Registered number: 10591250

AIR INTERNATIONAL THERMAL (UNITED KINGDOM) LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2019

AIR INTERNATIONAL THERMAL (UNITED KINGDOM) LIMITED
REGISTERED NUMBER: 10591250

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Tangible assets	4		**23,227**		27,131
Investments	5		**3,774**		3,774
			27,001		30,905
Current assets					
Debtors: amounts falling due within one year	6	**3,579,472**		2,372,122	
Cash at bank and in hand		**18,769**		4,882	
		3,598,241		2,377,004	
Creditors: amounts falling due within one year	7	**(3,543,510)**		(2,325,947)	
Net current assets			**54,731**		51,057
Total assets less current liabilities			**81,732**		81,962
Net assets			**81,732**		81,962
Capital and reserves					
Called up share capital	9		**1,000**		1,000
Profit and loss account			**80,732**		80,962
			81,732		81,962

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

V Joshi
Director
Date: 24/Sept/2020

The *notes on pages 2 to 10 form part of these financial* statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Air International Thermal (United Kingdom) Limited is a private company limited by shares, and incorporated in England and Wales. The address of the registered office is 10 Norwich Street, London, EC4A 1BD.

2. *Accounting policies*

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.3 Going concern

The company made a net loss in the year of £230 (2018: net profit of £220,313) and has net assets of £81,732 (2018: £81,962). The company is still dependent on financial support from other group companies, as all revenue is generated through management charges to subsidiaries in the group.

The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has impacted the company's operations. In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the *impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in* mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the financial statements. The Directors consider a reasonable expectation that the company will continue in operational existence for the forseeable future of minimum 12 months from signing the balance sheet. The parent company has confirmed its continued support for the company.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP and these financial statements are rounded to the nearest £.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is generated by recharging certain expenses occured during the year with an agreed mark up to its subsidiary.

2. Accounting policies (continued)

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	25% Straight line basis
D&D in progress	-	Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when

2. Accounting policies (continued)

2.15 Financial instruments (continued)

there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Employees

The average monthly number of employees, including directors, during the year was 5 (2018 - 6).

4. Tangible fixed assets

	Office equipment £	D&D in progress £	Total £
Cost or valuation			
At 1 January 2019	**38,976**	**-**	**38,976**
Additions	**-**	**5,840**	**5,840**
At 31 December 2019	**38,976**	**5,840**	**44,816**
Depreciation			
At 1 January 2019	**11,845**	**-**	**11,845**
Charge for the year on owned assets	**9,744**	**-**	**9,744**
At 31 December 2019	**21,589**	**-**	**21,589**
Net book value			
At 31 December 2019	**17,387**	**5,840**	**23,227**
At 31 December 2018	27,131	-	27,131

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	**3,774**
At 31 December 2019	**3,774**

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Air International Thermal (Slovakia) s.r.o.	AC Diplomat, Pailsady 29/A, 811 06, Bratislava, Slovakia	Ordinary	99%

6. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	**3,553,382**	2,341,103
Other debtors	**12,263**	13,327
Prepayments and accrued income	**13,827**	7,652
Deferred taxation	**-**	10,040
	3,579,472	2,372,122

7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	**50,668**	23,370
Corporation tax	**4,892**	32,804
Other taxation and social security	-	5,223
Other creditors	**968**	11,017
Accruals and deferred income	**90,303**	225,488
Amounts owed to group undertakings	**3,396,679**	2,028,045
	3,543,510	2,325,947

8. Deferred taxation

	2019 £
At beginning of year	**10,040**
Charged to profit or loss	**(10,040)**
At end of year	-

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	-	10,040
	-	10,040

9. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,000 (2018 - 1,000) Ordinary shares of £1.00 each	**1,000**	1,000

10. *Pension commitments*

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represent contributions payable by the company to the fund and amounted to £5,479 (2018: £3,214). At the year end, £968 was outstanding to the fund.

11. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	**18,179**	15,705
Later than 1 year and not later than 5 years	**3,243**	40,369
	21,422	56,074

12. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2019 was unqualified.

The audit report was signed by Rajeev Shaunak (FCA) (Senior Statutory Auditor) on behalf of MHA MacIntyre Hudson.

HONG KONG AOTECAR INVESTMENT CO., LIMITED

Auditor's Report

Tian Zhi Ye Zi [2020] No. 23820

[English translation is for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

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AUDITOR'S REPORT

(English version for reference only)

Baker Tilly China [2020] No.23820

To the HONG KONG AOTECAR INVESTMENT CO., LIMITED:

1. Opinion

We have audited the financial statements of HONG KONG AOTECAR INVESTMENT CO., LIMITED (the "Company"), which comprise the consolidated balance sheet and the company's balance sheet as at 31 December 2019, the consolidated income statement and the company's income statement, the consolidated statement of cash flows and the company's statement of cash flows, the consolidated statement of changes in owners' equity and the company's statement of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2019, and the consolidated and the company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises (the "ASBE")

2. Basis of opinion

We conducted our audit in accordance with China Standards on Auditing (the "CSA"). 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 the CSA's Code of Ethics for Professional 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.

3. Responsibilities of management for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the ASBE and for design, implement and maintain such internal control as 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, 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 management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

4. 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 errors, 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 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 judgment and maintain professional skepticism throughout the audit. We also:

- 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of 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 users' 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence on financial information of the entities or operating activities of the Company so as to express an audit opinion on the financial statements. We are responsible for guidance, supervision and execution of the group audit, and we assume full responsibility to the audit opinion thereon.

We communicate to those charged with governance, among other matters, on the planned audit scope, timing and significant audit findings, including any significant deficiencies in internal controls that we identified during our audit.

Baker Tilly China

Beijing, China

April 25, 2020

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

This auditor's report and the accompanying financial statements are English translation of the Chinese auditor's report. In case any inconsistencies between the two reports, the Chinese version shall prevail.

Consolidated Balance Sheet

Prepared by: HONG KONG [illegible] INVESTMENT CO., LIMITED　　December 31, 2019　　Monetary unit: CNY

Item	Ending balance	Beginning balance	Note No.
Current assets:			
Cash and cash equivalents	166,924,140.80	82,145,755.12	VI. 1
△ Settlement reserve			
△ Loans to banks and other financial institutions			
Trading financial assets			
Financial assets at fair value through profits and losses			
Derivative financial assets			
Notes receivable			
Accounts receivable	288,324,269.70	263,349,179.58	VI. 2
Accounts receivable financing	21,497,035.66	26,124,583.99	VI. 3
Prepayments	20,858,353.81	31,147,702.33	VI. 4
△ Premium receivable			
△ Reinsurance accounts receivable			
△ Reinsurance reserve receivable			
Other receivables	19,881,001.57	25,592,790.11	VI. 5
Including: interest receivable			
dividends receivable			
△ Buying back the sale of financial assets			
Inventories	145,367,983.74	119,496,976.25	VI. 6
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year	505,019.21		VI. 7
Other current assets	17,344,506.90	5,009,353.60	VI. 8
Total current assets	680,702,311.39	552,866,340.98	
Non-current assets:			
△ Loans released and money advanced			
Investments in debt securities			
Available-for-sale financial assets			
Other Investments in debt securities			
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	200,688,795.24	194,730,133.38	VI. 9
Investment in other equity instruments			
Other non-current financial assets			
Investment property	17,335,316.56	18,304,144.61	VI. 10
Fixed assets	239,704,411.29	173,814,436.48	VI. 11
Construction in process	38,178,138.68	108,418,266.18	VI. 12
Bearer biological assets			
Oil and gas assets			
Usufruct assets			
Intangible assets	198,029,544.65	83,056,862.81	VI. 13
Development expenditures	152,479,834.03	202,046,050.14	VI. 14
Goodwill	341,777,476.23	450,205,571.51	VI. 15
Long-term deferred expenses	5,751,030.41	5,947,807.55	VI. 16
Deferred income tax assets	56,155,304.35	42,015,424.05	VI. 17
Other non-current assets	20,222,178.46	6,594,516.69	VI. 18
Total non-current assets	1,270,322,029.90	1,285,133,213.40	
Total assets	1,951,024,341.29	1,837,999,554.38	

Legal Representative: Zhang Yongming　　Director of Accountancy: Meng Jingyan　　Director of Accounting Department: Zeng Fenghuan

Consolidated Balance Sheet (continue)

Prepared by: HONG KONG [illegible]TECAR INVESTMENT CO., LIMITED | December 31, 2019 | Monetary unit: CNY

Item	Ending balance	Beginning balance	Note No.
Current liabilities:			
Short-term loans	297,368,690.52	156,389,988.00	VI. 19
△ Loans from the Central Bank			
△ Loans from other banks			
Trading financial liabilities			
Financial liabilities at fair value through profits and losses			
Derivative financial liabilities			
Notes payable	69,921,918.81	112,781,081.20	VI. 20
Accounts payable	241,575,985.60	273,241,476.01	VI. 21
Receipts in advance	4,345,060.00	20,367.71	VI. 22
Contract liabilities			
△ Financial assets sold for repurchase			
△ Deposits from customers and interbank deposit			
△ Funds from agency securities trading			
△ Funds from underwriting securities trading			
Employee benefits payable	13,058,891.55	15,192,981.94	VI. 23
Tax and surcharges payable	12,246,496.52	5,504,331.23	VI. 24
Other payables	407,315,602.01	161,114,684.96	VI. 25
Including: interest payable	557,181.98		VI. 25
dividends payable			
△ Service charge and commission payable			
△ Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	16,184,300.37		VI. 26
Other current liabilities			
Total current liabilities	1,062,016,945.38	724,244,911.05	
Non-current liabilities:			
△ Reserve for insurance contracts			
Long-term loans	15,505,398.57	31,904,970.12	VI. 27
Bonds payable			
Including: preferred stock			
perpetual bond			
Lease liabilities			
Long-term payables	10,377,027.18	6,806,282.72	VI. 28
Long-term employee benefits payable	2,198,648.38	1,279,067.48	VI. 29
Estimated liabilities	16,860,129.38	14,763,945.02	VI. 30
Deferred revenues	1,188,000.00	1,320,000.00	VI. 31
Deferred income tax liabilities	23,411,687.49	26,572,964.79	VI. 17
Other non-current liabilities			
Total non-current liabilities	69,540,891.00	82,647,230.13	
Total liabilities	1,131,557,836.38	806,892,141.18	
Owners' equity			
Paid in capital	859,161,408.36	859,161,408.36	VI. 32
Other equity instruments			
Including: preferred stocks			
perpetual bond			
Capital Reserve			
Less: treasury stock			
Other comprehensive incomes	44,894,251.57	31,329,041.59	VI. 33
Special reserve			
Surplus reserve			
△ General risk reserve			
Undistributed profit	-84,589,155.02	140,616,963.25	VI. 34
Total equity attributable to owners of the parent company	819,466,504.91	1,031,107,413.20	
Minority equity			
Total owner's equity	819,466,504.91	1,031,107,413.20	
Total liabilities and owner's equity	1,951,024,341.29	1,837,999,554.38	

Legal Representative: Zhang Yongming   Director of Accountancy: Meng Jingyan   Director of Accounting Department: Zeng Fenghuan

Consolidated Income Statement

Prepared by: HONG KONG AOTECAR INVESTMENT CO., LIMITED Year 2019 Monetary unit: CNY

