815.98)</u> | <u>-</u> |
| Total comprehensive income | <u>(2,121,040,590.28)</u> | <u>(763,664,091.57)</u> |

As at 31 December 2022, 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 Jiangling Motors Co., Ltd.. When extra loss occurs, the Group writes down the long-term investment to zero without recognizing the extra loss.

VIII Risks associated with financial instruments

1. Classification of financial instruments

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

Financial assets

| 2022 | 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 | - | 53,530,183,827.34 | - | 53,530,183,827.34 |
| Financial assets for trading | 280,315,571.09 | - | - | 280,315,571.09 |
| Notes receivable | - | 35,849,660,652.96 | - | 35,849,660,652.96 |
| Accounts receivable | - | 3,068,414,415.29 | - | 3,068,414,415.29 |
| Other receivables | - | 861,671,518.62 | - | 861,671,518.62 |
| Other current assets | - | 745,970.48 | - | 745,970.48 |
| Investment in other equity instrument | - | - | 489,950,000.00 | 489,950,000.00 |
| Total | 280,315,571.09 | 93,310,676,384.69 | 489,950,000.00 | 94,080,941,955.78 |
| 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 |

1. Classification of financial instruments (continued)

Financial liabilities

| | Financial liabilities measured at amortized cost | |
|---|--|--------------------------|
| | 2022 | 2021 |
| Short-term loans | 29,000,000.00 | 19,000,000.00 |
| Notes payable | 22,072,793,864.83 | 24,292,268,371.12 |
| Accounts payable | 29,449,664,138.75 | 23,650,604,870.98 |
| Other payables | 4,749,541,830.49 | 4,562,626,344.69 |
| Non-current liabilities due within 1 year | 885,723,901.34 | 533,839,583.57 |
| Long-term loan | 36,000,000.00 | 600,000,000.00 |
| Lease liabilities | 60,205,397.98 | 38,679,735.59 |
| Long-term payables | 408,939,511.34 | 642,513,537.69 |
| Bonds payable | 999,528,301.88 | - |
| Total | <u>58,691,396,946.61</u> | <u>54,085,782,443.64</u> |

2. Transfer of financial assets

The transferred financial assets that entirely derecognized but continuing involved

As at 31 December 2022, the Group has endorsed acceptance bill with a carrying amount of RMB5,294,424,281.62 (31 December 2021: RMB2,391,567,055.84) 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 2022, 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 2022, there was no credit risk arising from financial guarantee.

Since the Group only trades with approved and reputable customers, there is no need for collateral. Credit risk is centralized and managed according to customers. As at the balance sheet date, the Group has a specific concentration of credit risks. 56.83% of the Group's accounts receivable (December 31, 2021: 48.92%) 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)

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:

2022

| | Within 1 year | 1 to 2 years | 2 to 3 years | Over 3 years | Total |
|---|--------------------------|-----------------------|-----------------------|-------------------------|--------------------------|
| Short-term loans | 29,621,345.00 | - | - | - | 29,621,345.00 |
| Notes payable | 22,072,793,864.83 | - | - | - | 22,072,793,864.83 |
| Accounts payable | 29,449,664,138.75 | - | - | - | 29,449,664,138.75 |
| Other payable | 4,749,541,830.49 | - | - | - | 4,749,541,830.49 |
| Non-current liabilities due within 1 year | 907,011,961.68 | - | - | - | 907,011,961.68 |
| Long-term loan | - | 360,000.00 | 36,090,000.00 | - | 36,450,000.00 |
| Lease liabilities | - | 28,446,270.64 | 13,141,937.62 | 23,324,609.18 | 64,912,817.44 |
| Long-term payables | - | 195,656,936.33 | 192,710,708.33 | 36,552,833.33 | 424,920,477.99 |
| Bonds payable | 30,000,000.00 | 30,000,000.00 | 30,000,000.00 | 1,060,000,000.00 | 1,150,000,000.00 |
| Total | 57,238,633,140.75 | 254,463,206.97 | 271,942,645.95 | 1,119,877,442.51 | 58,884,916,436.18 |

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 | 4,308,876,344.69 | - | - | - | 4,308,876,344.69 |
| 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 | 52,857,725,143.54 | 850,635,220.73 | 225,482,801.90 | 249,487,426.37 | 54,183,330,592.54 |

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 2022, 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 2022, the Group only has transactional currency exposures of 7.33% (2021: 5.41%) 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, 2022, 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.

2022

| | Carrying amount of equity instrument investments | Change in fair value | Increase/ (decrease) in net profit | Increase/ (decrease) in equity profit |
|---|--|-------------------------|--|---|
| Shanghai- Equity investment included in financial assets at fair value through profit or loss | 126,112,500.00 | 5% | 5,359,781.25 | 5,359,781.25 |
| Shanghai- Equity investment included in financial assets at fair value through profit or loss | 126,112,500.00 | (5%) | (5,359,781.25) | (5,359,781.25) |
| Shenzhen- Equity investment included in financial assets at fair value through profit or loss | 125,052,628.80 | 5% | 5,314,736.72 | 5,314,736.72 |
| Shenzhen- Equity investment included in financial assets at fair value through profit or loss | 125,052,628.80 | (5%) | (5,314,736.72) | (5,314,736.72) |

3. Risks of financial instruments (continued)

Market risk(continued)

Equity instruments investment price risk (continued)

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) |

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 2022 and 2021.

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

| | 31 December 2022 | 31 December 2021 |
|----------------|------------------|------------------|
| Leverage ratio | <u>56.90%</u> | <u>58.74%</u> |

IX Disclosure of fair value

1. Assets and liabilities measured at fair value

2022

| | 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 | 126,112,500.00 | 125,052,628.80 | - | 251,165,128.80 |
| Others | - | 29,150,442.29 | - | 29,150,442.29 |
| Investment in other equity instruments | - | - | 489,950,000.00 | 489,950,000.00 |
| Total | 126,112,500.00 | 154,203,071.09 | 489,950,000.00 | 770,265,571.09 |

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 |
| Others | - | - | 17,895,600.00 | 17,895,600.00 |
| Investment in other equity instruments | - | - | 701,409,600.00 | 701,409,600.00 |
| Total | 177,902,700.00 | - | 719,305,200.00 | 897,207,900.00 |

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 2022, 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 | | | |
| 2022 | 489,950,000.00 | Market approach | Comparable transaction value multiplier / Post-tax discount rate |
| 2021 | 701,409,600.00 | Market 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 |

X Related party relationships and transactions

1. The holding company

| Holding company | Place of registration | Registered capital | Nature of the business | Proportion of shares in the Company | Proportion of voting rights in the company |
|--|-----------------------|--------------------|--|-------------------------------------|--|
| 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 VII 1 for details of the Group's subsidiaries.

3. Joint ventures and associates

Refer to Note VII 2 for details of the Group's joint ventures and associates.

4. Other related parties

| Related parties | Relationship |
|---|---|
| Anhui Wanyou Automobile Sales Service Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Huachuan Electric Equipment 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 |
| Guizhou Wanyou Auto Sales and Service 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 |
| Jiangsu Wanyou Automobile Sales Service Co., Ltd. | Controlled by the same ultimate holding company |
| Sichuan Jian'an Industrial Co.,Ltd. | Controlled by the same ultimate holding company |
| Sichuan Ningjiang Shanchuan Machinery Co, Ltd. | Controlled by the same ultimate holding company |
| Ya'an Wanyou Auto Sales and Service 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 Wanxing Automobile Sales and Service 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 Tsingshan Industrial 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 |
| 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 Wanyou Filter Co., Ltd. | Controlled by the same ultimate holding company |
| Hubei Huazhong Marelli Automobile Lighting Co., Ltd. | Controlled by the same ultimate holding company |
| Hubei Xiaogan Huazhong Automobile Light Co., Ltd. | Controlled by the same ultimate holding company |
| Yunnan Xiyi Industries Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Dajiang Jiexin Forging Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Jianshe Automobile Air-conditioner Co., Ltd. | Controlled by the same ultimate holding company |

4. Other related parties (continued)

| Related parties | Relationship |
|---|---|
| Chongqing Construction Tongda Industrial Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Yihong Defense Technology Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changan Industries Group Co. Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changan Property Management Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changan Intelligent Industrial Technology Service Co., Ltd. | Controlled by the same ultimate holding company |
| Longchang Shanchuan Precision Welded Tube Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changrong Machinery Co., Ltd. | Controlled by the same ultimate holding company |
| Southwest Ordnance Industry Chongqing Environmental Protection Research Institute Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Qingshan Transmission Sales Co., Ltd. | Controlled by the same ultimate holding company |
| Beijing Beiji Mechanical and Electrical Industry Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. | Controlled by the same ultimate holding company |
| Panzhuhua Wanyou Auto Sales & Service Co., Ltd. | Controlled by the same ultimate holding company |
| Luzhou Wanyou Automobile Service Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Wanyou Trading Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Wanyou Auto Sales and Service Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Pingshan Tk Carburetor Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Wanyou Zhicheng Automobile Sales and Service Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Jianshe Industry (Group) Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changan Construction Co., Ltd. | Controlled by the same ultimate holding company |
| Bazhong Wanyou Auto Sales & Service Co., Ltd. | Controlled by the same ultimate holding company |
| China South Industries Group Information Center Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changfeng Jiquan Machinery Co., Ltd. | Controlled by the same ultimate holding company |

4. Other related parties (continued)

| Related parties | Relationship |
|---|---|
| Wanyou Automobile Investment Co., Ltd. | Controlled by the same ultimate holding company |
| China South Industries Group Financial Leasing Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Anfu Automobile 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 Changan Automobile Group Hefei Investment Co., Ltd. | Controlled by the same ultimate holding company |
| China South Industry Group Finance Co., Ltd. | Controlled by the same ultimate holding company |
| Ya'an Changan Affordable Housing Construction 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 Mechanical & Electrical Equipment Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Xiyi Automobile Connecting Rod Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Lingchuan Special Industry Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Automobile Air-conditioner Co., Ltd. | Controlled by the same ultimate holding company |
| Guangxi Wanyou Auto Sales and Service Co., Ltd. | Controlled by the same ultimate holding company |
| Dali Wanfu Automobile Sales and Service Co., Ltd. | Controlled by the same ultimate holding company |
| SIAMC Management Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd. | Participated by the Ultimate holding company |
| Southern Fojiya Auto Parts Co., Ltd. | Participated by the Ultimate holding company |
| South Tianhe Chassis System Co., Ltd. | Participated by the Ultimate holding company |
| South Inter Air-conditioner Co., Ltd. | Participated by the Ultimate holding company |
| Chongqing Changan Minsheng Logistics Co. Ltd. | Participated by the Ultimate holding company |
| Chongqing Nexteer Steering System Co., Ltd. | Participated by the Ultimate holding company |
| Lear Changan (Chongqing) Automotive System Co., Ltd. | Participated by the Ultimate holding company |
| United Automotive Electronics Systems (Chongqing) Co., Ltd. | Participated by the Ultimate holding company |