Item	Current period	Prior period	Note No.
I. Total operating revenue	976,212,583.43	1,101,275,911.32	
Including: operating revenue	976,212,583.43	1,101,275,911.32	VI. 35
△ Interest revenue			
△ Earned premium			
△ Handling charges and commission revenue			
II. Total operating cost	1,120,728,041.83	1,139,094,538.91	
Including: operating cost	903,292,773.20	969,077,748.43	VI. 35
△ Interest expenditures			
△ Handling charges and commission expenses			
△ Surrender value			
△ Net amount of compensation expenses			
△ Net amount of reserves for insurance contract			
△ Policy dividend expenditures			
△ Reinsurance expenses			
Tax and surcharges	782,293.14	1,149,682.95	VI. 36
Selling expenses	29,125,372.97	26,601,802.55	
Administrative expenses	126,874,327.55	134,588,727.92	
Research and development expense	43,425,254.52	1,238,900.65	
Financial expenses	17,228,020.45	6,437,676.41	VI. 37
Including: interest expense	11,113,547.08	10,490,677.62	VI. 37
intererst income	887,869.65	318,238.72	VI. 37
Plus: Other income	2,054,418.25	2,690,796.59	VI. 38
Investment income (loss to be listed with "-")	21,033,028.58	27,949,469.37	VI. 39
Including: Income from investment into associated enterprises and joint ventures	21,033,028.58	27,949,469.37	VI. 39
Income from derecognition of financial assets measured at amortized cost (loss to be listed with "-")			
△ Exchange income (loss to be listed with "-")			
Net exposure hedge income (loss to be listed with "-")			
Income from changes in fair value (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")	-2,966,840.22		VI. 40
Asset impairment loss (loss to be listed with "-")	-119,070,009.70	-5,977,862.24	VI. 41
Gains from asset disposal (loss to be listed with "-")	-244,871.78	-46,767.21	VI. 42
III. Operating profits (losses to be listed with "-")	-243,709,733.27	-13,202,991.08	
Plus: non-operating income	469,829.98	57,871.37	VI. 43
Less: non-operating expenditures	79,417.06	318,002.50	VI. 44
IV. Total profits (total loss to be listed with "—")	-243,319,320.35	-13,463,122.21	
Less: income tax expenses	-18,113,202.08	-14,920,163.09	VI. 45
V. Net profits (net loss to be listed with "—")	-225,206,118.27	1,457,040.88	
Including:: Net profit realized by the merged party before the merger			
(I)Classification by business continuity			
1.Continuous operating net profit	-225,206,118.27	1,457,040.88	
2.Discontinued operating net profit			
(II) Classification by ownership			
1.Minority interest income	-225,206,118.27	1,457,040.88	
2.Net profit attributable to owners of the parent company			
VI. Other comprehensive income after tax	13,565,209.98	10,199,493.68	
Net after-tax amount of other comprehensive income attributable to the owner of the parent company	13,565,209.98	10,199,493.68	
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes arising from re-measurement of net liabilities or net assets of defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of enterprise's own credit risk			
(II) Other comprehensive income to be reclassified to gains or losses in future	13,565,209.98	10,199,493.68	
1. Other comprehensive income that can be transferred to profit and loss under equity method			
2. Changes in fair value of other debt investment			
3. Profit and loss from changes in fair value of available for sale financial assets			
4. Amount of financial assets reclassified into other comprehensive income			
5. Profit and loss of held to maturity investment reclassified as available for sale financial assets			
6. Provision for credit impairment of other debt investment			
7.Cash flow hedging reserve (effective part of cash flow hedging profit and loss)			
8. Translation difference of foreign currency financial statements	13,565,209.98	10,199,493.68	
9. Others			
Net after-tax amount of other comprehensive income attributable to minority shareholders			
VII. Total comprehensive income	-211,640,908.29	11,656,534.56	
Total comprehensive income atritable to owners of the parent company	-211,640,908.29	11,656,534.56	
Total comprehensive income attributable to the minority shareholders			
VIII. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal Representative: Zhang Yongming Director of Accountancy: Meng Jingyan Director of Accounting Department: Zeng Fenghuan

Consolidated Cash Flow Statement

Prepared by: HONG KONG AOTECAR INVESTMENT CO., LIMITED | Year 2019 | Monetary unit: CNY

Item	Current period	Prior period	Note No.
I. Cash flow generated from operating activities:			
Cash received from sales of goods or rendering of services	912,664,672.67	1,067,311,319.49	
△ Net increase in customer's deposits and interbank placements			
△ Net increase in loans from the Central Bank			
△ Net increase in loans from other financial institutions			
△ Cash received from receiving premium of original insurance contract			
△ Net cash received from reinsurance business			
△ Net increase from policyholders' deposits and deposits of investment			
△ Cash received from interests, handling charges and commissions			
△ Net increase in loans from other banks			
△ Net increase in repurchase operating capital			
△ Net cash received from acting sales of securities			
Receipts of tax refunds	11,064,392.86	4,251,146.62	
Other cash received related to operating activities	2,712,621.46	4,377,776.07	VI. 46
Sub-total of cash inflows from operating activities	926,441,686.99	1,075,940,242.18	
Cash paid to purchase commodities and receive labor services	745,123,170.28	833,954,822.66	
△ Net increase in loans and advances to customers			
△ Net increase in balances with the Central Bank and other banks			
△ Cash paid for compensation under original insurance contract			
△ Net increase in lending funds			
△ Cash paid for interests, handling charges and commissions			
△ Cash paid for policy dividend			
Cash paid to and on behalf of employees	179,274,457.76	122,033,894.38	
Payments of taxes and surcharges	20,251,468.49	9,225,737.71	
Other cash paid related to operating activities	101,349,052.35	57,172,755.50	
Subtotal of cash outflows	1,045,998,148.88	1,022,387,210.25	
Net cash flows from operating activities	-119,556,461.89	53,553,031.93	
II. Cash flows from investing activities:			
Cash received from disposal of investments			
Cash received from returns on investments	13,475,766.53	18,414,794.09	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	68,000.00	3,000.00	
Net cash received from disposal of subsidiaries and other business units			
Other received cash related to investing activities			
Subtotal of cash inflows from investing activities	13,543,766.53	18,417,794.09	
Cash paid to acquire fixed assets, intangible assets and other long-term assets	152,862,595.79	220,865,678.85	
Cash paid to acquire investments			
△ Net increase of pledge loans			
Net cash paid for acquisitions of subsidiaries and other business units			
Other cash paid related to investing activities			
Sub-total of cash outflows from investing activities	152,862,595.79	220,865,678.85	
Net cash flows from investing activities	-139,318,829.26	-202,447,884.76	
III. Cash flows from financing activities:			
Cash received from investments			
Including: cash received for subsidiaries absorbing minority shareholder investment			
Cash received from loans	252,188,899.09	178,304,956.99	
Other received cash related to financing activities	227,887,655.90	69,000,000.00	
Subtotal of cash inflows from financing activities	480,076,554.99	247,304,956.99	
Cash paid for debt repayment	111,425,467.75	99,803,608.90	
Cash for distributing dividends and profits or paying interest	10,064,857.31	6,297,658.45	
Including: dividends and profits paid to minority shareholders by subsidiary			
Other paid cashes related to financing activities	114,000,000.00	3,484,287.08	
Subtotal of cash outflows from financing activities	235,490,325.06	109,585,554.43	
Net cash flows from financing activities	244,586,229.93	137,719,402.56	
IV. Effect of fluctuations in exchange rate on cash and cash equivalents	6,755,102.80	5,075,458.53	
V. Net increase in cash and cash equivalents	-7,533,958.42	-6,099,991.74	VI. 46
Plus: Balance of cash and cash equivalents at the beginning of the period	45,866,652.36	51,966,644.10	VI. 46
VI. Balance of cash and cash equivalents at the end of the period	38,332,693.94	45,866,652.36	VI. 46

Legal Representative: Zhang Yongming Director of Accountancy: Meng Jingyan Director of Accounting Department: Zeng Fenghuan

Consolidated Statement of Changes in Owner's Equity

Prepared by: HONG KONG AOTECAR INVESTMENT CO., LIMITED | Year 2019 | Monetary unit: CNY

Item	Amount of the current period														
	Equity attributable to owners of the parent company													Minority equity	Total owner's equities
	Paid-up capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Δ General risk reserve	Undistributed profits	Others	Subtotal		
		Preferred stock	Perpetual bond	Others											
I. Balance at the end of previous year	859,161,408.36						31,329,041.59				140,616,963.25		1,031,107,413.20		1,031,107,413.20
Plus: changes in accounting policies															
Prior error correction															
Merge acquisition under common control															
Others															
II. Balance at the beginning of current year	859,161,408.36						31,329,041.59				140,616,963.25		1,031,107,413.20		1,031,107,413.20
III. Current year increase/decrease (decrease to be listed with "-")							13,565,209.98				-225,206,118.27		-211,640,908.29		-211,640,908.29
(I) Total comprehensive income							13,565,209.98				-225,206,118.27		-211,640,908.29		-211,640,908.29
(II) Owners' contributions and withdrawal in capital															
1. Common stock contribution from owners															
2. Capital contribution from other equity instruments holders															
3. Share-based payment recognised in owners' equity															
4. Others															
(3) Profit distribution															
1. Provision for surplus reserve															
2. Provision for general risk preparation															
3. Distribution to shareholders(owners)															
4. Others															
(IV) Transfers within owners' equity															
1. Capital surplus converted to capital (share capital)															
2. Surplus reserve converted to capital (share capital)															
3. Surplus reserves to recover loss															
4. Changes arising from re-measurement of net liabilities or net assets of defined benefit plan															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Withdraw and use of special reserve															
1. Withdraw in current year															
2. Use in current year															
(VI) Others															
IV. Ending balance of current year	859,161,408.36						44,894,251.57				-84,589,155.02		819,466,504.91		819,466,504.91

Legal Representative: Zhang Yongming | Director of Accountancy: Meng Jingyan | Director of Accounting Department: Zeng Fenghuan

Consolidated Statement of Changes in Owner's Equity (continue)

Prepared by: HONG KONG AOTECAR INVESTMENT CO., LIMITED | Year 2019 | Monetary unit: CNY

Item	Amount of the previous period														
	Equity attributable to owners of the parent company														
	Paid-up capital	Other equity instruments: Preferred stock	Other equity instruments: Perpetual bond	Other equity instruments: Others	Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Δ General risk reserve	Undistributed profits	Others	Subtotal	Minority equity	Total owner's equities
I. Balance at the end of previous year	859,161,408.36						21,129,547.91				151,608,672.31		1,031,899,628.58		1,031,899,628.58
Plus: changes in accounting policies															
Prior error correction															
Merge acquisition under common control															
Others															
II. Balance at the beginning of current year	859,161,408.36						21,129,547.91				151,608,672.31		1,031,899,628.58		1,031,899,628.58
III. Current year increase/decrease (decrease to be listed with "-")							10,199,493.68				-10,991,709.06		-792,215.38		-792,215.38
(I) Total comprehensive income							10,199,493.68				1,457,040.88		11,656,534.56		11,656,534.56
(II) Owners' contributions and withdrawal in capital															
1. Common stock contribution from owners															
2. Capital contribution from other equity instruments holders															
3. Share-based payment recognised in owners' equity															
4. Others															
(3) Profit distribution															
1. Provision for surplus reserve															
2. Provision for general risk preparation															
3. Distribution to shareholders(owners)															
4. Others															
(IV) Transfers within owners' equity															
1. Capital surplus converted to capital (share capital)															
2. Surplus reserve converted to capital (share capital)															
3. Surplus reserves to recover loss															
4. Changes arising from re-measurement of net liabilities or net assets of defined benefit plan															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Withdraw and use of special reserve															
1. Withdraw in current year															
2. Use in current year															
(VI) Others											-12,448,749.94		-12,448,749.94		-12,448,749.94
IV. Ending balance of current year	859,161,408.36						31,329,041.59				140,616,963.25		1,031,107,413.20		1,031,107,413.20

Legal Representative: Zhang Yongming | Director of Accountancy: Meng Jingyan | Director of Accountancy: Zeng Fenghuan

Balance Sheet

Prepared by. HONG KONG AOTECAR INVESTMENT CO., LIMITED December 31, 2019 Monetary unit. CNY

Item	Ending balance	Beginning balance	Note No.
Current assets:			
Cash and cash equivalents	1,234,708.57	263,333.30	
△ Settlement reserve			
△ Loans to banks and other financial institutions			
Trading financial assets			
Financial assets at fair value through profits and losses			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Accounts receivable financing			
Prepayments			
△ Premium receivable			
△ Reinsurance accounts receivable			
△ Reinsurance reserve receivable			
Other receivables	80,020,497.00	152,876,274.80	
Including interest receivable			
dividends receivable			
△ Buying back the sale of financial assets			
Inventories			
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		491,507.79	
Total current assets	81,255,205.57	153,631,115.89	
Non-current assets:			
△ Loans released and money advanced			
Investments in debt securities			
Available-for-sale financial assets			
Other Investments in debt securities			
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	857,089,755.50	857,089,755.50	XIV. 1
Investment in other equity instruments			
Other non-current financial assets			
Investment property			
Fixed assets			
Construction in process			
Bearer biological assets			
Oil and gas assets			
Usufruct assets			
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets	857,089,755.50	857,089,755.50	
Total assets	938,344,961.07	1,010,720,871.39	

Legal Representative: Zhang Yongming Director of Accountancy: Meng Jingyan Director of Accounting Department: Zeng Fenghuan