4. Other related parties (continued)

| Related parties | Relationship |
|---|--|
| Gkn Huayu Driveline Systems(chongqing) Co., Ltd. | Participated by the Ultimate holding company |
| Tenneco Lingchuan (Chongqing) Exhaust System Company 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 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 |
| Chongqing Dajiang Yuqiang Plastic Co., Ltd. | Participated by the Ultimate holding company |
| Beijing Zhongbing Insurance Brokerage Co., Ltd. | Participated by the Ultimate holding company |
| Hunan Tyen Machinery Co., Ltd. | Participated by the Ultimate holding company |
| Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd. | Participated by the Ultimate holding company |
| Chongqing Chang'an Minsheng Boyu Logistics Co., Ltd. | Participated by the Ultimate holding company |
| Nanjing CMSC Logistics Co., Ltd. | Participated by the Ultimate holding company |
| Hafei Motor Co., Ltd. | Participated by the Ultimate holding company |
| Chengdu Zhongzi Guangming Catalytic Technology Co., Ltd | Participated by the Ultimate holding company |
| Nanjing LingHang Technology Co., Ltd. | Companies in which the company participates |
| Jiangling Motors 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 | 2022 | 2021 |
|--|--|--------------------------|--------------------------|
| Chongqing Tsingshan Industrial Co., Ltd. | Purchase of spare parts and accept service | 5,929,105,477.16 | 4,785,993,498.79 |
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | Purchase of spare parts and accept service | 4,693,770,740.03 | 1,157,433,115.64 |
| Chongqing Changan Minsheng Logistics Co. Ltd. | Purchase of spare parts and accept service | 3,463,898,449.23 | 2,367,887,858.81 |
| Harbin Dongan Automotive Engine Manufacturing Co., Ltd. | Purchase of spare parts and accept service | 1,059,383,069.06 | 1,470,076,695.64 |
| Hubei Huazhong Marelli Automobile Lighting Co., Ltd. | Purchase of spare parts | 1,000,676,703.53 | 1,103,986,382.45 |
| South Tianhe Chassis System Co., Ltd. | Purchase of spare parts and accept service | 850,217,286.61 | 855,650,728.58 |
| Chongqing Nexteer Steering System Co.,Ltd. | Purchase of spare parts and accept service | 831,405,194.98 | 772,763,837.57 |
| United Automotive Electronis Systems (Chongqing) Co., Ltd. | Purchase of spare parts and accept service | 822,043,773.13 | 514,909,546.70 |
| Sichuan Jian'an Industrial Co.,Ltd. | Purchase of spare parts and accept service | 797,061,806.68 | 833,678,868.10 |
| Harbin Dongan Auto Engine Co., Ltd. | Purchase of spare parts and accept service | 510,666,022.83 | 737,712,816.89 |
| Southern Fojiya Auto Parts Co., Ltd. | Purchase of spare parts and accept service | 474,902,181.20 | 522,797,081.51 |
| Chengdu Huachuan Electric Equipment Co., Ltd. | Purchase of spare parts and accept service | 433,491,184.42 | 419,242,322.52 |
| South Inter Air-conditioner Co.,Ltd. | Purchase of spare parts | 417,113,793.15 | 429,818,507.26 |
| Lear Changan (Chongqing) Automotive System Co., Ltd. | Purchase of spare parts | 398,441,173.61 | 626,890,790.17 |
| Chongqing Dajiang Tongyang Plastics Co., Ltd. | Purchase of spare parts and accept service | 390,094,811.70 | 157,108,911.96 |
| Subtotall of this page | | <u>22,072,271,667.32</u> | <u>16,755,950,962.59</u> |

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 | 2022 | 2021 |
|---|--|------------------|------------------|
| Dajiang Yapp Automotive Systems Co., Ltd. | Purchase of spare parts | 367,878,744.52 | 339,075,086.11 |
| Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd. | Purchase of spare parts | 353,842,435.47 | 276,472,478.63 |
| Gkn Huayu Driveline Systems(chongqing) Co., Ltd. | Purchase of spare parts | 349,384,726.01 | 329,353,847.13 |
| Sichuan Ningjiang Shanchuan Machinery Co, Ltd. | Purchase of spare parts | 236,368,439.32 | 218,229,152.25 |
| Chongqing Changrong Machinery Co., Ltd. | Purchase of spare parts | 188,542,642.58 | 208,657,447.92 |
| Chongqing Wutong Chelian Technology Co., Ltd. | Accept service | 162,264,149.40 | - |
| Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd. | Purchase of spare parts | 151,002,052.30 | 192,644,714.03 |
| Jiangling Holding Co., Ltd. | Purchase of spare parts and accept service | 138,548,818.43 | - |
| Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd. | Purchase of spare parts | 136,745,996.51 | 116,001,208.39 |
| Chengdu Wanyou Filter Co., Ltd. | Purchase of spare parts and accept service | 131,651,417.70 | 130,985,512.13 |
| Yunnan Xiyi Industries Co., Ltd. | Purchase of spare parts | 107,396,789.80 | 104,765,620.44 |
| Beijing Wutong Chelian Technology Co., Ltd. | Purchase of spare parts and accept service | 104,475,718.53 | 72,575,303.13 |
| Hubei Xiaogan Huazhong Automobile Light Co., Ltd. | Purchase of spare parts | 100,374,013.64 | 108,537,666.51 |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | Purchase of spare parts | 84,981,815.82 | 94,792,739.82 |
| Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd. | Purchase of spare parts and accept service | 67,353,980.86 | 56,309,042.36 |
| Chongqing Wanyou Economic Development Co., Ltd. | Purchase of spare parts and accept service | 66,255,194.45 | 603,419,863.12 |
| Chongqing Jianshe Automobile Air-conditioner Co., Ltd. | Purchase of spare parts | 60,528,242.94 | 159,688,393.32 |
| Subtotal of this page | | 2,807,595,178.28 | 3,011,508,075.29 |

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 | 2022 | 2021 |
|---|---------------------------|----------------|----------------|
| Chengdu Lingchuan Vehicle Oil Tank Co., Ltd. | Purchase of spare parts | 33,992,791.02 | 38,128,016.68 |
| Chongqing Qingshan Transmission Sales Co., Ltd. | Purchase of spare parts | 32,926,122.52 | 23,973,681.31 |
| Chongqing Yihong Defense Technology Co., Ltd. | Purchase of spare parts | 36,665,517.10 | 14,709,194.40 |
| Chengdu Zhongzi Guangming Catalytic Technology Co., Ltd. | Purchase of spare parts | 29,580,684.02 | - |
| Longchang Shanchuan Precision Welded Tube Co., Ltd. | Purchase of spare parts | 27,909,131.44 | 28,967,949.24 |
| Chongqing Construction Tongda Industrial Co., Ltd. | Purchase of spare parts | 25,814,511.10 | 37,055,895.63 |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | Accept service | 25,188,983.36 | 22,766,515.25 |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | Accept service | 13,511,730.91 | 14,259,779.04 |
| Chongqing Changan Industries Group Co. Ltd. | Accept service | 12,292,136.25 | 17,861,163.78 |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | Accept service | 12,062,273.95 | 10,395,446.00 |
| Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd. | Purchase of spare parts | 10,745,694.02 | 60,296,426.94 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | Accept service | 9,348,028.62 | 8,507,457.55 |
| Jiangsu Wanyou Automobile Sales Service Co., Ltd. | Accept service | 7,102,848.68 | 1,986,071.15 |
| Anhui Wanyou Automobile Sales Service Co., Ltd. | Accept service | 5,293,300.68 | 2,404,928.50 |
| Chongqing Changan Property Management Co., Ltd. | Accept service | 4,134,339.52 | 4,176,911.94 |
| Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd. | Accept service | 4,101,094.51 | 3,338,044.36 |
| Chongqing Dajiang Jiexin Forging Co., Ltd. | Purchase of spare parts | 3,078,583.33 | 5,121,697.47 |
| Chongqing Changan Intelligent Industrial Technology Service Co., Ltd. | Accept service | 2,946,005.80 | - |
| Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd. | Purchase of spare parts | 2,786,069.10 | 10,043,682.64 |
| Subtotal of this page | | 299,479,845.93 | 303,992,861.88 |

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 | 2022 | 2021 |
|--|--|---------------|----------------|
| Hunan Tyen Machinery Co., Ltd. | Purchase of spare parts and accept service | 2,092,525.14 | 70,511,666.83 |
| Southwest Ordnance Industry Chongqing Environmental Protection Research Institute Co., Ltd | Accept service | 2,049,165.81 | - |
| Ya'an Wanyou Auto Sales and Service Co., Ltd. | Accept service | 1,946,181.65 | 1,736,024.66 |
| Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd. | Accept service | 1,423,274.77 | 1,919,504.03 |
| China Changan Automobile Group Tianjin Sales Co., Ltd. | Accept service | 1,371,694.94 | 1,808,381.51 |
| Chongqing Jianshe Industry (Group) Co., Ltd. | Purchase of spare parts | 1,197,461.49 | 1,732,643.94 |
| Chengdu Wanyou Auto Sales and Service Co., Ltd. | Accept service | 678,453.32 | 187,650.50 |
| Luzhou Wanyou Automobile Service Co., Ltd. | Accept service | 509,671.25 | 669,657.17 |
| Beijing Zhongbing Insurance Brokerage Co., Ltd. | Purchase of spare parts and accept service | 226,434.19 | 340,815.00 |
| Chongqing Dajiang Yuqiang Plastic Co., Ltd. | Purchase of spare parts | 459,367.27 | 93,797,140.57 |
| Panzhuhua Wanyou Auto Sales & Service Co., Ltd. | Accept service | 451,213.56 | 514,551.95 |
| Nanjing LingHang Technology Co., Ltd. | Purchase of spare parts and accept service | 348,114.07 | 378,892.59 |
| Zhongqi Chuangzhi Technology Co., Ltd. | Accept service | 320,000.00 | - |
| Chongqing Pingshan Tk Carburetor Co., Ltd. | Purchase of spare parts | 170,426.18 | 256,266.00 |
| Chongqing Wanyou Zhicheng Automobile Sales and Service Co., Ltd | Purchase of spare parts | 127,433.63 | - |
| Yunnan Wanxing Automobile Sales and Service Co., Ltd | Accept service | 76,719.72 | 981,350.81 |
| Chengdu Wanyou Trading Co., Ltd. | Accept service | 55,017.09 | 35,404.55 |
| Beijing Beiji Mechanical and Electrical Industry Co., Ltd. | Purchase of spare parts | 38,462.43 | 3,933.64 |
| Subtotal of this page | | 13,541,616.51 | 174,873,883.75 |

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 | 2022 | 2021 |
|--|--|--------------------------|--------------------------|
| Changan Ford Automobile Co., Ltd. | Purchase of spare parts | 35,475.70 | 329,133.98 |
| China South Industries Financial Leasing Co., Ltd. | Accept service | 22,339.62 | - |
| Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. | Purchase of spare parts | 12,900.95 | - |
| Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd. | Purchase of spare parts and accept service | - | 44,892,792.39 |
| Hangzhou Chelizi Intelligent Technology Co., Ltd. | Purchase of spare parts | - | 2,148,762.81 |
| Chongqing Changan Construction Co., Ltd. | Accept service | - | 564,840.03 |
| China Changan Automobile Group Co., Ltd. | Accept service | - | 120,000.00 |
| Bazhong Wanyou Auto Sales & Service Co., Ltd. | Accept service | - | 64,894.12 |
| Chongqing Chang'an Minsheng Boyu Logistics Co., Ltd. | Accept service | - | 47,627.52 |
| 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 |
| Nanjing CMSC Logistics Co., Ltd. | Accept service | - | 2,752.29 |
| Subtotal of this page | | <u>70,716.27</u> | <u>48,205,227.19</u> |
| Total | | <u>25,192,959,024.31</u> | <u>20,294,531,010.70</u> |

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

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 | 2022 | 2021 |
|---|-------------------------------------|--------------------------|--------------------------|
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | Sales of vehicle parts and services | 2,609,084,124.78 | 2,087,692,782.62 |
| Chongqing Wanyou Economic Development Co., Ltd. | Sales of vehicle parts and services | 1,684,301,990.87 | 1,720,993,540.69 |
| Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. | Selling parts and services | 1,476,308,931.64 | 436,822,730.06 |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | Sales of vehicle parts and services | 1,284,359,479.27 | 1,257,537,353.64 |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | Sales of vehicle parts and services | 1,142,270,993.20 | 1,046,987,731.08 |
| Pakistan Master Automobile Co., Ltd. | Sales of vehicles and parts | 924,463,919.88 | 825,606,129.36 |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | Sales of vehicle parts and services | 884,848,504.37 | 929,945,622.49 |
| Avatr Technology (Chongqing) Co., Ltd. | Sales of vehicle parts and services | 714,145,977.09 | - |
| Wanyou Automobile Investment Co., Ltd. | Selling vehicles and services | 598,010,950.82 | 535,094,553.91 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | Sales of vehicle parts and services | 549,991,470.85 | 513,214,521.29 |
| Changan Automobile Finacing Co., Ltd. | Provide labor services | 490,826,007.07 | 399,039,103.55 |
| Jiangsu Wanyou Automobile Sales Service Co., Ltd. | Sales of vehicle parts and services | 470,683,276.14 | 200,741,980.03 |
| Anhui Wanyou Automobile Sales Service Co., Ltd. | Sales of vehicle parts and services | 260,352,341.97 | 199,372,254.88 |
| China Changan Automobile Group Tianjin Sales Co., Ltd. | Sales of vehicle parts and services | 247,493,153.78 | 227,233,799.93 |
| Changan Ford Automobile Co., Ltd. | Selling parts and services | 179,318,692.12 | 10,926,158.29 |
| Chongqing Tsingshan Industrial Co., Ltd. | Selling parts and services | 158,523,290.48 | 82,201,791.51 |
| Chongqing Changan Kuayue Automobile Co., Ltd. | Selling parts and services | 77,335,639.06 | 71,993,694.98 |
| Changan Mazda Automobile Co., Ltd. | Selling goods and services | 64,329,600.00 | - |
| China South Industries Group Financial Leasing Co., Ltd. | Provide labor services | 48,064,780.21 | 7,132,075.48 |
| Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd. | Selling parts | 37,118,575.61 | 10,746.64 |
| Harbin Dongan Automotive Engine Manufacturing Co., Ltd. | Selling parts | 28,271,075.57 | 62,194,464.21 |
| Subtotal of this page | | <u>13,930,102,774.78</u> | <u>10,614,741,034.64</u> |

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 | 2022 | 2021 |
|---|-------------------------------------|----------------------|-----------------------|
| Chongqing Anfu Automobile Co., Ltd. | Sales of vehicles and parts | 27,875,221.32 | 14,756,637.21 |
| Yunnan Wanxing Automobile Sales and Service Co., Ltd | Sales of vehicles and parts | 18,948,851.57 | 93,848,306.63 |
| Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd. | Selling parts | 4,244,013.23 | - |
| Ya'an Wanyou Auto Sales and Service Co., Ltd. | Sales of vehicle parts and services | 3,074,292.53 | 1,555,063.32 |
| Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd. | Sales of vehicle parts and services | 2,714,289.11 | 2,356,554.96 |
| China Changan Automobile Group Hefei Investment Co., Ltd. | Selling vehicles | 2,169,330.09 | 40,568,514.45 |
| Chongqing Changan Minsheng Logistics Co. Ltd. | Selling parts and services | 2,148,551.67 | 3,311,934.58 |
| Nanjing LingHang Technology Co., Ltd. | Provide labor services | 1,871,703.43 | - |
| Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd. | Selling parts | 1,866,175.08 | 12,045,145.12 |
| China South Industry Group Finance Co., Ltd. | Provide labor services | 1,852,079.79 | 365,474.29 |
| Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd. | Selling parts and services | 1,575,307.62 | 1,356,654.72 |
| Chengdu Lingchuan Vehicle Oil Tank Co., Ltd. | Selling parts | 1,480,056.13 | 2,246,031.95 |
| Yunnan Xiyi Industries Co., Ltd. | Selling parts | 1,365,240.00 | 131,376.00 |
| Chengdu Wanyou Auto Sales and Service co.,Ltd. | Sales of vehicle parts and services | 934,370.23 | 219,077.77 |
| Luzhou Wanyou Automobile Service Co., Ltd. | Selling parts and services | 820,143.92 | 1,026,650.15 |
| Chongqing Dajiang Tongyang Plastics Co., Ltd. | Selling parts | 750,186.19 | 1,536,134.53 |
| Panzhuhua Wanyou Auto Sales & Service Co., Ltd. | Selling parts and services | 712,145.73 | 479,039.76 |
| Jiangling Holding Co., Ltd. | Selling parts and services | 397,278.07 | - |
| Subtotal of this page | | <u>74,799,235.71</u> | <u>175,802,595.44</u> |

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 | 2022 | 2021 |
|---|----------------------------|--------------------------|--------------------------|
| Chongqing Changan Kuayue Automobile Sales Co., Ltd. | Selling parts | 281,930.93 | 279,576.78 |
| Chongqing Jianshe Industry (Group) Co., Ltd. | Selling parts | 253,525.27 | - |
| Lear Changan (Chongqing) Automotive System Co., Ltd. | Selling parts and services | 147,535.15 | 14,716.98 |
| Chongqing Dajiang Yuqiang Plastic Co., Ltd. | Selling parts | 131,400.00 | - |
| China South Industries Group Commercial Factoring Co., Ltd. | Provide labor services | 106,858.13 | 113,315.44 |
| China Changan Automobile Group Co., Ltd. | Provide labor services | 84,905.66 | - |
| Hainan Anxinxing Information Technology Co., Ltd. | Provide labor services | 28,301.89 | 180,405.38 |
| Chengdu Wanyou Trading Co., Ltd. | Selling parts and services | 25,171.68 | - |
| Sichuan Ningjiang Shanchuan Machinery Co, Ltd. | Provide labor services | 13,329.40 | 349,056.60 |
| Chongqing Jianshe Automobile Air-conditioner Co., Ltd. | Selling parts | 11,946.90 | - |
| Chongqing Wutong Chelian Technology Co., Ltd. | Provide labor services | 11,320.75 | - |
| South Inter Air-conditioner Co.,Ltd. | Provide labor services | 2,943.40 | - |
| Harbin Dongan Auto Engine Co., Ltd. | Provide labor services | 1,173.00 | 54,540.16 |
| Chongqing Chang'an Minsheng Boyu Logistics Co., Ltd. | Selling vehicles | - | 103,326,580.61 |
| China South Industries Group Information Center Co., Ltd. | Provide labor services | - | 690,566.04 |
| Changan Mazda Engine Co., Ltd. | Selling parts | - | 138,073.58 |
| Chongqing Nexteer Steering System Co.,Ltd. | Selling parts | - | 104,655.66 |
| Chengdu Huachuan Electric Equipment Co., Ltd. | Selling parts and services | - | 103,773.58 |
| United Automotive Electronis Systems (Chongqing) Co., Ltd. | Selling parts | - | 56,120.75 |
| Southern Fojiya Auto Parts Co., Ltd. | Provide labor services | - | 1,490.57 |
| Subtotal of this page | | <u>1,100,342.16</u> | <u>105,412,872.13</u> |
| Total | | <u>14,006,002,352.65</u> | <u>10,895,956,502.21</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 | 2022 | 2021 |
|---|----------------------|----------------------|
| Chongqing Changan Industries Group Co. Ltd. | <u>72,388,391.31</u> | <u>87,217,070.27</u> |

Purchase of project materials

| Related parties | 2022 | 2021 |
|--|----------------------|----------------------|
| Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd. | 14,202,332.81 | 607,600.00 |
| Chongqing Changan Minsheng Logistics Co. Ltd. | 13,862.82 | - |
| Sichuan Jian'an Industrial Co., Ltd. | 44.14 | - |
| Chongqing Changan Construction Co., Ltd. | - | <u>26,233,377.55</u> |
| Total | <u>14,216,239.77</u> | <u>26,840,977.55</u> |

Staff expenses for technical supporting

| Related parties | 2022 | 2021 |
|--|-----------------------|----------------------|
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | 87,739,303.52 | 17,151,364.69 |
| Changan Ford Automobile Co., Ltd. | 26,618,313.54 | 33,193,267.38 |
| Changan Mazda Automobile Co., Ltd. | 20,766,828.90 | 22,076,355.37 |
| Changan Mazda Engine Co., Ltd. | 13,623,103.29 | 14,413,961.51 |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 2,724,505.28 | 3,113,694.01 |
| Jiangling Holding Co., Ltd. | 1,465,987.40 | 3,663,424.01 |
| Jiangling Motors Co., Ltd. | 1,158,831.59 | - |
| Hainan Anxinxing Information Technology Co., Ltd. | 634,354.87 | - |
| Chongqing Changan Minsheng Logistics Co. Ltd. | - | 654,146.65 |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | - | <u>53,900.00</u> |
| Total | <u>154,731,228.39</u> | <u>94,320,113.62</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 | 2022 | 2021 |
|---|-------------------|-------------------|
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | 297,408.89 | 228,308.44 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | 109,002.02 | 127,015.84 |
| Chongqing Wanyou Economic Development Co., Ltd. | 66,581.59 | 43,143.18 |
| Anhui Wanyou Automobile Sales Service Co., Ltd. | 42,256.63 | 2,723.01 |
| Jiangsu Wanyou Automobile Sales Service Co., Ltd. | 32,918.60 | 8,148.67 |
| China Changan Automobile Group Tianjin Sales Co., Ltd. | 21,429.12 | 5,878.76 |
| Wanyou Automobile Investment Co., Ltd. | 19,690.27 | 46,188.50 |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | 9,988.50 | 50,616.82 |
| Chongqing Changan Minsheng Logistics Co. Ltd. | 4,584.91 | - |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | 3,686.97 | 75,045.17 |
| Yunnan Wanxing Automobile Sales and Service Co., Ltd. | - | 28,390.27 |
| | <u>607,547.50</u> | <u>615,458.66</u> |
| Total | | |