Balance Sheet (continue)

Prepared by: HONG KONG AOTECAR INVESTMENT CO., LIMITED　December 31, 2019　Monetary unit: CNY

Item	Ending balance	Beginning balance	Note No.
Current liabilities:			
Short-term loan	76,040,580.00	148,983,321.80	
△ Loans from the Central Bank			
△ Loans from other banks			
Trading financial liabilities			
Financial liabilities at fair value through profits and losses			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Receipts in advance			
Contract assets			
△ Financial assets sold for repurchase			
△ Deposit taking and interbank deposit			
△ Funds for agency securities trading			
△ Funds for underwriting securities trading			
Employee benefits payable			
Tax and surcharges payable			
Other payables	5,434,424.56	4,352,793.73	
Including: interest payable			
dividends payable			
△ Service charge and commission payable			
△ Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	81,475,004.56	153,336,115.53	
Non-current liabilities:			
△ Reserve for insurance contracts			
Long-term loans			
Bonds payable			
Including: preferred stock			
perpetual bond			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred revenues			
Deferred income tax liabilities			
Other non-current liabilities:			
Total non-current liabilities			
Total liabilities	81,475,004.56	153,336,115.53	
Owner's equity			
Paid in capital	859,161,408.36	859,161,408.36	
Other equity instruments			
Including: preferred stocks			
perpetual bond			
Capital Reserve			
Less: treasury stock			
Other comprehensive incomes	-1,217,494.88	-1,214,712.05	
Special reserve			
Surplus reserve			
△ General risk reserve			
Undistributed profit	-1,073,956.97	-561,940.45	
Total owner's equity	856,869,956.51	857,384,755.86	
Total liabilities and owner's equity	938,344,961.07	1,010,720,871.39	

Legal Representative: Zhang Yongming　Director of Accountancy: Meng Jingyan　Director of Accounting Department: Zeng Fenghuan

Income Statement

Prepared by: HONG KONG AOTECAR INVESTMENT CO., LIMITED　　Year 2019　　Monetary unit: CNY

Item	Current period	Prior period	Note No.
I. Total operating revenue			
Including: operating revenue			
△ Interest revenue			
△ Earned premium			
△ Handling charges and commission revenue			
II. Total operating cost	512,016.52	-220,804.87	
Including: operating cost			
△ Interest expenditures			
△ Handling charges and commission expenses			
△ Surrender value			
△ Net amount of compensation expenses			
△ Net amount of reserves for insurance contract			
△ Policy dividend expenditures			
△ Reinsurance expenses			
Tax and surcharges			
Selling expenses			
Administrative expenses	163,864.29	173,274.15	
Research and development expense			
Financial expenses	348,152.23	-394,079.02	
Including: interest expense	3,816,429.24	3,158,020.85	
intererst income	3,761,577.24	3,554,882.59	
Plus: Other income			
Investment income (loss to be listed with "-")			
Including: Income from investment into associated enterprises and joint ventures			
Income from derecognition of financial assets measured at amortized cost (loss to be listed with "-")			
△ Exchange income (loss to be listed with "-")			
Net exposure hedge income (loss to be listed with "-")			
Income from changes in fair value (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")			
Asset impairment loss (loss to be listed with "-")			
Gains from asset disposal (loss to be listed with "-")			
III. Operating profits (losses to be listed with "-")	-512,016.52	220,804.87	
Plus: non-operating income			
Less: non-operating expenditures			
IV. Total profits (total loss to be listed with "—")	-512,016.52	220,804.87	
Less: income tax expenses			
V. Net profits (net loss to be listed with "—")	-512,016.52	220,804.87	
(I) Continuous operating net profit	-512,016.52	220,804.87	
(II) Discontinued operating net profit			
VI. Other comprehensive income after tax			
(I) Remeasurement of changes in defined benefit plans			
1. Changes arising from re-measurement of net liabilities or net assets of defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of enterprise's own credit risk			
(II) Other comprehensive income to be reclassified to gains or losses in future	-2,782.83	7,673.08	
1 Other comprehensive income that can be transferred to profit and loss under equity method			
2 Changes in fair value of other debt investment			
3 Profit and loss from changes in fair value of available for sale financial assets			
4 Amount of financial assets reclassified into other comprehensive income			
5 Profit and loss of held to maturity investment reclassified as available for sale financial assets			
6. Provision for credit impairment of other debt investment			
7.Cash flow hedging reserve (effective part of cash flow hedging profit and loss)			
8. Translation difference of foreign currency financial statements	-2,782.83	7,673.08	
9 Others			
VII. Total comprehensive income	-512,016.52	220,804.87	
VIII. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal Representative: Zhang Yongming　　Director of Accountancy: Meng Jingyan　　Director of Accounting Department: Zeng Fenghuan

Cash Flow Statement

Prepared by: HONG KONG AOTECAR INVESTMENT CO., LIMITED | Year 2019 | Monetary unit: CNY

Item	Current period	Prior period	Note No.
I. Cash flow generated from operating activities:			
Cash received from sales of goods or rendering of services			
△ Net increase in customer's deposits and interbank placements			
△ Net increase in loans from the Central Bank			
△ Net increase in loans from other financial institutions			
△ Cash received from receiving premium of original insurance contract			
△ Net cash received from reinsurance business			
△ Net increase from policyholders' deposits and deposits of investment			
△ Cash received from interests, handling charges and commissions			
△ Net increase in loans from other banks			
△ Net increase in repurchase operating capital			
△Net cash received from acting sales of securities			
Receipts of tax refunds			
Other cash received related to operating activities			
Sub-total of cash inflows from operating activities			
Cash paid to purchase commodities and receive labor services			
△ Net increase in loans and advances to customers			
△ Net increase in balances with the Central Bank and other banks			
△ Cash paid for compensation under original insurance contract			
△ Net increase in lending funds			
△ Cash paid for interests, handling charges and commissions			
△ Cash paid for policy dividend			
Cash paid to and on behalf of employees			
Payments of taxes and surcharges			
Other cash paid related to operating activities	166,097.35	667,564.66	
Subtotal of cash outflows	166,097.35	667,564.66	
Net cash flows from operating activities	-166,097.35	-667,564.66	
II. Cash flows from investing activities:			
Cash received from disposal of investments			
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other received cash related to investing activities	76,617,355.04		
Subtotal of cash inflows from investing activities	76,617,355.04		
Cash paid to acquire fixed assets, intangible assets and other long-term assets			
Cash paid to acquire investments			
△ Net increase of pledge loans			
Net cash paid for acquisitions of subsidiaries and other business units			
Other cash paid related to investing activities		104,769,288.87	
Sub-total of cash outflows from investing activities		104,769,288.87	
Net cash flows from investing activities	76,617,355.04	-104,769,288.87	
III. Cash flows from financing activities:			
Cash received from investments			
Including: cash received for subsidiaries absorbing minority shareholder investment			
Cash received from loans		148,983,325.80	
Other received cash related to financing activities	1,081,630.83	3,554,882.59	
Subtotal of cash inflows from financing activities	1,081,630.83	152,538,208.39	
Cash paid for debt repayment	72,942,741.80	45,216,664.00	
Cash for distributing dividends and profits or paying interest	3,324,921.45	2,001,314.72	
Including: dividends and profits paid to minority shareholders by subsidiary			
Other paid cashes related to financing activities			
Subtotal of cash outflows from financing activities	76,267,663.25	47,217,978.72	
Net cash flows from financing activities	-75,186,032.42	105,320,229.67	
IV. Effect of fluctuations in exchange rate on cash and cash equivalents	-293,850.00	7,673.08	
V. Net increase in cash and cash equivalents	971,375.27	-108,950.78	
Plus: Balance of cash and cash equivalents at the beginning of the period	263,333.30	372,284.08	
VI. Balance of cash and cash equivalents at the end of the period	1,234,708.57	263,333.30	

Legal Representative: Zhang Yongming | Director of Accountancy: Meng Jingyan | Director of Accounting Department: Zeng Fenghuan

Statement of Changes in Owner's Equity

Prepared by: HONG KONG AOTECAR INVESTMENT CO., LIMITED | Year 2019 | Monetary unit: CNY

Item	Amount of the current period											
	Paid-up capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Δ General risk reserve	Undistributed profits	Total owner's equities
		Preferred stock	Perpetual bond	Others								
I. Balance at the end of previous year	859,161,408.36						-1,214,712.05				-561,940.45	857,384,755.86
Plus: changes in accounting policies												
Prior error correction												
Others												
II. Balance at the beginning of current year	859,161,408.36						-1,214,712.05				-561,940.45	857,384,755.86
III. Current year increase/decrease (decrease to be listed with "-")							-2,782.83				-512,016.52	-514,799.35
(I) Total comprehensive income							-2,782.83				-512,016.52	-514,799.35
(II) Owners' contributions and withdrawal in capital												
1. Common stock contribution from owners												
2.Capital contribution from other equity instruments holders												
3. Share-based payment recognised in owners' equity												
4. Others												
(3) Profit distribution												
1. Provision for surplus reserve												
2. Provision for general risk preparation												
3. Distribution to shareholders (owners)												
4. Others												
(IV) Transfers within owners' equity												
1. Capital surplus converted to capital (share capital)												
2. Surplus reserve converted to capital (share capital)												
3. Surplus reserves to recover loss												
4. Changes arising from re-measurement of net liabilities or net assets of defined benefit plan												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Withdraw and use of special reserve												
1. Withdraw in current year												
2. Use in current year												
(VI) Others												
IV. Ending balance of current year	859,161,408.36						-1,217,494.88				-1,073,956.97	856,869,956.51

Legal Representative: Zhang Yongming | Director of Accountancy:Meng Jingyan | Director of Accounting Department:Zeng Fenghuan

Statement of Changes in Owner's Equity (continue)

Prepared by: Suzhou Ovodan Foods Co., Ltd | Year 2019 | Monetary unit: CNY

Item	Amount of the previous period											
	Paid-up capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Δ General risk reserve	Undistributed profits	Total owner's equities
		Preferred stock	Perpetual bond	Others								
I. Balance at the end of previous year	859,161,408.36						-1,222,385.13				-782,745.32	857,156,277.91
Plus: changes in accounting policies												
Prior error correction												
Others												
II. Balance at the beginning of current year	859,161,408.36						-1,222,385.13				-782,745.32	857,156,277.91
III. Current year increase/decrease (decrease to be listed with "-")							7,673.08				220,804.87	228,477.95
(I) Total comprehensive income							7,673.08				220,804.87	228,477.95
(II) Owners' contributions and withdrawal in capital												
1. Common stock contribution from owners												
2.Capital contribution from other equity instruments holders												
3. Share-based payment recognised in owners' equity												
4. Others												
(3) Profit distribution												
1. Provision for surplus reserve												
2 Provision for general risk preparation												
3. Distribution to shareholders (owners)												
4. Others												
(IV) Transfers within owners' equity												
1. Capital surplus converted to capital (share capital)												
2. Surplus reserve converted to capital (share capital)												
3. Surplus reserves to recover loss												
4. Changes arising from re-measurement of net liabilities or net assets of defined benefit plan												
5. Others												
(V) Withdraw and use of special reserve												
1. Withdraw in current year												
2. Use in current year												
(VI) Others												
IV Ending balance of current year	859,161,408.36						-1,214,712.05				-561,940.45	857,384,755.86

Legal Representative: Zhang Yongming | Director of Accountancy: Meng Jingyan | Director of Accounting Department: Zeng Fenghuan

HONG KONG AOTECAR INVESTMENT CO., LIMITED

Notes to Financial Statements of 2019

(Amounts are denominated in CNY unless otherwise stated)

I. Background of the Company

(I) Company overview

HONG KONG AOTECAR INVESTMENT CO., LIMITED (hereinafter referred to as the "Company") is established by Shanghai Sheng You Investment Co., Ltd. in accordance with the Certificate of Overseas Investment (No.3109201500388) issued by the Ministry of Commerce and registered in Hong Kong in June 2015 with total investment of USD0.135 billion. The number of the Company's Business Registration Certificate in Hong Kong is 2246231. The Company's main business is new energy technology research and development and equity investment.

The parent company is Shanghai Shengyou Investment Co., Ltd. The ultimate holding company of the Company is Aotecar New Technology Co. Ltd. (hereinafter referred to as the "Aotecar") which is a domestic company listed on the Shenzhen Stock Exchange.