(3) Lease between related parties

As lessor

| Related parties | Type of leased assets | 2022 | 2021 |
|--|------------------------|-----------------------|-----------------------|
| Nanjing LingHang Technology Co., Ltd. | Vehicle | 89,060,494.43 | 125,060,344.01 |
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | Building and equipment | 129,219,487.60 | 20,690,813.54 |
| Ald Fortune Auto Leasing & Renting (Shanghai) Co., Ltd. | Vehicle | 28,781,100.74 | 70,778,756.80 |
| Chongqing Changan Industries Group Co. Ltd. | Building | 6,667,632.38 | 6,650,384.59 |
| Chongqing Changan Minsheng Logistics Co. Ltd. | Building | 703,167.61 | 675,912.67 |
| Chongqing Wanyou Economic Development Co., Ltd. | Building | 642,201.84 | 645,346.00 |
| South Inter Air-conditioner Co., Ltd. | Vehicle | 67,752.21 | 67,752.21 |
| Nanjing CMSC Logistics Co., Ltd. | Vehicle | - | 172,460.17 |
| Zhongqi Chuangzhi Technology Co., Ltd. | Vehicle | - | 116,037.74 |
| Ya'an Changan Affordable Housing Construction Co., Ltd. | Vehicle | - | 36,106.19 |
| Chongqing Dajiang Jiexin Forging Co., Ltd. | Vehicle | - | 38,123.89 |
| | | <u>255,141,836.81</u> | <u>224,932,037.81</u> |
| Total | | | |

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 | 2022 | 2021 |
|--|-----------------------|----------------------|----------------------|
| Chongqing Changan Minsheng Logistics Co. Ltd | Warehouse | <u>21,845,685.75</u> | <u>15,940,585.06</u> |

Note: The lease with Chongqing Changan Minsheng Logistics Co. Ltd. is a short-term lease, and the right-of-use asset is not recognized.

(4) Deposits and loan interest from related parties

Interest income

| Related parties | Type of leased assets | 2022 | 2021 |
|--|--------------------------------|-----------------------|-----------------------|
| China South Industry Group Finance Co., Ltd. | Deposit interest income | 323,932,186.89 | 192,425,074.21 |
| Changan Automobile Finacing Co., Ltd. | Deposit Interest income | 220,175,000.00 | 249,750,000.00 |
| Jiangling Holding Co., Ltd. | Entrusted loan interest income | - | <u>6,959,316.00</u> |
| Total | | <u>544,107,186.89</u> | <u>449,134,390.21</u> |

Interest expense

| Related parties | Type of transaction | 2022 | 2021 |
|--|-----------------------|---------------------|----------------------|
| China South Industry Group Finance Co., Ltd. | Loan interest expense | <u>2,546,530.48</u> | <u>10,158,888.89</u> |

(5) Other related party transactions

| Related parties | 2022 | 2021 |
|---|----------------------|----------------------|
| Compensation of key management personal | 29,192,727.00 | 30,376,486.00 |
| Stock-based compensation of key management personal | <u>13,446,227.88</u> | <u>10,771,483.50</u> |
| Total | <u>42,638,954.88</u> | <u>41,147,969.50</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties

(1) Notes receivable

| Related parties | 2022 | 2021 |
|--|-------------------------|-------------------------|
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | 3,623,354,650.53 | 1,707,657,373.40 |
| Wanyou Automobile Investment Co., Ltd. | 3,047,690,000.00 | 2,175,240,000.00 |
| Avatr Technology (Chongqing) Co., Ltd. | 121,822,864.29 | - |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | 43,000,000.00 | 47,000,000.00 |
| Chongqing Tsingshan Industrial Co., Ltd. | 40,463,588.91 | 7,995,373.20 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | 22,500,000.00 | 24,800,000.00 |
| Chongqing Wanyou Economic Development Co., Ltd. | 20,250,000.00 | 25,500,000.00 |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | 7,300,000.00 | 5,500,000.00 |
| Harbin Dongan Automotive Engine Manufacturing Co., Ltd. | 3,029,467.77 | 9,132,765.60 |
| Chongqing Changan Kuayue Automobile Co., Ltd. | - | 13,841,516.24 |
| Chongqing Changan Minsheng Logistics Co. Ltd. | - | 1,895,178.03 |
| Chongqing Changan Kuayue Automobile Sales Co., Ltd. | - | 1,450,000.00 |
| Total | <u>6,929,410,571.50</u> | <u>4,020,012,206.47</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(2) Accounts receivable

| Related parties | 2022 | 2021 |
|---|-------------------------|-----------------------|
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | 1,011,838,777.69 | 664,390,126.60 |
| Avatr Technology (Chongqing) Co., Ltd. | 320,592,883.29 | - |
| Changan Ford Automobile Co., Ltd. | 195,582,372.52 | 27,571,894.33 |
| Jiangling Holding Co., Ltd. | 121,166,512.75 | 43,263,418.79 |
| Changan Mazda Automobile Co., Ltd. | 72,378,357.38 | 10,443,141.10 |
| Changan Automobile Finacing Co., Ltd. | 68,199,053.80 | 27,000,000.00 |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 39,592,219.39 | 31,600,512.92 |
| Beijing Fang Anxin Yue Rental Auto Co.,Ltd. | 38,600,000.00 | 38,600,000.00 |
| Pakistan Master Automobile Co., Ltd. | 37,958,837.25 | 70,424,616.57 |
| Chongqing Tsingshan Industrial Co., Ltd. | 29,579,405.37 | 15,547,355.69 |
| China South Industries Group Financial Leasing Co., Ltd. | 9,734,968.89 | - |
| Ald Fortune Auto Leasing & Renting (Shanghai) Co., Ltd. | 5,181,800.00 | - |
| Nanjing LingHang Technology Co., Ltd. | 4,209,516.65 | 16,622,454.93 |
| Chongqing Changan Industries Group Co. Ltd. | 3,626,628.57 | 192,632.17 |
| Changan Mazda Engine Co., Ltd. | 3,494,661.85 | - |
| Jiangling Motors Co., Ltd | 1,176,831.13 | - |
| Chongqing Changan Minsheng Logistics Co. Ltd. | 688,099.86 | 32,259,206.05 |
| Harbin Dongan Automotive Engine Manufacturing Co., Ltd. | 147,532.81 | 21,179,345.59 |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | 127,548.00 | - |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | 63,900.00 | - |
| Chongqing Changan Kuayue Automobile Sales Co., Ltd. | 31,861.79 | 128,646.00 |
| China South Industries Group Commercial Factoring Co., Ltd. | 1,841.34 | 1,841.34 |
| Chongqing Changan Intelligent Industrial Technology Service Co., Ltd. | 0.15 | - |
| Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd. | 0.03 | 0.03 |
| Total | <u>1,963,973,610.51</u> | <u>999,225,192.11</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(3) Prepayments

| Related parties | 2022 | 2021 |
|--|----------------------|-----------------------|
| Beijing Wutong Chelian Technology Co., Ltd. | 12,438,660.30 | 21,982,556.75 |
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | 10,397,480.50 | 5,660,917.50 |
| Chongqing Tsingshan Industrial Co., Ltd. | - | 180,000,000.00 |
| Chongqing Nexteer Steering System Co.,Ltd. | - | 50,000,000.00 |
| Total | <u>22,836,140.80</u> | <u>257,643,474.25</u> |

(4) Other receivables

| Related parties | 2022 | 2021 |
|---|---------------------|----------------------|
| Chongqing Changan Industries Group Co. Ltd. | 1,157,446.69 | 1,157,446.69 |
| China South Industry Group Finance Co., Ltd. | 859,049.92 | - |
| Chongqing Changan Minsheng Logistics Co. Ltd. | 436.57 | 596,131.62 |
| 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 |
| Nanjing LingHang Technology Co., Ltd. | - | 1,027,352.32 |
| Total | <u>2,016,933.18</u> | <u>56,885,930.63</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(5) Notes payable

| Related parties | 2022 | 2021 |
|---|-------------------------|-------------------------|
| Chongqing Tsingshan Industrial Co., Ltd. | 1,078,658,254.05 | 997,630,000.00 |
| Chongqing Nexteer Steering System Co.,Ltd. | 327,738,252.79 | 345,500,000.00 |
| Chongqing Changan Minsheng Logistics Co. Ltd. | 300,858,223.58 | 293,970,489.20 |
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | 293,766,946.00 | 100,200,000.00 |
| Harbin Dongan Automotive Engine Manufacturing Co., Ltd. | 197,280,000.00 | 449,050,000.00 |
| Dajiang Yapp Automotive Systems Co., Ltd. | 175,450,000.00 | 172,180,000.00 |
| Chongqing Dajiang Tongyang Plastics Co., Ltd. | 145,840,000.00 | 72,710,000.00 |
| Hubei Huazhong Marelli Automobile Lighting Co., Ltd. | 139,690,000.00 | 115,860,000.00 |
| South Inter Air-conditioner Co.,Ltd. | 130,650,474.98 | 76,300,000.00 |
| South Tianhe Chassis System Co., Ltd. | 118,961,825.13 | 33,896,189.65 |
| Gkn Huayu Driveline Systems(chongqing) Co., Ltd. | 98,250,000.00 | 76,420,000.00 |
| Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd. | 82,600,000.00 | 83,160,000.00 |
| Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd. | 80,530,000.00 | 50,210,000.00 |
| Sichuan Ningjiang Shanchuan Machinery Co, Ltd. | 60,759,442.02 | 71,204,039.75 |
| Jiangling Holding Co., Ltd. | 59,248,188.59 | - |
| Harbin Dongan Auto Engine Co., Ltd. | 59,090,000.00 | 144,790,000.00 |
| Southern Fojiya Auto Parts Co., Ltd. | 36,370,000.00 | 27,690,000.00 |
| Chengdu Wanyou Filter Co., Ltd. | 34,373,849.84 | 34,230,000.00 |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | 33,869,017.86 | 40,747,850.00 |
| Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd. | 32,530,000.00 | 9,110,000.00 |
| Chongqing Jianshe Automobile Air-conditioner Co., Ltd. | 20,050,000.00 | 57,320,000.00 |
| Chongqing Yihong Defense Technology Co., Ltd | 19,560,000.00 | 7,990,000.00 |
| Hubei Xiaogan Huazhong Automobile Light Co., Ltd. | 15,650,000.00 | 15,230,000.00 |
| Chongqing Construction Tongda Industrial Co., Ltd. | 10,640,000.00 | 12,789,350.84 |
| Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd. | 7,765,999.95 | - |
| Longchang Shanchuan Precision Welded Tube Co., Ltd. | 6,140,145.72 | 700,000.00 |
| Chongqing Changrong Machinery Co., Ltd. | 1,314,548.20 | - |
| Chongqing Dajiang Jiexin Forging Co., Ltd. | 1,090,000.00 | 2,230,000.00 |
| Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd. | 950,000.00 | 4,420,000.00 |
| Hunan Tyen Machinery Co., Ltd. | 630,000.00 | 45,800,000.00 |
| Chengdu Zhongzi Guangming Catalytic Technology Co., Ltd | 560,000.00 | - |
| Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd. | - | 29,530,000.00 |
| Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd. | - | 16,298,837.60 |
| Chongqing Changan Construction Co., Ltd. | - | 2,417,746.00 |
| Total | 3,570,865,168.71 | 3,389,584,503.04 |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(6) Accounts payable

| Related parties | 2022 | 2021 |
|---|-------------------------|-------------------------|
| Jiangling Holding Co., Ltd. | 1,116,408,615.48 | 37,578,608.85 |
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | 822,638,571.39 | 45,785,722.56 |
| Chongqing Nexteer Steering System Co., Ltd. | 278,876,988.05 | 303,819,542.94 |
| Hubei Huazhong Marelli Automobile Lighting Co., Ltd. | 236,096,916.60 | 276,099,169.78 |
| Chongqing Tsingshan Industrial Co., Ltd. | 153,454,423.03 | 289,136,235.05 |
| Dajiang Yapp Automotive Systems Co., Ltd. | 152,806,662.74 | 130,308,165.60 |
| South Tianhe Chassis System Co., Ltd. | 142,620,012.97 | 218,042,109.95 |
| Lear Changan (Chongqing) Automotive System Co., Ltd. | 109,342,564.03 | 59,478,481.96 |
| Harbin Dongan Auto Engine Co., Ltd. | 103,616,123.17 | 155,019,007.24 |
| Harbin Dongan Automotive Engine Manufacturing Co., Ltd. | 99,563,867.81 | 79,164,395.58 |
| South Inter Air-conditioner Co., Ltd. | 87,495,633.58 | 156,165,656.54 |
| Chongqing Dajiang Tongyang Plastics Co., Ltd. | 86,558,622.08 | 122,247,111.17 |
| Southern Fojiya Auto Parts Co., Ltd. | 79,576,674.87 | 111,176,628.27 |
| United Automotive Electronis Systems (Chongqing) Co., Ltd. | 72,864,235.98 | 43,729,758.05 |
| Gkn Huayu Driveline Systems(chongqing) Co., Ltd. | 49,148,122.03 | 67,131,433.77 |
| Chengdu Huachuan Electric Equipment Co., Ltd. | 41,958,250.19 | 42,505,846.09 |
| Sichuan Jian'an Industrial Co., Ltd. | 40,868,455.07 | 114,453,923.31 |
| Chengdu Zhongzi Guangming Catalytic Technology Co., Ltd | 32,759,347.97 | 83,175.03 |
| Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd. | 25,869,763.88 | 23,129,987.81 |
| Hubei Xiaogan Huazhong Automobile Light Co., Ltd. | 19,359,970.66 | 22,108,475.58 |
| Chongqing Changrong Machinery Co., Ltd. | 18,773,538.36 | 48,459,589.80 |
| Chengdu Wanyou Filter Co., Ltd. | 14,115,700.51 | 14,085,492.47 |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | 13,575,599.30 | 26,347,971.01 |
| Chongqing Changan Minsheng Logistics Co. Ltd. | 12,696,301.88 | 26,921,418.99 |
| Chongqing Construction Tongda Industrial Co., Ltd. | 11,268,342.31 | 16,219,154.70 |
| Sichuan Ningjiang Shanchuan Machinery Co, Ltd. | 11,108,409.24 | 24,528,900.28 |
| Chongqing Jianshe Automobile Air-conditioner Co., Ltd. | 10,360,465.69 | 22,265,092.41 |
| Chongqing Qingshan Transmission Sales Co., Ltd. | 10,199,151.11 | 10,260,951.97 |
| Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd. | 8,537,490.14 | 129,036.87 |
| Chengdu Lingchuan Vehicle Oil Tank Co., Ltd. | 8,056,699.53 | 16,297,923.33 |
| Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd. | 6,417,935.77 | 14,889,297.76 |
| Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd. | 5,380,229.34 | 8,304,368.73 |
| Subtotal of this page | <u>3,882,373,684.76</u> | <u>2,525,872,633.45</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(6) Accounts payable (continued)

| Related parties | 2022 | 2021 |
|--|-------------------------|-------------------------|
| Chongqing Yihong Defense Technology Co., Ltd | 4,247,025.85 | 1,278,419.64 |
| Beijing Wutong Chelian Technology Co., Ltd. | 4,301,349.18 | 5,798,358.99 |
| Yunnan Xiyi Industries Co., Ltd. | 4,210,156.64 | 1,815,316.79 |
| Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd. | 2,388,277.76 | 22,651,086.10 |
| Changan Ford Automobile Co., Ltd. | 1,878,695.33 | 1,943,909.28 |
| Longchang Shanchuan Precision Welded Tube Co., Ltd. | 1,759,775.48 | 2,359,553.08 |
| Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd. | 1,358,424.58 | 8,406,255.55 |
| Southwest Ordnance Industry Chongqing Environmental Protection Research Institute Co., Ltd | 963,651.26 | - |
| Chongqing Wanyou Economic Development Co., Ltd. | 757,763.87 | 3,256,626.28 |
| Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd. | 559,576.76 | 1,137,544.54 |
| Chongqing Dajiang Yuqiang Plastic Co., Ltd. | 496,894.20 | 4,627,147.80 |
| Chongqing Dajiang Jiexin Forging Co., Ltd. | 312,203.77 | 103,404.61 |
| Chongqing Changan Industries Group Co. Ltd. | 236,355.17 | 601,702.05 |
| Chengdu Lingchuan Special Industry Co., Ltd. | 220,175.48 | 325,142.83 |
| Chongqing Automobile Air-conditioner Co., Ltd. | 205,041.51 | 205,041.51 |
| Hunan Tyen Machinery Co., Ltd. | 143,359.78 | 2,083,314.54 |
| Chongqing Jialing Yimin Special Equipment Co., Ltd. | 104,496.50 | 104,496.50 |
| Chongqing Dajiang Xinda Vehicles Shares Co., Ltd. | 56,251.08 | 56,251.08 |
| Chongqing Jianshe Mechanical & Electrical Equipment Co., Ltd. | 47,265.91 | 47,265.91 |
| Chongqing Xiyi Automobile Connecting Rod Co., Ltd. | 38,422.14 | 38,422.14 |
| Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd. | 20,842.80 | 20,842.80 |
| Hangzhou Chelizi Intelligent Technology Co., Ltd. | 12,350.00 | 12,350.00 |
| Beijing Beiji Mechanical and Electrical Industry Co., Ltd. | 3,165.30 | 29,268.25 |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 1,382.56 | 5,271,250.56 |
| Chongqing Changfeng Jiquan Machinery Co., Ltd. | 1,340.91 | 1,850,577.35 |
| Hafei Motor Co., Ltd. | 344.04 | 949,114.25 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | 250.00 | - |
| China Changan Automobile Group Co., Ltd. | - | 14,756.94 |
| Chongqing Jianshe Industry (Group) Co., Ltd. | - | 857,195.55 |
| Chongqing Pingshan Tk Carburetor Co., Ltd. | - | 70,083.18 |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | - | 1,544.70 |
| Subtotal of this page | <u>24,324,837.86</u> | <u>65,916,242.80</u> |
| Total | <u>3,906,698,522.62</u> | <u>2,591,788,876.25</u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(7) Contract liabilities

| Related parties | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Chongqing Wanyou Economic Development Co., Ltd. | 124,667,991.83 | 269,281,235.61 |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | 96,702,773.24 | 133,567,022.54 |
| Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. | 74,694,999.66 | 22,362,432.39 |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | 64,279,954.50 | 118,480,778.11 |
| Jiangsu Wanyou Automobile Sales Service Co., Ltd. | 58,420,002.39 | 41,137,071.23 |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | 49,769,852.59 | 101,043,742.82 |
| Wanyou Automobile Investment Co., Ltd. | 47,689,212.74 | 68,334,467.34 |
| China Changan Automobile Group Tianjin Sales Co., Ltd. | 33,057,138.53 | 37,209,408.83 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | 18,393,074.44 | 51,006,262.19 |
| Anhui Wanyou Automobile Sales Service Co., Ltd. | 12,540,522.24 | 36,775,197.75 |
| Jiangling Holding Co., Ltd. | 6,854,200.00 | 6,854,200.00 |
| Avatr Technology (Chongqing) Co., Ltd. | 5,832,549.46 | - |
| Pakistan Master Automobile Co., Ltd. | 5,213,676.57 | - |
| Changan Automobile Finacing Co., Ltd. | 685,200.00 | - |
| Changan Ford Automobile Co., Ltd. | 493,954.43 | - |
| Hafei Motor Co., Ltd. | 471,942.49 | 670,500.00 |
| Chongqing Changan Minsheng Logistics Co. Ltd. | 416,441.17 | - |
| Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd. | 373,179.91 | 21,566.76 |
| Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd. | 155,719.35 | 68,346.03 |
| Chongqing Anfu Automobile Co., Ltd. | 149,000.00 | 73,268.00 |
| Chengdu Wanyou Auto Sales and Service co.,Ltd. | 101,869.64 | 30,005.78 |
| Luzhou Wanyou Automobile Service Co., Ltd. | 91,342.25 | 50,528.84 |
| Ya'an Wanyou Auto Sales and Service Co., Ltd. | 75,083.25 | 23,611.57 |
| Bazhong Wanyou Auto Sales & Service Co., Ltd. | 50,426.48 | 50,426.48 |
| Chengdu Wanyou Trading Co., Ltd. | 18,900.00 | - |
| Panzhuhua Wanyou Auto Sales & Service Co., Ltd. | 16,305.41 | 17,855.01 |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | 12,979.98 | 12,979.98 |
| China Changan Automobile Group Hefei Investment Co., Ltd. | 10,273.00 | 10,273.00 |
| Yunnan Wanxing Automobile Sales and Service Co., Ltd | 6,816.00 | 15,033,974.67 |
| Dali Wanfu Automobile Sales and Service Co., Ltd | 3,486.06 | - |
| Guangxi Wanyou Auto Sales and Service Co., Ltd. | 302.40 | 302.40 |
| Changan Mazda Engine Co., Ltd. | - | 3,060,368.00 |
| Chongqing Chang'an Minsheng Boyu Logistics Co., Ltd. | - | 2,646,426.62 |
| Ya'an Changan Affordable Housing Construction Co., Ltd. | - | 10,000.00 |
| Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd. | - | 147,080.20 |
| Total | 601,249,170.01 | 907,979,332.15 |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(8) Other payables