The financial statements are approved to be issued by management on April 25, 2020.

(II) Scope of the consolidated financial statements

As at December 31, 2019, subsidiaries within the scope of the consolidated financial statements of the Company are as follows:

No.	Name of subsidiaries
1	Air International Thermal (Luxembourg) S.A.R.L. (here in after referred to as "AI Luxembourg")
2	Air Systems, S. de R.L. de C.V.
3	Air International Thermal Systems (DE) GmbH (hereinafter referred to as "AIGMBH")
4	Air International Thermal (Belgium) (hereinafter referred to as "AI Belgium")
5	Air International Thermal (China) Pty LIMITED (Note 2)
6	Huxley Holdings Limited (here in after referred to as "HHL")
7	Air International (Shanghai) Co., Ltd. (here in after referred to as "AISH") (Note 2)
8	Air International (Nantong) Co., Ltd. (here in after referred to as "AINT") (Note 2)
9	Air International (Hainan) Co., Ltd. (Note 2)
10	Chuzhou Air International Thermal Systems Co., Ltd. (Note 2)

No.	Name of subsidiaries
11	Chengdu Air International Thermal Systems Co., Ltd. (Note 2)
12	AIGL International Pty Ltd. (Note 2)
13	Air International Thermal (Australia) Pty LIMITED (hereinafter referred to as "AI Australia") (Note 2)
14	Air International Thermal Systems R&D (Shanghai) Co., Ltd. (Note 2)
15	AITS Australia Pty LIMITED (Note 2)
16	Air International Thermal Systems (Thailand) LIMITED (hereinafter referred to as the "AI Thailand")
17	AITS US Inc. (here in after referred to as "AI USA") (Note 2)
18	Air International Thermal (US) Subsidiary Inc. (hereinafter referred to as "AIT(US)") (Note 2)
19	Air International (US) Inc. (hereinafter referred to as "AIUS") (Note 2)
20	Air International Thermal (United Kingdom) Limited (hereinafter referred to as "AI UK")
21	Air International Thermal (Slovakia) s.r.o. (here in after referred to as "AI Slovakia ")

Note 1: All the above subsidiaries are hereinafter referred to as the "Air International Group".

Note 2: AI USA, AIUS and Air International Thermal (US) Subsidiary Inc. are hereinafter referred to as the "AI US Business Group".

AI Australia, AITS Australia Pty Limited, Air International Thermal (China) Pty Limited and AIGL International Pty Ltd are hereinafter referred to as the "AI Australia Business Group".

Air International (Shanghai) Co., Ltd, Air International Thermal Systems R&D (Shanghai) Co., Ltd, Air International (Nantong) Co., Ltd., Air International (Hainan) Co., Ltd., Chuzhou Air International Thermal Systems Co., Ltd. And Chengdu Air International Thermal Systems Co., Ltd. are hereinafter referred to as the "AI China Business Group".

Except for the overseas operational entity of AI China Business Group, the Air International Group is collectively referred to as the "AI Overseas Business Group".

The scope and changes of the consolidated financial statements for the current period are detailed in Note VII. The scope changes of consolidation and Note VIII. "Equity in other entities" for subsidiaries of the Company.

II. Basis for Preparation of Financial Statements

(I) Basis for preparation

The financial statements of the Company have been prepared on going concern basis and actual transaction in accordance with Accounting Standards for Business Enterprises ("ASBE") and supplementary regulations and the significant accounting policies and accounting estimates as follows.

(II) Going concern

The Company is capable of remain going concern within 12 months from the end of report period, without any significant matters influencing its capability of remaining going concern.

III. Significant Accounting Policies and Accounting Estimates

(I) Statement on Compliance with ASBE

The Company has adopted the most recent Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance ("MOF), related Application Guidelines, Explanation and other related regulations. The financial statements present truly and completely the Company's financial position, the results of operations and cash flows.

(II) Accounting period and operating cycle

The Company has adopted the calendar year as its accounting year. i.e. from 1 January to 31 December.

The company takes 12 months as an operating cycle and uses it as a criterion to classify liquid assets and liabilities.

(III) Functional Currency

The currency adopted by the Company is CNY when preparing the consolidated financial statements. Amounts are expressed in CNY unless otherwise stated.

US dollar is adopted as the functional currency by the subsidiaries including AI USA, AIUS, AIT (US), HHL, Mauritius and Aotecar (Morocco).

Euro is adopted as the functional currency by the subsidiaries including AI Luxembourg, AI Belgium, AI Slovakia and AIGMBH;

Mexican peso is adopted as the functional currency by the subsidiaries including Air Systems, S.de R.L. de C.V.

Thai baht is adopted as the functional currency by the subsidiary AI Thailand;

Australian dollar is adopted as the functional currency by the subsidiaries including AI Australia, AITS Australia Pty LIMITED and Air International Thermal (China) Pty LIMITED And AIGL International Pty Ltd.

GBP is adopted as the functional currency by the subsidiary Air International Thermal (United Kingdom) LIMITED

(IV) Items with changes of measurement during the period and the measurement adopted for the period

The Company adopts measurements including historic cost, Replacementcost, net realizable value, present value and fair value.

(V) Business combinations

1. The accounting treatment of business combinations involving enterprises under common control

For a business combination that involves one single exchange transaction or achieved in stages that involves multiple exchange transactions, assets and liabilities that are obtained in a business combination shall be measured at their carrying amounts at the combination date as recorded by the party being absorbed in the consolidated financial statement of ultimate controlling party. 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.2. The accounting treatment of business combinations not involving enterprises under common control

Where the cost of combination exceeds the investor's interest in the fair value of the investee's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the investor's interest in the fair value of the investee's identifiable net assets, the investor firstly reassesses the measurement of the fair values of the investee's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the investor's interest in the fair value of the investee's identifiable net assets, the investor recognizes the remaining difference immediately in profit or loss for the current period.

Accounting treatment for business combinations not involving enterprises under common control and achieved in stages shall be as following orders:

(1) The carrying value of long-term equity investment shall be adjusted. The summation of the carrying value (prior to the date of purchase) of equity investment held by investor in investee and increased investment cost (at the purchase date) shall be recognized as the initial investment cost; when disposal investee's equity held by investor (prior to purchase date) involving other comprehensive income, related other comprehensive income shall be adjusted into current investment income.

(2) Recognition of goodwill (or amount to be recorded in current profit and loss). The cost of adjusted initial cost of investment at the acquisition date is compared against the acquired

fair value of the shares in investee's identifiable net assets during the transaction. Goodwill is recognized if the former is higher than the latter, or the amount is recorded in current profit and loss if the former is lower than the latter.

A parent loses control of a subsidiary in multiple transactions in which it disposes of its subsidiary in stages.

① In determining whether to account for the multiple transactions as a single transaction

A parent shall consider all the terms and conditions of the transactions and their economic effects. One or more of the following may indicate that the parent should account for the multiple arrangements as a single transaction:

i. Arrangements are entered into at the same time or in contemplation of each other;

ii. Arrangements work together to achieve an overall commercial effect;

iii. The occurrence of one arrangement is dependent on the occurrence of at least one other arrangements;

iv. One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

② Accounting treatment for each of the multiple transactions forming part of a bundled transactions which eventually results in loss of control the subsidiary during disposal of its subsidiary in stages

If each of the multiple transactions forms part of a bundled transactions which eventually results in loss of control the subsidiary, these multiple transactions should be accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets in each transaction prior to the loss of control shall be recognized in other comprehensive income and transferred to the profit or loss when the parent eventually loses control of the subsidiary.

The remaining equity investment shall be re-measured at its fair value in the consolidated financial statements at the date when control is lost. The difference between the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and the share of net assets of the former subsidiary calculated continuously from the acquisition date or combination date based on the previous shareholding proportion, shall be recognized as investment income for the current period when control is lost. The amount previously recognized in other comprehensive income in relation to the former subsidiary's equity investment should be transferred to investment income for the current period when control is lost.

③ Accounting treatment for each of the multiple transactions NOT forming part of a bundled transactions which eventually results in loss of control the subsidiary during disposal of its subsidiary in stages

If the Company doesn't lose control of investee, the difference between the amount of the consideration received and the corresponding portion of net assets of the subsidiary shall be adjusted to the capital reserve (capital premium or share premium) in the consolidated financial statements.

If the Company loses control of investee, the remaining equity investment shall be re-measured at its fair value in the consolidated financial statements at the date when control is lost. The difference between the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and the share of net assets of the former subsidiary calculated continuously from the acquisition date or combination date based on the previous shareholding proportion, shall be recognized as investment income for the current period when control is lost. The amount previously recognized in other comprehensive income in relation to the former subsidiary's equity investment should be transferred to investment income for the current period when control is lost.

(VI) Preparation method of consolidated financial statements

The consolidated financial statements are prepared by the company in accordance with *the Accounting Standard for Business Enterprises No. 33 - consolidated financial statements* on the basis of the financial statements of the parent company and its subsidiaries and other relevant information.

(VII) Classification and accounting treatment of joint venture arrangements

1. Recognition and classification of joint arrangements

A joint arrangement means an arrangement which is jointly controlled by two or more participants in the joint venture. A joint arrangement has the following characteristics: the parties are bound by the arrangement; two or more parties participate in the joint control of the arrangement. Neither of the parties shall be able to control the arrangement individually, and any participant who has joint control over the arrangement shall be able to prevent sole control of the arrangement by the other party or parties.

Joint control means agreed shared control on certain arrangements, under which relevant activities of the arrangement have to be unanimously agreed by all parties involved in the shared control.

The joint arrangement is divided into joint operations and joint ventures. A joint operation is a joint arrangement that the parties enjoy the relevant assets and bear the liabilities of the arrangement. A joint venture is a joint arrangement that the each party has only the right to enjoy the rights of the net assets of the arrangement.

2. Accounting treatment of joint arrangements

The company shall determine the following items associated with the common interests in the joint arrangement, and apply relevant accounting standards accordingly:

(1) Assets solely owned and assets shared based on its holding proportion;

(2) Liabilities solely undertaken and liabilities shared based on its holding proportion;

(3) Income generated from sales of productions from the joint operations it owned;

(4) Income generated from revenue of the joint operations based on its holding proportion;

(5) Expenditures solely incurred, and recognition of expenditures incurred in the joint venture based on its holding proportion

Participated companies of the joint arrangement shall deal with investment in the joint arrangement in accordance with relevant provisions in Accounting Standards for Business Enterprises #2 Long-term Equity Investments

(VIII) Cash & cash equivalents in cash flow statement

The term "cash" refers to cash on hand of enterprise and deposit available for payment at any time; the term "cash equivalents" refers to short-term (generally three months since the purchase date) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(IX) Translation of foreign currency transaction and foreign currency statement

1. Translation for foreign currency transactions

When initially recognized, foreign currency transactions are converted into CNY amounts at the spot exchange rate on the date of transaction. On balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date and the exchange difference shall be recognized into profit or loss of the period, except for exchange differences related to a specific-purpose borrowing denominated in foreign currency for constructing an asset in relation to inventory and fixed assets that qualifies for capitalization. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the transaction date without adjusting their CNY amounts. Foreign currency non-monetary items measured at fair value shall be translated at spot exchange rate on the date the fair value was determined and the translation difference shall be charged to current profits and losses or other comprehensive income.

2. Translation of financial statements presented in foreign currencies

The asset and liability items in the balance sheet shall be converted at the spot exchange rate on the balance sheet date; the owner's equity items, except for the items of "undistributed profit", shall be converted at the spot exchange rate on the transaction date; the income and expenditure items in the income statement shall be converted at the spot exchange rate on the transaction date. The translation difference of foreign financial statements is recognized as other comprehensive incomes.

(X) Financial Instruments

1. Classification of Financial Assets and Liabilities

The company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

Trading in financial assets by conventional means shall be recognized and derecognized according to the accounting of the trading day. Conventional means of buying and selling financial assets refer to the collection or delivery of financial assets within the time limit stipulated by laws and regulations or common practices in accordance with the provisions of the contract. Trading day refers to the date when the company promises to buy or sell financial assets.

If the following conditions are met, financial assets (or part of financial assets or part of a group of similar financial assets) shall be derecognized, i.e. written off from their accounts and balance sheets:

(1) The right to receive cash flow from financial assets expires;

(2) Transferred the right to receive cash flow from financial assets, or assumed the obligation to timely pay the received cash flow in full to a third party under the "over-the-counter agreement"; And (a) virtually all risks and rewards of ownership of financial assets have been transferred, or (b) although virtually all risks and rewards of ownership of financial assets have not been transferred or retained, control of the financial assets has been abandoned.