| Related parties | 2022 | 2021 |
|---|----------------|----------------|
| Chongqing Changan Minsheng Logistics Co. Ltd. | 392,075,910.69 | 123,243,509.52 |
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | 113,039,584.99 | 28,204,667.10 |
| Chongqing Changan Construction Co., Ltd. | 26,391,448.08 | 26,391,448.08 |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | 10,068,122.20 | 3,756,167.26 |
| Chongqing Tsingshan Industrial Co., Ltd. | 7,868,918.85 | 565,792.16 |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | 7,732,620.00 | 5,204,000.00 |
| Chongqing Wanyou Economic Development Co., Ltd. | 7,660,147.80 | 245,798.56 |
| Jiangsu Wanyou Automobile Sales Service Co., Ltd. | 4,970,000.00 | 504,400.00 |
| Chongqing Changan Intelligent Industrial Technology Service Co., Ltd. | 4,404,413.09 | 1,507,567.09 |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | 4,007,517.20 | 828,912.03 |
| China Changan Automobile Group Tianjin Sales Co., Ltd. | 3,729,000.00 | - |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | 3,607,415.80 | 1,296,988.78 |
| United Automotive Electronis Systems (Chongqing) Co., Ltd. | 3,439,700.00 | 263,423.01 |
| Chongqing Changan Industries Group Co. Ltd. | 2,960,859.38 | 2,010,787.85 |
| Sichuan Jian'an Industrial Co., Ltd. | 2,101,400.49 | 709,839.37 |
| Ya'an Wanyou Auto Sales and Service Co., Ltd. | 2,063,900.00 | 733,079.80 |
| Chongqing Changan Property Management Co., Ltd. | 1,935,184.57 | 1,587,169.00 |
| South Inter Air-conditioner Co., Ltd. | 1,567,432.39 | 425,490.20 |
| Anhui Wanyou Automobile Sales Service Co., Ltd. | 1,475,600.00 | - |
| Chongqing Dajiang Tongyang Plastics Co., Ltd. | 1,423,800.00 | 1,067,850.00 |
| Chengdu Wanyou Filter Co., Ltd. | 1,266,573.71 | 143,553.10 |
| Hunan Tyen Machinery Co., Ltd. | 1,235,044.80 | 951,324.40 |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | 1,113,793.54 | 3,390.00 |
| Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd. | 1,096,014.24 | 42,215.90 |
| Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd. | 917,118.52 | 18,027,403.31 |
| Chengdu Wanyou Auto Sales and Service co., Ltd. | 790,000.00 | 350,000.00 |
| Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd. | 400,000.00 | - |
| South Tianhe Chassis System Co., Ltd. | 293,868.55 | 606,242.21 |
| Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd. | 219,898.32 | 332,961.91 |
| Harbin Dongan Automotive Engine Manufacturing Co., Ltd. | 203,155.92 | 1,258,466.14 |
| Chongqing Anfu Automobile Co., Ltd. | 200,000.00 | 200,000.00 |
| Chengdu Huachuan Electric Equipment Co., Ltd. | 173,206.40 | 356,673.20 |
| Chongqing Dajiang Xinda Vehicles Shares Co., Ltd. | 150,000.00 | 50,000.00 |
| Subtotal | 610,581,649.53 | 220,869,119.98 |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(8) Other payables (continued)

| Related parties | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Yunnan Xiyi Industries Co., Ltd. | 14,8030.00 | 25,130.48 |
| Luzhou Wanyou Automobile Service Co., Ltd. | 129,140.00 | 4,401.62 |
| China Changan Automobile Group Hefei Investment Co., Ltd. | 106,890.47 | - |
| Harbin Dongan Auto Engine Co., Ltd. | 106,468.60 | 4,839.23 |
| Jiangling Holding Co., Ltd. | 47,703.40 | 1,182,839.61 |
| Chongqing Construction Tongda Industrial Co., Ltd. | 33,787.00 | 21,164.90 |
| Hubei Xiaogan Huazhong Automobile Light Co., Ltd. | 27,828.32 | 1,349.36 |
| Chengdu Wanyou Trading Co., Ltd. | 11,391.20 | 12,333.20 |
| Dajiang Yapp Automotive Systems Co., Ltd. | 10,855.59 | - |
| Panzhuhua Wanyou Auto Sales & Service Co., Ltd. | 4,550.30 | 24,646.80 |
| China Changan Automobile Group Co., Ltd. | 1,000.00 | 1,000.00 |
| SIAMC Management Co., Ltd. | - | 253,750,000.00 |
| Chongqing Changan Kuayue Automobile Co., Ltd. | - | 163,007,855.00 |
| Ald Fortune Auto Leasing & Renting (Shanghai) Co., Ltd. | - | 1,500,000.00 |
| Hubei Huazhong Marelli Automobile Lighting Co., Ltd. | - | 530,196.00 |
| Gkn Huayu Driveline Systems(chongqing) Co., Ltd. | - | 89,857.60 |
| | <u>627,644.88</u> | <u>420,155,613.80</u> |
| Subtotal | | |
| | <u>611,209,294.41</u> | <u>641,024,733.78</u> |
| Total | | |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

6. Amounts due from/to related parties (continued)

(g) Non-current liability within 1 year

| Related parties | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | <u>244,429,325.65</u> | <u>154,593,759.05</u> |

(11) Long-term payables

| Related parties | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | <u>408,939,511.34</u> | <u>642,513,537.69</u> |

7. Cash deposited in related party

| Related parties | 2022 | 2021 |
|--|--------------------------|--------------------------|
| China South Industry Group Finance Co., Ltd. | 19,862,952,043.78 | 19,652,980,551.77 |
| Changan Automobile Finacing Co., Ltd. | <u>14,950,000,000.00</u> | <u>12,000,000,000.00</u> |
| Total | <u>34,812,952,043.78</u> | <u>31,652,980,551.77</u> |

In 2022, deposit rates in related party are 0.45%-2.25%, deposit terms are 0 to 12 months. (in 2021, deposit rate was 0.35% to 3.5%, terms are 0 to 12 months.)

8. Loans from related parties

Short-term loans

2022

| Related parties | Category | Beginning balance | Addition | Repay | Ending balance |
|--|---------------|----------------------|----------------------|----------------------|----------------------|
| China South Industry Group Finance Co., Ltd. | Credit loan | - | 18,070,000.00 | 18,070,000.00 | - |
| China South Industry Group Finance Co., Ltd. | Mortgage loan | <u>19,000,000.00</u> | <u>29,000,000.00</u> | <u>19,000,000.00</u> | <u>29,000,000.00</u> |
| Total | | <u>19,000,000.00</u> | <u>47,070,000.00</u> | <u>37,070,000.00</u> | <u>29,000,000.00</u> |

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> |

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

2022

| Related parties | Category | Beginning balance | Addition | Repay | Ending balance |
|--|-------------|----------------------|----------------------|----------------------|----------------------|
| China South Industry Group Finance Co., Ltd. | Credit loan | <u>54,300,000.00</u> | <u>40,000,000.00</u> | <u>54,300,000.00</u> | <u>40,000,000.00</u> |

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>1,000,000.00</u> | <u>54,300,000.00</u> |

Refer to Note V 31 for the details of the interest rates of the long-term loan.

XI Share-based payments

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Total amount of equity instruments granted | 92,920,600.00 | 92,920,600.00 |
| Services provided by employees in exchange for share-based payments | <u>380,209,900.00</u> | <u>268,539,867.92</u> |

Equity-settled share payments are as follows:

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Accumulated amount of equity-settled share-based payments included in capital reserve | 648,749,767.92 | 268,539,867.92 |
| Equity-settled share-based payments recognized as expenses | <u>380,209,900.00</u> | <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:

XI Share-based payments(continued)

| 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. |

XII Contingencies and commitments

1. Commitments

Contracted, but not provided for

| | 2022 | 2021 |
|------------------------|--------------------------|--------------------------|
| Capital commitments | 11,675,534,857.57 | 9,188,776,086.05 |
| Investment commitments | 1,782,940,000.00 | 1,509,000,000.00 |
| Total | <u>13,458,474,857.57</u> | <u>10,697,776,086.05</u> |

For the lease commitment as the lessee, please see Note 14, 2.

2. Contingencies

As at 31 December 2022, no material contingencies needed to be disclosed.

XIII Events after the balance sheet date

1. The dividends after balance sheet date

The profit distribution plan for 2022 is detailed in note V 44.

2. Other events after the balance sheet date

In December 2022, with the approval of the 49th meeting of the 8th Board of Directors and the 4th extraordinary general meeting of shareholders, the company will acquire 2.63% of the equity of Chongqing Changan New Energy Vehicles Technology Co., Ltd (hereinafter referred to as "New Energy Technology") from Chongqing Liangjiang New Area Chengwei Equity Investment Fund Partnership (Limited Partnership) and 7.71% of equity of New Energy Technology from Changxin Equity Investment Fund Partnership (Limited Partnership) for RMB 1.332 billion. After the completion of the acquisition, the company's shareholding in New Energy Technology increased from 40.6559% to 50.9960%, and New Energy Technology will change from an associate accounted for by the equity method to a holding subsidiary. As at the date of this report, the relevant acquisitions have been completed and New Energy Technology has been included in the scope of the Group's consolidated statements since February 2023.