2. Classification and measurement of financial assets

At the time of initial recognition, the financial assets of the Company are classified into financial assets measured in amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through current profits and losses according to the business model of the Company in managing financial assets and the contractual cash flow characteristics of financial assets. Subsequent measurement of financial assets depends on their classification.

The company's classification of financial assets is based on the company's business model of managing financial assets and the cash flow characteristics of financial assets.

(1) Financial Assets Measured in amortized cost

Financial assets that meet the following conditions at the same time are classified as financial assets measured by amortized cost: the company's business mode of managing the financial assets is to collect the contract cash flow as the target; The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, the effective interest rate method is adopted for subsequent measurement according to amortized cost. The profits or losses arising from amortization or impairment are included in the current profits and losses.

(2) Investment in debt instruments at fair value through other comprehensive income

Financial assets that meet the following conditions at the same time are classified as financial assets that are at fair value through other comprehensive income: the company's business mode of managing the financial assets is aimed at both collecting contractual cash flow and selling the financial assets; The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, fair value is adopted for subsequent measurement. The discount or premium is amortized using the effective interest rate method and recognized as interest income or expense. Except for impairment losses and exchange differences of foreign currency monetary financial assets recognized as current profits and losses, changes in fair value of such financial assets are recognized as other comprehensive income until the financial assets are derecognized, and their accumulated gains or losses are transferred into current profits and losses. Interest income related to such financial assets is included in current profits and losses.

(3) Investment in equity instruments at fair value through other comprehensive income

The Company irrevocably chooses to designate some non-trading equity instrument investments as financial assets that are at fair value through other comprehensive income. Only relevant dividend income is included in current profits and losses. Changes in fair value are recognized as other comprehensive income until the financial assets are derecognized, and their accumulated gains or losses are transferred to retained earnings.

(4) Financial assets at fair value through current profits and losses

The above-mentioned financial assets measured in amortized cost and financial assets other than those at fair value through other comprehensive income are classified as financial assets at fair value through current profits and losses. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, financial assets can be designated as financial assets at fair value through the profits and losses of the current period. For such financial assets, fair value is adopted for subsequent measurement, and all changes in fair value are included in current profits and losses.

All affected related financial assets will be reclassified only when and only when the company changes its business mode of managing financial assets.

For financial assets at fair value through the profits and losses of the current period, relevant transaction costs are directly included in the profits and losses of the current period, and transaction costs related to other types of financial assets are included in their initial recognition amount.

3. *Classification and measurement of financial liabilities*

The Company's financial liabilities are classified into: financial liabilities measured at amortized cost and financial liabilities measured at fair value with changes recorded in current profits and losses upon initial recognition.

Financial liabilities that meet one of the following conditions may be designated as financial liabilities measured at fair value at the time of initial measurement and whose changes are included in current profits and losses: (1) the designation can eliminate or significantly reduce accounting mismatch; (2) According to the group's risk management or investment strategy stated in official written documents, manage and evaluate the financial liability portfolio or the combination of financial assets and financial liabilities on the basis of fair value, and report to key management personnel within the group on this basis; (3) The financial liability includes embedded derivatives that need to be split separately.

The Company determines the classification of financial liabilities upon initial recognition. For financial liabilities at fair value through current profits and losses, relevant transaction costs are directly included in current profits and losses, and relevant transaction costs for other financial liabilities are included in their initial recognition amount.

Subsequent measurement of financial liabilities depends on their classification:

(1) Financial Liabilities Measured in amortized cost

For such financial liabilities, the real interest rate method is adopted and the subsequent measurement is carried out according to amortized cost.

(2) Financial liabilities at fair value through current profits and losses

Financial liabilities at fair value through current profits and losses include transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at fair value at initial recognition and whose changes are included in current profits and losses.

4. Offset of financial instruments

If the following conditions are met at the same time, the financial assets and financial liabilities shall be listed in the balance sheet in the net amount after offsetting each other: they have the legal right to offset the recognized amount, and such legal right is currently enforceable; The plan is to settle on a net basis, or to realize the financial assets and settle the financial liabilities at the same time.

5. Impairment of financial assets

For financial assets measured by amortized cost, debt instrument investments and financial guarantee contracts measured by fair value and whose changes are included in other comprehensive income, the Company recognizes loss reserves on the basis of expected credit losses. Credit loss refers to the difference between all contractual cash flows receivable according to the contract and all cash flows expected to be collected, discounted according to the original actual interest rate, i.e. the present value of all cash shortages.

The Company estimates the expected credit losses of financial assets measured in amortized cost and financial assets (debt instruments) at fair value through other comprehensive income in a single or combined manner, taking into account all reasonable and based information, including forward-looking information.

(1) General model of expected credit loss

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company will measure its loss reserve by an amount equivalent to the expected credit loss of the financial instrument throughout its life. If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company will measure its loss reserve according to the amount equivalent to the expected credit loss of the financial instrument within the next 12 months. The increase or reversal amount of loss reserves thus formed shall be included in the current profits and losses as impairment losses or gains.

Usually, if the overdue period exceeds 30 days, the company will consider that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk of the financial instrument has not increased significantly since the initial recognition.

Specifically, the Company divides the process of credit impairment of financial instruments that did not incur credit impairment at the time of purchase or origin into three stages. There are different accounting methods for the impairment of financial instruments in different stages:

The first stage: the credit risk has not increased significantly since the initial recognition

For financial instruments at this stage, the enterprise shall measure the loss reserve according to the expected credit loss in the next 12 months, and calculate the interest income according to its book balance (i.e. without deduction of impairment reserve) and the actual interest rate (if the instrument is a financial asset, the same below).

The second stage: the credit risk has increased significantly since the initial recognition, but no credit impairment has occurred.

For financial instruments at this stage, the enterprise shall measure the loss reserve according to the expected credit loss during the whole life of the instrument, and calculate the interest income according to its book balance and actual interest rate.

The third stage: credit impairment occurs after initial recognition

For financial instruments at this stage, the enterprise shall measure the loss reserve according to the expected credit loss during the whole life of the instrument, but the calculation of interest income is different from that of financial assets at the first two stages. For financial assets that have suffered credit impairment, the enterprise shall calculate interest income according to its amortized cost (book balance minus the provision for impairment, i.e. book value) and actual interest rate.

For financial assets that have suffered credit impairment at the time of purchase or origin, the enterprise shall only recognize the change of expected credit loss during the whole life after initial recognition as loss reserve, and calculate interest income according to its amortized cost and the actual interest rate adjusted by credit.

(2) For financial instruments with lower credit risk on the balance sheet date, the Company chooses not to compare the credit risk with the initial recognition, and directly assumes that the credit risk of the instrument has not increased significantly since the initial recognition.

If an enterprise determines that the default risk of a financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligations in a short period of time, and even if there are adverse changes in the economic situation and operating environment for a long period of time, it will not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations, then the financial instrument can be regarded as having a lower credit risk.

(3) Receivables and lease receivables

The Company adopts a simplified model of expected credit loss for receivables specified in Accounting Standards for Business Enterprises No.14-Income that do not contain significant financing components (including the financing components in contracts not exceeding one year according to the standards), and always measures its loss reserves according to the amount of expected credit loss during the entire duration.

The Company has made an accounting policy choice for receivables containing significant financing components and lease receivables regulated by the Accounting Standards for Business Enterprises No.21-Leasing. The Company has chosen to adopt a simplified model of expected credit loss, that is, to measure the loss reserve according to the amount equivalent to the expected credit loss during the entire duration.

6. Transfer of financial assets

If the company has transferred almost all risks and rewards in the ownership of the financial asset to the transferee, the recognition of the financial asset shall be terminated; If almost all risks and rewards on the ownership of a financial asset are retained, the recognition of the financial asset shall not be terminated.

If the company has neither transferred nor retained almost all risks and rewards in the ownership of financial assets, the following situations shall be handled respectively: if the company has given up control over the financial assets, the recognition of the financial assets shall be terminated and the resulting assets and liabilities shall be recognized; If it does not give up its control over the financial assets, the relevant financial assets shall be recognized according to the extent that it continues to be involved in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

In case of continued involvement by providing financial guarantee for the transferred financial assets, the assets formed by continued involvement shall be confirmed according to the lower of the book value of the financial assets and the amount of financial guarantee. Financial guarantee amount refers to the highest amount of consideration received that will be required to be repaid.

(XI) Notes receivable

The company adopts a simplified model of expected credit loss to receivables which do not contain significant financing components (including the fact that the financing components in contracts that within one year) according to 'Accounting Standards for Business Enterprises No. 14-Revenues'. The model means measuring loss provision according to the credit loss in the duration all the time, and the increase or reversal of the resulting loss reserve is included in the current profit and loss as an impairment loss or gain.

For receivables that contain a significant financing component, the company chooses to use a simplified model of expected credit loss, that is, to always measure its loss provision according to the amount of expected credit losses throughout the duration.

Simplified model of expected credit losses: measure its loss provision according to the amount of expected credit losses throughout the duration.

The company considers all reasonable and evidence-based information, including forward-looking information, to estimate the expected credit losses of notes receivable in a single or combined manner.

Combination type	**Basis for determining the combination**	**Accrual method**
Portfolio of notes receivable 1	Banker's acceptance bill	Expected credit loss rate is 0.00%
Portfolio of notes receivable 2	Commercial acceptance bill	Please refer to Note 3 '(12) Accounts Receivable'

Note: For banker's acceptance bills classified as portfolio receivable combination 1, it has lower credit risk and the company expects no credit losses;

For commercial acceptance bills classified as portfolio of notes receivable 2, this bill is regarded as accounts receivable and the expected credit losses are determined accordingly.

(XII) Receivables

The Company adopts a simplified model of expected credit loss for receivables specified in the Accounting Standards for Business Enterprises No.14-Income that do not contain significant financing components (including the financing components in contracts that do not take into account for more than one year according to the standards), that is, the loss provision is always measured according to the amount of expected credit loss during the whole duration, and the increase or reversal amount of loss provision thus formed is included in the current profits and losses as impairment loss or profit.

For receivables with significant financing components, the Company adopts a simplified model of expected credit loss, i.e. its loss provision is always measured according to the amount of expected credit loss during the whole life.

Simplified model of expected credit loss: always measure the loss reserve according to the amount of expected credit loss during the whole life.

The Company estimates the expected credit loss of accounts receivable in a single or combined way, taking into account all reasonable and reliable information, including forward-looking information.

(XIII) Accounts receivable financing

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value and their changes are included in other comprehensive income. The business target of the company to manage this financial asset is to collect the contractual cash flow as well as to sell it as financial assets. The contractual terms of the financial asset stipulate that the cash flow generated at a particular date is only for the payment of principal and interest based on the outstanding principal amount.

The company transfers the notes receivable held by discount or endorsement, and such activities is frequent and involves a large amount of money. The essence of its management business model is to both collect contractual cash flow and sell it, in accordance with financial instrument standards, the relevant provisions of the company are classified into financial assets at fair value through other comprehensive income.

(XIV) Other receivables

The Company adopts the general model of expected credit loss for other receivables. Please refer to "Note III, (X) Financial Instruments" for details.

(XV) Inventory

1. Classification of inventories

Inventories include materials in transit, raw materials, turnover materials, inventory goods, goods in process, goods shipped in transit, commission processing materials, development costs, development of products, etc.

2. Valuation method for inventory

Inventories are valued at month-end weighted average method, standard costing method.

3. Determination basis of net realizable value of inventory and method of provision of decline in value of inventories

On the balance sheet date, the inventories shall be measured by cost or net realizable value, whichever is lower, and the provision for decline in value of inventories shall be made in accordance with the balance of single item cost higher than net realizable value. The net realizable value of the inventories directly used for sale is determined through deducting estimated sales expense and relevant taxes and dues from estimated sale price during normal production and operation; the net realizable value of the inventories to be further processed is determined through deducting the estimated cost for the further processing, the estimated sales expense and relevant taxes and dues from the estimated sale price of the finished products during normal production and operation; on the balance sheet date, as to the same inventories, some of which have a contract price and some have no contract price, the net realizable value shall be determined separately, and then be compared with the corresponding cost, to determine the provision for decline in value of inventories or the reversed amount.

4. Inventory taking system

The perpetual inventory system is adopted.

5. Amortization method for low value consumables and packaging materials

(1) Low value consumables

Low value consumables are amortized by lump-sum method.

(2) Packages

Packages are amortized by lump-sum method.

(XVI) Long-term equity investment

1. Initial recognition of investment cost

(1) For a business combination involving enterprises under common control, if the consideration of the combination is satisfied by paying cash, transfer of non-cash assets, assumption of liabilities or issue of equity securities, the initial investment cost of the long-term equity investment shall be made by the share of book value of net assets in the consolidated financial statements from the final controlling party at the date of combination. The difference between the initial investment cost and the book value of cash paid, non-cash assets transferred, liabilities assumed and the face value of equity securities issued shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess be adjusted to retained earnings.

In terms of achieving the enterprise merger under the same control steps by steps, the initial investment cost of the investment shall be the share of the book owner's equity of the consolidated party on the consolidation date calculated by the proportion of shares held. The difference between the initial investment cost and the book value of the original long-term equity investment plus the sum of the book value of the new payment of the further shares on the merger day, adjusting the capital reserve (Capital premium or equity premium). If the balance of capital reserve is not sufficient, the excess shall be adjusted to retained earnings.

For a business combination involving enterprises under common control by step, the initial investment cost of the long-term equity investment shall be the entitled share of the absorbing party's share of the book value of the owners' equity of the party being absorbed calculated based on the shareholding ratio at combination date. The difference between the initial investment cost and sum of book value of original long-term equity investment and fair value of consideration paid for further shares at combination date shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

(2) For a business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment acquired shall be measured at the fair value of consideration of combination at combination date.

(3) Except business combination: For a long-term equity acquired by paying cash, the initial investment cost shall be the actual purchase price has been paid; for a long-term equity acquired by the issue of equity or debt securities, the initial investment cost shall be the fair value of the equity or debt securities issued; For a long-term equity acquired by investors, the initial investment cost is based on the value agreed in the investment contract or agreement (except for the unfair value agreed in the contract or agreement).

2. Subsequent measurement

Where the Company is able to exercise control over an investor, the long-term equity investment shall be accounted for using the cost method. A long-term equity investment in an associate or a joint venture shall be accounted for using the equity method.

Under the cost method, investment income is recognized in the period in accordance with the attributable shares of cash dividends or profit distributions declared by the investee, except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment. Meanwhile, the Company considers whether the long-term equity investment is impaired according to impairment policy.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the Company's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference shall be credited to profit or loss for the period, and the cost of the long-term equity investment shall be adjusted accordingly.

Under the equity method, after acquired the long-term equity investment, the Company recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or loss for the period and other comprehensive income and adjust the book value of long-term equity of investments. The Company recognizes its share of the investee's net profit or loss and other comprehensive income based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to confirm with the Company's accounting policies and accounting period. Unrealized profits or losses resulting from the Company's transactions with its associated enterprises and joint ventures are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized losses resulting from the Company's transactions with its associated enterprises and joint ventures which represent impairment losses on the transferred assets are not eliminated. The investee's profit is recognized after adjustment. The Company's share is calculated based on announced distributable profits or cash dividends and correspondingly adjusted to the book value of the long-term equity investment. The Company discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except for those investments that the Company has the obligation to undertake extra losses. Changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution are correspondingly adjusted to the book value of the long-term equity investment and recognized in capital reserve (other capital reserve).

3. Basis for determining joint control and significant influence over investee

Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

4. Disposal of long-term equity investment

(1) *Situations partly disposing the long-term equity investment to the subsidiaries without losing control*

To partly dispose the long-term equity investment to the subsidiaries without losing control, the difference between the proceeds and book value of the disposal investment shall be recognized as current investment income.

(2) Situations resulting in losing control on the subsidiaries due to partly disposal of equity investment or other reasons

In case of situations resulting in losing control on the subsidiaries due to partly disposal of equity investment or other reasons, the book value of the long-term equity investment corresponding to the sold equity shall be de-recognized, and the difference between the sale price and the book value of the disposed long-term equity investment shall be recognized as investment profit (or loss); while the remaining equity shall be recognized as long-term equity investment or other relevant financial assets based on the book value. The remaining equity which may impose joint control or material influence on the subsidiaries shall go through proper changes in accounting procedures from cost method to equity method.

5. Impairment test method and provision for impairment loss

The Company reviews the investments to subsidiaries, associate enterprises and joint ventures at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its book value, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the current period.

(XVII) Investment property

1) Investment property includes leased land use right, land use right that has been held and are prepared to sale after appreciation, and leased buildings.

2) Investment property shall be initially measured at cost and subsequently measured using the cost model. Depreciation or amortization shall be adopted in the same way as fixed assets and intangible assets. At the balance sheet date, if there is any indication that the investment property is impaired, the corresponding provision for impairment loss shall be made based on the difference between the book value and the recoverable amount.

(XVIII) Fixed assets

1. Recognition conditions, valuation and depreciation methods for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year.

Fixed assets shall be recognized at the actual cost upon acquisition and shall be subject to depreciation by adopting straight-line method from the following month when the fixed assets are ready for their intended use.

2. Depreciation methods for fixed assets

Items	Depreciation method	Depreciable Life (Year)	Net residual rate (%)	Annual rate of depreciation (%)
Buildings	Straight-line depreciation	10.00-20.00	0.00-10.00	4.50-10.00
Machinery equipment	Straight-line depreciation	3.00 -20.00	0.00-10.00	4.50-33.33
Transportation equipment	Straight-line depreciation	3.00-10.00	0.00-10.00	9.00-33.33
Electronic equipment and other equipment	Straight-line depreciation	3.00-10.00	0.00-10.00	9.00-33.33
Decoration of fixed assets	Straight-line depreciation	5.00	0.00	20.00
Land	——	Not depreciated	——	——

3. Impairment test method and provision for impairment loss of fixed assets

If any sign indicates that impairment is incurred in fixed assets on balance sheet date, the corresponding provision for impairment shall be withdrawn according to the difference between book value and recoverable amount.

4. Recognition basis and valuation methods for fixed assets acquired under finance leases

The lease which meets one or more criteria listed below is recognized as finance lease: (1) ownership of the leased assets is transferred to the leasee upon the expiry of the lease; (2) the leasee has option on the purchase of leased assets and the purchase price is expected to be far below the fair value of the leased assets during the exercise of the option so that it can be reasonably certain since the commencement date of the lease that the leasee will exercise the option; (3) even if the ownership of the leased assets is not transferred, the lease term accounts for most of the service life of the leased assets [normally, 75% (including)]; (4) the current value of the minimum amount paid by the leasee at the commencement of the lease is almost equal to [90% (including)] of the fair value of the leased assets at that time; the current value of the minimum amount received by the leaser at the commencement of the lease is almost equal to [90% (including)] of the fair value of the leased assets at that time; (5) the property of the leased assets is special and the leased assets can be used by the leasee only if not modified significantly.

For the fixed assets under finance lease, the lower of the fair value of leased assets at the commencement of the lease and the present value of the minimum lease payments shall be recognized as cost and depreciation shall be charged as per the depreciation policies for self-owned fixed assets.

(XIX) Construction in process

1. Construction in progress that has reached the expected usable condition will be transferred to fixed assets based on the actual cost. Construction in progress that has reached the expected usable condition but completion settlement has not been carried out shall be transferred to fixed assets as per their assessed value; after completion settlement is officially finished, this provisional estimate value shall be adjusted based on the actual cost but the original depreciation amount will not be adjusted.

2. If any sign indicates that impairment is incurred in construction in progress on balance sheet date, the corresponding provision for impairment shall be made according to the difference between book value and recoverable amount.

(XX) Borrowing costs

1. Recognition principle of capitalization of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and recognized in the cost of related assets. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2. The capitalization period of borrowing costs

(1) The borrowing costs which meet the following conditions simultaneously shall begin to be capitalized: 1) expenditures to assets have already been incurred; 2) borrowing costs have already been incurred; 3) the acquisition and construction or production activities necessary for the assets to reach the expected usable or marketable condition have already started.

(2) Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs occurred during such suspension period shall be recognized as current expenses until the acquisition and construction or production of the asset restarts.

(3) When the qualified assets under acquisition and construction or production reach the expected usable or marketable condition, the capitalization of the borrowing costs shall be ceased.

3. Capitalization amount of borrowing costs

When funds are borrowed under a specific-purpose borrowing, 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. When funds are borrowed under general-purpose borrowings, the Company determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

(XXI) Intangible assets

1. Intangible assets include land use rights, patents and non-patent technology, and so on. They are initially recognized at cost.

2. The intangible assets with limited service life shall be systematically and properly amortized based on the expected implementation model of economic benefits relevant to the intangible assets within service life; the intangible assets whose expected implementation model cannot be reliably determined shall be amortized in straight line method over the following useful lives:

Item	Estimated useful life (year)	Basis
Land use right	20-70 years	Statutory transfer year / estimated service life
Software	5-10 years	Estimated useful life
Patent right	5-year and 8-month - 10 years	Estimated useful life
Non-patent technology	5 years	Estimated useful life
Trademark right	10 years	Estimated useful life

3. As to the intangible assets with determined service life, in event of signs for impairment on the balance sheet date, the related impairment provision shall be calculated based on the difference between the book value and the recoverable amount; as to the intangible assets without determined service life and unavailable for service shall be tested for impairment no matter whether there are impairment signs or not.

4. The expenditures in research stage of the internal project research & development shall be charged to current profits and losses when occurred. The expenditures in development stage of the internal project research & development can be recognized as intangible assets if the conditions below are satisfied: (1) The intangible assets can be completed with the technical feasibility of service or sales; (2) there is the intent to finish the intangible assets for service or sales; (3) the model of economic benefits generated by operating the intangible assets,

including the proof that there is a market for the products manufactured based on the intangible assets or the assets themselves, and the usefulness of the assets which are to be used internally; (4) there are sufficient technical, financial and other resource resources for the development, usage or sale of the intangible assets; (5) the expenditures in development stage of the intangible assets can be reliably measured.

(XXII) Long-term assets impairment

1. Judgment of signs of impairment

The company should judge whether there is any indication that the asset may be impaired on the balance sheet date. The following signs indicate that the asset may have been impaired:

(1) The market price of assets has fallen sharply in the current period, and its decline is significantly higher than the expected decline due to the passage of time or normal use;

(2) The economic, technical or legal environment in which the company operates, and the market in which the assets are located. In the current period, there will be major changes in the near future, which will adversely affect the enterprise;

(3) The market interest rate or other market return on investment has increased in the current period, thus affecting the discount rate of the present value of the estimated future cash flow of the enterprise's calculated assets, resulting in assets The recoverable amount is greatly reduced;

(4) There is evidence that the asset is obsolete or its entity has been damaged;

(5) The asset has been or will be idle, terminated or planned to be disposed of in advance;

(6) evidence reported internally by the enterprise indicates the asset The economic performance has been lower or lower than expected, such as the net cash flow generated by the asset or the realized operating profit (or loss) is far lower (or higher than) the estimated amount;

(7) Other indicates that the asset may have Signs of impairment.

2. Recoverable amount

Where an asset shows signs of impairment, its recoverable amount should be estimated.

The recoverable amount shall be determined based on the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flows of the assets.

Disposal costs include legal fees related to the disposal of assets, related taxes, handling fees, and direct costs incurred in bringing the assets to a saleable state.

The present value of the estimated future cash flow of the asset shall be determined by discounting the estimated future cash flow generated during the continuous use and final disposal of the asset by selecting an appropriate discount rate. It is expected that the present value of the future cash flow of the assets should take into account factors such as the estimated future cash flow of the assets, service life and discount rate.

The measurement results of the recoverable amount indicate that if the recoverable amount of the asset is lower than the carrying amount of the asset, the carrying amount of the asset should be reduced to the recoverable amount, and the amount of the write-down is recognized as the asset impairment loss, which is included in the current profit and loss. Provision for corresponding asset impairment is made.

(XXIII) Long-term deferred expenses

Long-term deferred expenses shall be recorded according to the actual amount incurred and averagely amortized by stages within the benefit period or the specified period. Long-term deferred expenses are amortized using the straight-line method over the expected periods.

1. Depreciation methods

Straight-line depreciation.

2. Depreciable Life (Year)

According to the contract or estimated benefit period.