XIV 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:

| | 2022 | 2021 |
|------------------|-----------------------|-----------------------|
| Leasehold Income | <u>414,625,233.74</u> | <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:

| | 2022 | 2021 |
|-------------------------------------|-------------------------|-------------------------|
| Less than 1 year (including 1 year) | 485,069,034.35 | 431,996,621.28 |
| 1 to 2 years (including 2 years) | 393,916,228.04 | 367,687,620.42 |
| 2 to 3 years (including 3 years) | 258,908,078.26 | 327,218,497.55 |
| 3 to 4 years (including 3 years) | 116,180,073.26 | 240,066,615.96 |
| 4 to 5 years (including 3 years) | 33,175,628.20 | 95,177,907.96 |
| Over 5 years | <u>25,435,140.79</u> | <u>29,888,877.61</u> |
| | <u>1,312,684,182.90</u> | <u>1,492,036,140.78</u> |

(2) As lessee

| | 2022 | 2021 |
|---|----------------------|-----------------------|
| Interest expense of lease liabilities | 3,315,624.26 | 3,238,026.58 |
| Short term lease expenses with simplified treatment included in current profit and loss | 68,405,663.80 | 78,921,021.42 |
| Lease expense of low value assets with simplified treatment included in current profit and loss | 3,208,292.72 | 2,566,698.86 |
| Total cash outflow related to leasing | <u>96,132,331.89</u> | <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.

XV Notes to the Company's financial statements

1. Accounts Receivable

(1) Aging analysis of accounts receivable as at 31 December 2022 is as follows:

| | 2022 | 2021 |
|-------------------------------------|-------------------------|-------------------------|
| Less than 1 year (including 1 year) | 4,445,068,297.55 | 6,741,369,355.22 |
| 1 to 2 years (including 2 years) | 997,705,973.80 | 353,774,325.51 |
| 2 to 3 years (including 3 years) | - | 227,529,170.91 |
| Over 3 years | <u>213,599,440.84</u> | <u>711,074,867.37</u> |
| | 5,656,373,712.19 | 8,033,747,719.01 |
| Less: Provision | <u>(117,868,890.37)</u> | <u>(102,237,112.42)</u> |
| | <u>5,538,504,821.82</u> | <u>7,931,510,606.59</u> |

(2) Movements of provision for accounts receivable are as follows:

| | Beginning balance | Provision | Write-off | Ending balance |
|------|----------------------|---------------------|--------------|-----------------------|
| 2022 | 102,237,112.42 | 17,018,007.91 | 1,386,229.96 | 117,868,890.37 |
| 2021 | <u>93,484,241.66</u> | <u>8,752,870.76</u> | - | <u>102,237,112.42</u> |

(3) Analysis of the accounts receivable by category as at 31 December 2022 is as follows:

| | 2022 | | | |
|--|-------------------------|---------------|-----------------------|--------------|
| | Balance | | Provision | |
| | Amount | % | Amount | % |
| Individually analyzed provision | 5,137,221,177.03 | 90.82 | 76,252,846.20 | 1.48 |
| Provision for bad debts based on credit risk characteristics | <u>519,152,535.16</u> | <u>9.18</u> | <u>41,616,044.17</u> | <u>8.02</u> |
| Total | <u>5,656,373,712.19</u> | <u>100.00</u> | <u>117,868,890.37</u> | <u>2.08</u> |
| | 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> |

1. Accounts Receivable (continued)

(4) Accounts receivable was analyzed for provision by expected credit loss model:

| | 2022 | | | 2021 | | |
|---------------|-----------------------|--------------|----------------------|-----------------------|--------------|----------------------|
| | Balance amount | % | Provision | Balance amount | % | Provision |
| Within 1 year | 452,608,491.21 | 0.89 | 4,009,679.22 | 153,480,402.70 | 0.42 | 642,592.90 |
| 1 to 2 years | 30,625,665.06 | 7.23 | 2,214,135.18 | - | - | - |
| 2 to 3 years | - | - | - | 655,000.31 | 10.84 | 71,031.12 |
| Over 3 years | <u>35,918,378.89</u> | <u>98.54</u> | <u>35,392,229.77</u> | <u>35,263,378.59</u> | <u>67.73</u> | <u>23,884,412.25</u> |
| Total | <u>519,152,535.16</u> | <u>8.02</u> | <u>41,616,044.17</u> | <u>189,398,781.60</u> | <u>12.99</u> | <u>24,598,036.27</u> |

(5) As at 31 December 2022, accounts receivable from top 5 clients amounted to RMB 3,044,844,058.24, accounted for 53.83% of the total amount (2021: RMB 4,129,668,343.88, accounted for 51.40% of the total amount).

(6) There are no accounts receivable derecognized due to transference of financial assets during 2022 (2021: Nil).

2. Other receivables

(1) Aging analysis of other receivables as at 31 December 2022 is as follows:

| | 2022 | 2021 |
|-----------------|-----------------------|-------------------------|
| Within 1 year | 842,446,117.27 | 1,745,128,693.03 |
| 1 to 2 years | 7,116,112.63 | 1,413,046.51 |
| 2 to 3 years | 1,226,346.51 | 497,065.04 |
| Over 3 years | <u>15,300,830.26</u> | <u>16,804,017.31</u> |
| | 866,089,406.67 | 1,763,842,821.89 |
| Less: Provision | <u>(7,062,658.03)</u> | <u>(7,219,239.96)</u> |
| Total | <u>859,026,748.64</u> | <u>1,756,623,581.93</u> |

(2) Analysis of other receivables by nature is as follows:

| | 2022 | 2021 |
|--------------------------------------|-----------------------|-------------------------|
| Prepaid equity investment | 399,486,432.52 | 526,670,000.00 |
| Energy-saving and new energy subsidy | 338,394,118.63 | 358,470,077.96 |
| Pretty cash | 62,920,147.86 | 21,998,665.75 |
| Internal transactions | 32,946,539.47 | 791,370,940.07 |
| Others | <u>25,279,510.16</u> | <u>58,113,898.15</u> |
| Total | <u>859,026,748.64</u> | <u>1,756,623,581.93</u> |

2. Other Receivable (continued)

- (3) In 2022, 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 | Ending balance |
|------|---------------------|------------------|------------|---------------------|
| 2022 | 7,219,239.96 | - | 156,581.93 | 7,062,658.03 |
| 2021 | <u>7,154,284.79</u> | <u>64,955.17</u> | <u>-</u> | <u>7,219,239.96</u> |

- (4) As at 31 December 2022, top five debtors of other receivables are as follows:

| Debtors | Amount | Aging | Proportion of total other receivables (%) | Ending balance of provision |
|---------|-----------------------|---------------|---|-----------------------------|
| 1st | 338,394,118.63 | Within 1 year | 39.07 | - |
| 2nd | 297,876,247.07 | Within 1 year | 34.39 | - |
| 3rd | 101,610,185.45 | Within 1 year | 11.73 | - |
| 4th | 18,673,042.75 | Within 1 year | 2.16 | - |
| 5th | <u>16,186,569.01</u> | Within 1 year | <u>1.87</u> | <u>-</u> |
| Total | <u>772,740,162.91</u> | | <u>89.22</u> | <u>-</u> |

- (5) As of December 31, 2022, the company had no other receivables that were derecognized as a transfer of financial assets (December 31, 2021: Nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

3. Long-term investments

2022

| Investee | Opening Balance | Addition | Reduction | Investment income/loss under equity method | Other comprehensive income comprehensive income | Other changes in equity | Dividend of cash declared | Other deduction | Ending Balance | Ending Balance of provision |
|---|-------------------------|-------------------------|-----------------|--|---|-------------------------|---------------------------|-----------------|-------------------------|-----------------------------|
| Joint ventures | | | | | | | | | | |
| Changan Ford Automobile Co., Ltd. | 2,934,876,043.99 | - | - | (1,222,416,692.14) | - | - | (1,000,000,000.00) | - | 712,459,351.85 | - |
| Changan Mazda Automobile Co., Ltd. | 1,867,086,106.67 | - | - | 45,093,349.65 | - | - | (478,875,000.00) | - | 1,433,304,456.32 | - |
| Changan Mazda Engine Co., Ltd. | 835,121,564.38 | - | - | 30,420,484.67 | - | - | (41,500,000.00) | - | 824,042,049.05 | - |
| Nanchang Jiangling Investment Co., Ltd. | 1,630,596,420.97 | - | - | 179,430,391.82 | 602,832.07 | - | - | - | 1,810,629,644.86 | - |
| Subtotal of joint ventures | <u>7,267,680,136.01</u> | - | - | <u>(967,472,466.00)</u> | <u>602,832.07</u> | - | <u>(1,520,375,000.00)</u> | - | <u>4,780,435,502.08</u> | - |
| Associates | | | | | | | | | | |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 242,792,196.86 | - | - | (33,023,260.52) | - | - | - | - | 209,768,936.34 | - |
| Chongqing Changan Kuayue Automobile Sales Co., Ltd. | - | - | - | - | - | - | - | - | - | - |
| Beijing Fang Anxin Yue Rental Auto Co., Ltd. | - | - | - | - | - | - | - | - | - | - |
| Changan Automobile Finacing Co., Ltd. | 2,520,349,332.44 | - | - | 325,492,694.33 | - | - | (66,943,616.44) | - | 2,778,898,410.33 | - |
| Hainan Anxinxing Information Technology Co., Ltd. | - | 368,900.00 | (849.01) | (368,050.99) | - | - | - | - | - | - |
| Nanjing Chelai Travel Technology Co., Ltd. | 866,888.90 | - | - | (242,115.59) | - | - | - | - | 624,773.31 | - |
| Coresing Semiconductor Technology Co., Ltd. | 25,285,116.95 | - | - | 167,308.31 | - | - | - | - | 25,452,425.26 | - |
| Nanjing Leading Equity Investment Partnership (Limited Partnership) | 2,424,143,949.52 | - | - | 146,277,515.18 | - | - | - | - | 2,570,421,464.70 | - |
| Nanjing Leading Equity Investment Management Co., Ltd. | 1,133,065.60 | - | - | (20,854.91) | - | - | - | - | 1,112,210.69 | - |
| Jiangling Holding Co., Ltd. | 70,492,790.08 | - | - | (70,492,790.08) | - | - | - | - | - | - |
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | - | 1,360,000,000.00 | - | (1,653,680,684.65) | - | 663,566,110.70 | - | - | 369,885,426.05 | - |
| Zhongqi Chuangzhi Technology Co., Ltd. | 190,534,997.15 | - | - | (22,042,206.37) | - | - | - | - | 168,492,790.78 | - |
| Chongqing Changxin Zhiqi Private Equity Investment Fund Partnership (Limited Partnership) | 25,007,587.62 | 133,187,500.00 | - | 12,244,966.46 | - | - | - | - | 170,440,054.08 | - |
| Anhe Chongqing Dingfeng Auto Contractual Private Equity Investment Fund | - | 61,744,000.00 | - | (175,293.92) | - | - | - | - | 61,568,706.08 | - |
| Avatr Technology (Chongqing) Co., Ltd. | - | 2,040,266,561.89 | - | (811,903,504.78) | (75,815.98) | - | - | - | 1,228,287,241.13 | - |
| Chongqing Changan Innovation Private Equity Investment Fund Partnership (Limited Partnership) | - | 1,000,000.00 | - | 844.59 | - | - | - | - | 1,000,844.59 | - |
| Subtotal of associates | <u>5,500,605,925.12</u> | <u>3,596,566,961.89</u> | <u>(849.01)</u> | <u>(2,107,765,432.94)</u> | <u>(75,815.98)</u> | <u>663,566,110.70</u> | <u>(66,943,616.44)</u> | - | <u>7,585,953,283.34</u> | - |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