(XXIV) Employee benefits

Employee benefits refer to the various forms of remuneration or compensation for the service provided by the employees or for termination of employment relationship otherwise than share based payment. Employee benefits include short-term payroll, post-employment benefits, termination benefits and other long-term employee benefits. Benefit provided to the spouse, children, dependents, dependents of deceased employee and other beneficiaries are also included in employee benefits.

1. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset, otherwise than those recognized as cost of capital required or permitted by other accounting standards.

Employee benefits payable on profit sharing plan are recognized when the following conditions are met:

(1) There's current contractual or deemed obligation of the Company due to past events;

(2) The amount of obligations arising from the profit sharing plan can be reliably measured. If the obligation arising from profit sharing plan is not required to be settled in full within 12 months from the end of the reporting period, relevant regulations on other long-term employee benefits shall apply. Bonus accrued based on performance or employee's contributions are part of the bonus plans and shall be treated as short-term profit sharing.

2. Post-employment benefits

(1) Defined contribution plan

The Company shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset. Under a defined contribution plan, when contributions are not expected to be settled in full within twelve months from the end of the annual reporting period in which the employees render their related service, the employee benefits payable shall be measured at the discounted value of all contributions using a defined discount rate.

(2) Defined benefit plan

The Company shall attribute benefit obligations under a defined benefit plan to periods of service provided by employees according to the formula determined by projected unit credit method, with a corresponding charge to the profit and loss for the current period or the cost of a relevant asset. When an employee's service in later years will lead to a materially higher level of benefit from the defined benefit plan than in earlier years, the Company shall attribute accumulated defined benefit plan obligation with straight line method to the period from the date when service provided by the employee first leads to Company's benefit obligation under the defined benefit plan to the date when future service provided by the employee will not lead to material increase in defined benefit plan obligation. In determining the period to which the benefit obligation shall attribute, the Company shall not consider the situation in which the material increase in defined benefit plan obligation only as a result of future salary increases.

At the end of reporting period, the Company shall recognize the following components of employee benefit cost arising from defined benefit plan:

① Service costs, comprising current service costs, past service costs and any gains and losses on settlement.

② Service costs, comprising current service costs, past serviceities, including interest income on plan assets, interest cost on the defined benefit plan obligation and interest on the effect of the asset ceiling.

③ Service costs, comprising current service costs, past serviceities, including inteUnless other accounting standards requires or permits the inclusion of employee benefit costs in the cost of assets, item ① and ② above should be recognized in profit or loss for the current period; item ③ should be recognized in comprehensive income.

3. Termination benefits

Termination benefits primarily include:

(1) Compensation provided to employees due to the termination of employment relationship before due date of employment contract, whether employees agree with the termination or not.

(2) Compensation provided to employees to encourage them to accept employee curtailment before the due date of employment contract, in which the employees have a choice of either to stay in service or leave.

When termination benefits are provided, the Company recognizes employee benefit liabilities for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates:

① The date when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal, or

②dThe date when the Company recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

If the termination benefits are expected to be settled wholly within 12 months after the end of the reporting period in which the termination benefit is recognized, the Company shall apply the relevant regulations of short-term employee benefits; if the termination benefits are not expected to be settled wholly within 12 months after the end of the reporting period in which the termination benefit is recognized, the Company shall apply the relevant regulations of long-term employee benefits.4. Other long-term employee benefits

For other long-term benefits provided to employees that meet the terms of defined contribution plans shall be treated as defined contribution plans. Other long-term benefits otherwise than above shall be recognized and measured to net liabilities or net assets according to relevant requirements of defined benefit plans.

(XXV) Estimated liabilities

1. If the obligations pertinent to contingencies such as external security, arbitration, product warranty and onerous contract become the current obligations of the Company, the performance of the obligations is likely to result in the outflow of economic benefits from the Company, and the amount of the obligations can be measured reliably, the obligations are recognized as estimated liabilities by the Company.

2. The Company initially measures the estimated liabilities based on the best estimate required to be paid when performing relevant current obligations, and reviews the book value of the estimated liabilities on the balance sheet date.

(XXVI) Revenue

1. Sales of goods

The revenue from sales of goods is recognized under the following conditions: (1) major risks and rewards concerning the ownership of commodity have been transferred to the buyer; (2) neither the continuous management right usually related to the ownership is retained nor effective control over sold goods is effected; (3) the amount of revenue can be measured reliably; (4) relevant economic benefits is likely to flow into the Company; (5) relevant costs incurred or to be incurred can be measured reliably.

Specific principles:

Auto parts business except for that of AI Overseas Business Group:

Major domestic sales target can be divided into two categories: one is the whole vehicle manufacturers, and the other is the automobile after-sales repair market.

For the sales model of facing the whole vehicle manufacturers, it refers to a sales model that the products are directly sold to the whole vehicle manufacturers. For the sales model of facing the automobile after-sales repair market, it refers to a sales model that the products are sold to the customers purchasing auto parts pursuant to the order thereof.

Specific criteria to recognize the revenue of manufacturers from sale of whole vehicle:

Where the stock commodities are still managed as inventories outside the warehouse, when they are shipped outside the warehouse, the sales cannot be recognized. Where commodities outside the warehouse are dispatched to the whole vehicle manufacturers, and are accepted by them, the sales can be recognized. According to the provided quantity of commodity received and accepted by the whole vehicle manufacturers, such quantity of commodity are recognized as the sales volume, and the sales revenue from the dispatched commodities outside the warehouse is recognized at the price as agreed with clients under the premise that the dispatched commodities outside the warehouse meet the above recognition criteria of sales revenue.

Specific criteria to recognize the sales revenue from the automobile after-sales repair market:

The revenue from sales of products bought by the customers purchasing auto parts can be recognized after such products inspected and accepted by the customers.

Auto parts business of AI Overseas Business Group:

The quantity and number of commodities can be recognized when there is an evidence that the Company has transferred the main risks and rewards of ownership of the commodities to the buyer (generally referring to the delivery time point of the commodities and samples as agreed in the contract); the revenue can be recognized when the price is fixed and the ownership is transferred (generally referring to date of bill of lading).

2. Rendering of labor service

When the outcome of a transaction concerning rendering of labor service can be reliably estimated on balance sheet date (the following conditions are met: the amount of the revenue can be measured in a reliable way; relevant economic benefits may flow to the Company; the completion schedule of transaction can be confirmed reliably; the costs incurred or to be incurred during the transaction can be measured in a reliable way), relevant revenue from rendering of labor service is recognized via percentage of completion method, and the completion schedule of transaction is determined based on the percentage of service rendered to the total serve rendered or costs incurred to the total estimated costs. When the outcome of a transaction concerning rendering of labor service cannot be reliably estimated, if the incurred labor service cost can be compensated, the revenue from rendering of labor force shall be recognized based on the amount of the incurred labor service cost, and the cost shall be carried forward in the same amount. If the incurred labor service cost cannot be compensated, the incurred labor service cost shall be charged to current profits and losses, and the revenue shall not be recognized.

3. Alienation of the right to use asset

If the relevant economic benefits may flow in the Company, and the amount of the revenue can be calculated reliably, the revenue from alienation of the right to use the asset shall be recognized. Interest income shall be calculated and confirmed in accordance with the length of time for which the Company's cash & cash equivalents is used by others and the effective interest rate; royalty revenue shall be calculated and confirmed in accordance with the charging time and method specified in relevant contract or agreement.

(XXVII) Government grants

1. Government grants include asset-related government grants and income-related government grants

2. If the government grant is monetary asset, it is recorded at the amount received or receivable. If the government grant is non-monetary asset, it shall be measured at the fair value; if the fair value cannot be obtained, then it shall be measured at nominal amount.

3. Gross method is adopted

(1) The government grants related to assets shall be recognized as deferred incomes; and shall

be evenly allocated into the profits and losses during useful life of related assets. If the related assets are sold, transferred, scrapped or damaged before the end of life of the assets, the balance of the relevant deferred incomes that have not been allocated shall be transferred to the current profits and losses of asset disposal.

(2) The government grants related to income shall be recognized as deferred incomes for compensation of future related expenses or loss and recognized in current profits and losses after related expenses are identified; if compensation of related expenses or losses already incurred, they shall be directly recognized in the current profits and losses.

The company adopted gross method for all government grants except for policy concessional loan discount.

4. For government grants both related to assets and income, they shall be treated as different accounting treatments. The whole will be classified as government grants related to income if cannot be distinguished

5. Government grants related to daily operating activities will be calculated into other incomes or write down related cost in accordance with the business nature.

(XXVIII) Deferred income tax assets and deferred income tax liabilities

1. Deferred tax assets and liabilities shall be measured at the temporary differences between the book value of certain assets or liabilities and their tax base (or between the book value of those Item that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws), and 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.

2. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. At balance sheet date, the book value of deferred tax assets shall be reviewed and if it is probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized, the Company shall recognize deferred tax assets that not been recognized in previous period.

3. On balance sheet date, the book value of deferred income tax assets shall be reviewed; if it is unlikely to acquire sufficient taxable income that may be used to offset the interests of deferred income tax assets, the book value of the deferred income tax assets shall be reduced. Any such reduction in amount shall be reversed to the extent if it becomes likely that sufficient taxable profits can be obtained.

4. Current and deferred tax of the Company shall be recognized as income or an expense and included in profit or loss for the current period, except to the extent that the tax arises from: (1)

a business combination; and (2) a transaction or event which is recognized directly into owner's equity.

(XXIX) Operating lease and finance lease

1.Operating lease

When the Company is the lessee, the rents shall be charged to relevant assets or be recognized as current profits and losses as per the straight-line method at each period within the lease term. The incurred initial direct expenses shall be directly charged to current profits and losses. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

When the Company is the lessor, the rents shall be recognized as current profits and losses as per the straight-line method at each period within the lease term. The incurred initial direct expenses shall be directly charged to current profits and losses except those with large amount shall be capitalized and be charged to profits and losses. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

2.Finance lease

When the Company is the lessee, on the commencement date of the lease term, the company shall recognize the fair value of leased assets or the present value of minimum lease payment (whichever is lower) as the entry value of the leased assets, and recognize the minimum lease payment as the entry value of long-term accounts payable and the difference between the entry values as unrecognized financing fees. The incurred initial direct expenses shall be charged to the value of leased assets. The current financing expenses shall be calculated and recognized as per the effective interest method at each period within the lease term.

When the Company is the lessor, on the commencement date of the lease term, the company shall recognize the sum of the minimum lease receipts on the lease commencement date and the initial direct expenses as the entry value of the finance lease receivables, and record the unguaranteed residual value at the same time; the balance between the sums of the minimum lease receipts, the initial direct expenses and the unguaranteed residual value, and the sum of their present values shall be recognized as unrealized financing income. The current financing income shall be calculated and recognized as per the effective interest method at each period within the lease term.

IV. Taxes

(I) Main taxes and tax rates

Tax type	Taxation basis	Tax rate (%)
Value-added tax	Taxable VAT is the balance of output tax subtracted by deductible income tax	6.00,10.00,13.00,16.00

Tax type	Taxation basis	Tax rate (%)
Corporate income tax	Taxable income	25.00
Property tax	i. Calculated and collected at 1.2% after deducting 30% or 20% of the original price of the property in case of ad valorem taxation; ii. Calculated and collected at 12.00% of rental income	1.20/12.00
Tax for land use right	Land area	CNY 4.00/m², 6.00/m²
Urban maintenance and construction tax	Turnover tax payable	5.00, 7.00
Educational surcharges	Turnover tax payable	3.00
Local educational surcharges	Turnover tax payable	1.00, 2.00
Other taxes	Collected as stipulated by the state	

Note 1: Operational entities other than the AI Overseas Business Group: Output VAT is calculated based on taxable sales revenue and service revenue calculated in accordance with tax laws, and VAT payable shall be the difference between the output VAT and input VAT deductible in the same period;

The output tax shall be calculated by AI Thailand according to the tax laws and regulations of the AI Thailand's registration place of Rayong Province, and the value added tax shall be paid based on the output tax after deducting the deductible input tax in current period;

The output tax (goods and services tax) shall be calculated at 10% tax rate of the taxable income by AI Australia Business Group, and the value added tax shall be paid based on the output tax after deducting the deductible input tax in current period;

Disclosure of information about taxpayers applying different enterprise income tax rates:

Name of taxpayer	Income tax rate
Operational entities other than the AI Overseas Business Group	25%
HHL、AIGMBH、AISH	15%
HONG KONG AOTECAR INVESTMENT CO., LIMITED	16.5%
AI Belgium	34%
AI US Business Group、AI Slovakia	21%
AI Thailand, AI Luxembourg	20%
AI Australia Business Group, Air Systems, S.de R.L. de C.V.	30%
AI UK	22%

(II) Tax preference and approval

AI Thailand's factory located in the Free Trade Zone enjoys the tax exemption of raw materials and machine equipment VAT in accordance with the Thailand VAT law. In addition, the preferential policies about the enterprise income tax also apply to it according to the rules of "*investment promotion act B.E.2520]" issued by the government of Thailand, which means the* tax exemption of enterprise income tax on specific products in current period.