3. Long-term investments (continued)

2022 (continued)

| Investee | Opening Balance | Addition | Reduction | Investment income/loss under equity method | Other comprehensive income comprehensive income | Other changes in equity | Dividend of cash declared | Others | Ending Balance | Ending Balance of provision |
|--|-------------------|------------------|----------------|--|---|-------------------------|---------------------------|------------------|-------------------|-----------------------------|
| Subsidiaries | | | | | | | | | | |
| Nanjing Changan Automobile Co., Ltd. | 422,533,259.00 | - | - | - | - | - | - | - | 422,533,259.00 | - |
| Chongqing Changan International | 13,068,581.00 | 190,000,000.00 | - | - | - | - | - | - | 203,068,581.00 | - |
| Chongqing Changan Automobile Supporting | 29,700,000.00 | - | - | - | - | - | - | - | 29,700,000.00 | - |
| Chongqing Changan Connected Car | 88,500,000.00 | - | - | - | - | - | - | - | 88,500,000.00 | - |
| Chongqing Changan Special Automobile Co., | 2,500,000.00 | - | - | - | - | - | - | - | 2,500,000.00 | - |
| Chongqing Changan Europe Design | 155,469,913.50 | - | - | - | - | - | - | - | 155,469,913.50 | - |
| Chongqing Changan New Energy | - | - | - | - | - | - | - | - | - | (49,194,195.00) |
| Changan United Kingdom R&D Center Co., | 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 | 235,248,871.00 | 2,640,640.00 | - | - | - | - | - | - | 237,889,511.00 | - |
| Nanjing Changan New Energy Automobile | 50,000,000.00 | - | - | - | - | - | - | - | 50,000,000.00 | - |
| Chongqing Anyi Automobile Technical | 2,000,000.00 | - | - | - | - | - | - | - | 2,000,000.00 | - |
| Xiamen Changan New Energy Automobile | 2,000,000.00 | - | - | - | - | - | - | - | 2,000,000.00 | - |
| Guangzhou Changan New Energy | 4,000,000.00 | - | - | - | - | - | - | - | 4,000,000.00 | - |
| Chongqing Changan Lingyao Automobile | 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 | 977,793,971.55 | - | - | - | - | - | - | - | 977,793,971.55 | - |
| Chongqing Changan Automobile Software | 99,000,000.00 | - | - | - | - | - | - | - | 99,000,000.00 | - |
| Chongqing Changan Technology Co., Ltd. | - | 90,000,000.00 | - | - | - | - | - | - | 90,000,000.00 | - |
| Avatr Technology (Chongqing) Co., Ltd. | 153,841,669.77 | - | - | - | - | - | - | (153,841,669.77) | - | - |
| Subtotal of subsidiaries | 4,892,533,917.57 | 282,640,640.00 | (2,584,556.97) | - | - | - | - | (153,841,669.77) | 5,018,748,330.83 | (49,194,195.00) |
| Total | 17,660,819,978.70 | 3,879,207,601.89 | (2,585,405.98) | (3,075,237,898.94) | 527,016.09 | 663,566,110.70 | (1,587,318,616.44) | (153,841,669.77) | 17,385,137,116.25 | (49,194,195.00) |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

3. Long-term investments (continued)

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 | - |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

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) |

4. Operating revenue and cost

| | 2022 | | 2021 | |
|-------------------|---------------------------|--------------------------|--------------------------|--------------------------|
| | Revenue | Cost | Revenue | Cost |
| Primary Operation | 99,659,461,376.20 | 83,039,189,231.43 | 90,985,611,205.39 | 80,344,375,608.83 |
| Other Operation | <u>7,005,683,913.08</u> | <u>3,202,290,576.52</u> | <u>7,317,328,166.58</u> | <u>3,794,210,191.83</u> |
| Total | <u>106,665,145,289.28</u> | <u>86,241,479,807.95</u> | <u>98,302,939,371.97</u> | <u>84,138,585,800.66</u> |

Operating revenue listed as follows:

| | 2022 | 2021 |
|----------------------------------|---------------------------|--------------------------|
| Sales of goods | 100,724,925,838.45 | 93,345,887,353.11 |
| Provision of services and others | <u>5,940,219,450.83</u> | <u>4,957,052,018.86</u> |
| Total | <u>106,665,145,289.28</u> | <u>98,302,939,371.97</u> |

The breakdown of operating revenue generated from contracts with customers is as follows:

| | 2022 | 2021 |
|---|---------------------------|--------------------------|
| Revenue recognition time | | |
| Recognize revenue at a certain point in time | 105,965,019,826.80 | 97,549,755,107.36 |
| Recognize revenue within a certain period of time | <u>700,125,462.48</u> | <u>753,184,264.61</u> |
| Total | <u>106,665,145,289.28</u> | <u>98,302,939,371.97</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:

| | 2022 | 2021 |
|----------------------------------|-------------------------|-------------------------|
| Sales of goods | 8,024,058,722.97 | 3,305,994,526.82 |
| Provision of services and others | <u>422,441,293.07</u> | <u>137,381,961.13</u> |
| Total | <u>8,446,500,016.04</u> | <u>3,443,376,487.95</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:

| | 2022 | 2021 |
|------------------|--------------------------------|--------------------------------|
| Within 1 year | 3,997,514,972.13 | 8,446,500,016.04 |
| More than 1 year | <u>844,435,549.31</u> | <u>715,087,257.75</u> |
| Total | <u><u>4,841,950,521.44</u></u> | <u><u>9,161,587,273.79</u></u> |

5. Investment income/loss

(1) Details of investment income

| | 2022 | 2021 |
|---|----------------------------------|--------------------------------|
| Long-term equity investment income accounted for by the cost method | 653,072,387.00 | - |
| Long-term equity investment income/(loss) accounted for by the equity method | (3,075,237,898.94) | 1,441,363,553.71 |
| The investment income of financial asset held for trading during its holding period | 3,289,610.51 | 3,363,000.00 |
| Dividend income from remaining investments in other equity instruments | 160,088,164.16 | 78,499,905.15 |
| Investment income from disposal of long-term equity investments | (1,805,399.76) | - |
| Gains from the remeasurement of the remaining equity at fair value after the loss of control | 337,514,571.42 | - |
| Interest income from entrusted loan | <u>-</u> | <u>8,099,253.11</u> |
| Total | <u><u>(1,923,078,565.61)</u></u> | <u><u>1,531,325,711.97</u></u> |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2022
(Expressed in Renminbi Yuan)

5. Investment income/loss (continued)

(2) Long-term equity investment income under equity method

| Investee | 2022 | 2021 | Reason for the fluctuation |
|---|---------------------------|-------------------------|---|
| Changan Ford Automobile Co., Ltd. | (1,222,416,692.14) | 1,143,342,548.82 | Decrease in profit due to sales decline |
| Changan Mazda Automobile Co., Ltd. | 45,093,349.65 | 417,328,331.92 | Decrease in profit due to sales decline |
| Changan Mazda Engine Co., Ltd. | 30,420,484.67 | 41,752,307.94 | |
| Nanchang Jiangling Investment Co., Ltd. | 179,430,391.82 | 86,068,773.02 | Increase in investment income |
| Jiangling Holding Co., Ltd. | (70,492,790.08) | (131,243,854.17) | |
| Chongqing Changan Kuayue Automobile Co., Ltd. | (33,023,260.52) | 8,486,062.65 | Decrease in profit due to sales decline |
| Changan Automobile Financing Co., Ltd. | 325,492,694.33 | 247,691,770.61 | |
| Avatr Technology (Chongqing) Co., Ltd. | (811,903,504.78) | - | Loss at the beginning of operations |
| Hainan Anxinxing Information Technology Co., Ltd. | (368,050.99) | (2,316,052.92) | |
| Nanjing Chelai Travel Technology Co., Ltd. | (242,115.59) | (325,716.37) | |
| Nanjing Leading Equity Investment Partnership (Limited Partnership) | 146,277,515.18 | 682,775,058.89 | Decrease in fair value premium |
| Nanjing Leading Equity Investment Management Co., Ltd. | (20,854.91) | (129,114.79) | |
| Coresing Semiconductor Technology Co., Ltd. | 167,308.31 | 47,460.39 | |
| Chongqing Changan New Energy Vehicles Technology Co., Ltd. | (1,653,680,684.65) | (1,042,156,607.05) | Increase in loss |
| Zhongqi Chuangzhi Technology Co., Ltd. | (22,042,206.37) | (9,465,002.85) | |
| Chongqing Changxin Zhiqi Private Equity Investment Fund Partnership (Limited Partnership) | 12,244,966.46 | (492,412.38) | |
| Anhe Chongqing Dingfeng Auto Contractual Private Equity Investment Fund | (175,293.92) | - | |
| Chongqing Changan Innovation Private Equity Investment Fund Partnership (Limited Partnership) | 844.59 | - | |
| Total | (3,075,237,898.94) | 1,441,363,553.71 | |

1. Schedule of non-recurring profit and loss

| | 2022 |
|---|--------------------------------|
| Non-current asset disposal gains and losses (including the write-off portion of the asset impairment provision) | 74,862,481.00 |
| 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) | 1,134,358,181.32 |
| Interest on late payment of funds charged to non-financial enterprises | 40,505,154.81 |
| 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 | 3,570,229.29 |
| Reversal of impairment provision for accounts receivable that are tested separately for impairment | 2,847,641.57 |
| Investment income from the disposal of long-term equity investments | 2,128,313,646.36 |
| Other non-operating income and expenses other than the above | 77,519,377.00 |
| Income tax impact | (94,817,746.44) |
| Minority shareholders' equity impact (after tax) | <u>(27,627,185.99)</u> |
| Total | <u>3,339,531,778.92</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

2022

| | Weighted average return on equity (%) | Earnings per share | |
|--|---|--------------------|---------------|
| | | Basic EPS | Diluted EPS |
| Net profit attributable to the Company's ordinary shareholders | 13.07 | 0.7960 | 0.7799 |
| Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss | <u>7.47</u> | <u>0.4538</u> | <u>0.4459</u> |

2021

| | Weighted average return on equity (%) | Earnings per share | |
|--|---|--------------------|---------------|
| | | Basic EPS | Diluted EPS |
| Net profit attributable to the Company's ordinary shareholders | 6.53 | 0.3616 | 0.3579 |
| Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss | <u>3.04</u> | <u>0.1670</u> | <u>0.1665</u> |

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.