On December 6, 2019, AISH obtained the 'High-tech Enterprise Certificate' (certificate number: GR201931005175) jointly issued by the Shanghai Science and Technology Department, the Shanghai Municipal Department of Finance, the Shanghai National Taxation Bureau, and the Shanghai Local Taxation Bureau and recognized the company as a high-tech enterprise with a validity period of three years. During the reporting period, the corporate income tax reduction was levied at 15%.

V. Explanations on Changes in Accounting Policies and Estimates and Corrections of Early Errors

(I) Changes of accounting policies

1. Since January 1, 2019, the relevant provisions of the Ministry of Finance's Notice on Revising and Issuing the Format of Financial Statements of General Enterprises in 2019 (Caikuai [2019] No.6) have been adopted. The impact of the change in accounting policies is as follows:

Change of accounting policies and reasons	Name and amount of influenced items in the financial statements
Divide "notes receivable and accounts receivable" into accounts receivable and notes receivable to list	The amount of notes receivable at the end of the period is CNY 0.00, and the amount at the beginning of the period is CNY 0.00; The amount of accounts receivable at the end of the period is CNY 288,324,269.70, and the amount at the beginning of the period is CNY 263,349,179.58.
Divide "notes payable and accounts payable " into accounts payable and notes payable to list	The amount of notes payable at the end of the period is CNY 69,921,918.81, and the amount at the beginning of the period is CNY 112,781,081.20; The amount payable at the end of the period is CNY 241,575,985.60, and the amount at the beginning of the period is CNY 273,241,476.01.
The income statement "minus: Asset impairment loss" is adjusted to "plus: asset impairment loss (losses are filled with"-")	The amount of asset impairment losses listed in this period is CNY-119,070,009.70, and the amount shown in the previous period was CNY-5,977,862.24 .

Impact on the parent company's financial statements: None.

2. Approved by the management, Since January 1, 2019, the Company has adopted the relevant provisions of Accounting Standards for Enterprises No.22-Recognition and Measurement of Financial Instruments (Accounting [2017] No.7), Accounting Standards for Enterprises No.23-*Transfer of Financial Assets (Accounting [2017] No.8)*, Accounting Standards for Enterprises No.24-Hedge Accounting (Accounting [2017] No.9) and Accounting Standards for Enterprises No.37-Presentation of Financial Instruments (Accounting [2017] No.14) to adjust

the amount of retained earnings at the beginning of the year and other relevant items in the financial statements according to the cumulative impact, without adjusting the information during the comparable period. The impact of the change in accounting policies is as follows:

Change of accounting policies and reasons	Name and amount of influenced items in the financial statements
Add 'Credit Impairment Loss' statement item	The amount of credit impairment loss is CNY -2,966,840.22 in the current period.
Financial assets are classified as financial assets measured at amortized cost, financial assets measured at fair value and their changes included in other comprehensive income, and financial assets at fair value through current profit and loss according to the business model managed by the company and the characteristics of the contract cash flow of financial assets.	
The company sells a small amount of receivables through non-recourse factoring in daily capital management. Since the value is very small relative to the total amount of receivables, the business model for managing receivables is still to collect contractual cash for the purpose, the company's accounts receivable after January 1, 2019 are still classified as amortized value measurement and reported as accounts receivable. The company and its subsidiaries as the needs of the daily cash management will be an endorse and discount banker's acceptance bills (and the amount exceeds 50%) not just hold expires collection. Therefore, the banker's acceptance bill management business mode includes both cash flow as the goal and to sell as the goal. Therefore, on January 1, 2019, the company reclassified the above banker's acceptance bills to financial assets measured at fair value and their changes are included in other comprehensive income as financing receivables.	The amount of notes receivable at the end of the period decreased by CNY 21,497,035.66, and the amount at the beginning of the period decreased by CNY 26,124,583.99; The amount of receivables listed at the end of the financing period was CNY 21,497,035.66, and the amount at the beginning of the period was CNY 26,124,583.99.
For certain wealth management products such as structured deposits held by the company, their earnings are linked to variables such as gold and foreign exchange. After January 1, 2019, the company analyzed its contractual cash flows which is not only for the payment of principal and the payment of interest based on the	The amount of trading financial assets listed at the end of the period is CNY 0.00 ; The amount of other non-current financial assets at the end of the period is CNY 0.00.

Change of accounting policies and reasons	Name and amount of influenced items in the financial statements
outstanding principal, then the wealth management product was reclassified as a financial asset measured at fair value and its changes included in the current profit and loss, and reported as trading financial assets and other non-current financial assets.	

Impact on the parent company's financial statements: None.

3. With the approval of the management, the Company has adopted the relevant provisions of the Accounting Standards for Enterprises No.7-Exchange of Non-monetary Assets (Caikuai [2019] No.8) since June 10, 2019. Enterprises shall adjust the exchange of non-monetary assets between January 1, 2019 and the implementation date of the Standards according to the provisions of the Standards. Enterprises do not need to make retrospective adjustments to the exchange of non-monetary assets before January 1, 2019. The impact of the change in accounting policies is as follows:

The above accounting policy changes have no impact on the current financial statements.

4. With the approval of the management, the Company has adopted the relevant provisions of "Accounting Standards for Business Enterprises No.12-Debt Restructuring" (Caikuai [2019] No.9) since June 17, 2019. Enterprises shall adjust the debt restructuring that occurred between January 1, 2019 and the implementation date of these standards according to the provisions of the standards. Enterprises do not need retrospective adjustment for debt restructuring before January 1, 2019. The impact of the change in accounting policies is as follows:

The above accounting policy changes have no impact on the current financial statements.

(II) Changes of accounting estimate: None.

(III) Correction of prior significant accounting errors: None.

(IV) Adjustments to the opening balance on first-time adoption of the new accounting standard on financial instruments

Consolidated Balance Sheet

Monetary unit: CNY

Item	December 31, 2018	January 1, 2019	adjusted amount
Current assets:			
Cash and cash equivalents	82,145,755.12	82,145,755.12	

Item	December 31, 2018	January 1, 2019	adjusted amount
Trading financial assets			
Financial assets at fair value through profits and losses			
Notes receivable	26,124,583.99		-26,124,583.99
Accounts receivable	263,349,179.58	263,349,179.58	
Accounts receivable financing		26,124,583.99	26,124,583.99
Prepayments	31,147,702.33	31,147,702.33	
Other receivables	25,592,790.11	25,592,790.11	
Including: interest receivable			
dividends receivable			
Inventories	119,496,976.25	119,496,976.25	
Assets classified as held for sale			
Non-current assets due within one year		-	
Other current assets	5,009,353.60	5,009,353.60	
Total current assets	552,866,340.98	552,866,340.98	
Non-current assets:			
Investments in debt securities			
Available-for-sale financial assets			
Other Investments in debt securities			
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	194,730,133.38	194,730,133.38	
Investment in other equity instruments			
Other non-current financial assets			
Investment property	18,304,144.61	18,304,144.61	
Fixed assets	173,814,436.48	173,814,436.48	
Construction in process	108,418,266.18	108,418,266.18	
Intangible assets	83,056,862.81	83,056,862.81	
Development expenditures	202,046,050.14	202,046,050.14	
Goodwill	450,205,571.51	450,205,571.51	
Long-term deferred expenses	5,947,807.55	5,947,807.55	
Deferred income tax assets	42,015,424.05	42,015,424.05	
Other non-current assets	6,594,516.69	6,594,516.69	
Total non-current assets	1,285,133,213.40	1,285,133,213.40	

Item	December 31, 2018	January 1, 2019	adjusted amount
Total assets	1,837,999,554.38	1,837,999,554.38	
Current liabilities:			
Short-term loan	156,389,988.00	156,389,988.00	
Trading financial liabilities			
Financial liabilities at fair value through profits and losses			
Derivative financial liabilities			
Notes payable	112,781,081.20	112,781,081.20	
Accounts payable	273,241,476.01	273,241,476.01	
Receipts in advance	20,367.71	20,367.71	
Employee benefits payable	15,192,981.94	15,192,981.94	
Tax and surcharges payable	5,504,331.23	5,504,331.23	
Other payables	161,114,684.96	161,114,684.96	
Including: interest payable			
dividends payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	724,244,911.05	724,244,911.05	
Non-current liabilities:			
△ Reserve for insurance contracts			
Long-term loans	31,904,970.12	31,904,970.12	
Bonds payable			
Including: preferred stock			
perpetual bond			
Lease liabilities			
Long-term payables	6,806,282.72	6,806,282.72	
Long-term employee benefits payable	1,279,067.48	1,279,067.48	
Estimated liabilities	14,763,945.02	14,763,945.02	
Deferred revenues	1,320,000.00	1,320,000.00	
Deferred income tax liabilities	26,572,964.79	26,572,964.79	
Other non-current liabilities:			
Total non-current liabilities	82,647,230.13	82,647,230.13	
Total liabilities	806,892,141.18	806,892,141.18	

Item	December 31, 2018	January 1, 2019	adjusted amount
Owners' equity			
Paid in capital	859,161,408.36	859,161,408.36	
Other equity instruments			
Capital Reserve			
Other comprehensive incomes	31,329,041.59	31,329,041.59	
Surplus reserve			
Undistributed profit	140,616,963.25	140,616,963.25	
Total equity attributable to owners of the parent company	1,031,107,413.20	1,031,107,413.20	
Minority equity			
Total owner's equity	1,031,107,413.20	1,031,107,413.20	
Total liabilities and owner's equity	1,837,999,554.38	1,837,999,554.38	

Explanation of the adjustment of each item:

December 31, 2018 (Original Financial Instruments Standard)			January 1, 2019 (New Financial Instruments Standard)		
Item	**calculate category**	**Book value**	**Item**	**calculate category**	**Book value**
Notes receivable	Amortized cost	26,124,583.99	Accounts receivable financing	Measured at fair value through other comprehensive income	26,124,583.99

Note: The company and its subsidiaries endorse and discount bank acceptance bills (and the amount exceeds 50%) according to their daily capital management needs, not just holding to maturity for collection, so the business model of managing bank acceptance bills is Including the target of collecting contractual cash flow and the target of selling, so on January 1, 2019, the company reclassified the above bank acceptance draft of CNY26,124,583.99to the financial value measured at fair value and its changes included in other comprehensive income Assets are listed as receivable financing.

Balance Sheet

Monetary unit: CNY

Item	December 31, 2018	January 1, 2019	adjusted amount
Current assets:			
Cash and cash equivalents	263,333.30	263,333.30	
Trading financial assets			

Item	December 31, 2018	January 1, 2019	adjusted amount
Financial assets at fair value through profits and losses			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Accounts receivable financing			
Prepayments			
Other receivables	152,876,274.80	152,876,274.80	
Including: interest receivable			
dividends receivable			
Inventories			
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	491,507.79	491,507.79	
Total current assets	153,631,115.89	153,631,115.89	
Non-current assets:			
Investments in debt securities			
Available-for-sale financial assets			
Other Investments in debt securities			
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	857,089,755.50	857,089,755.50	
Investment in other equity instruments			
Other non-current financial assets			
Investment property			
Fixed assets			
Construction in process			
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			
Other non-current assets			

Item	December 31, 2018	January 1, 2019	adjusted amount
Total non-current assets	857,089,755.50	857,089,755.50	
Total assets	1,010,720,871.39	1,010,720,871.39	
Current liabilities:			
Short-term loan	148,983,321.80	148,983,321.80	
Trading financial liabilities			
Financial liabilities at fair value through profits and losses			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Receipts in advance			
Contract assets			
Employee benefits payable			
Tax and surcharges payable			
Other payables	4,352,793.73	4,352,793.73	
Including: interest payable			
dividends payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	153,336,115.53	153,336,115.53	
Non-current liabilities:			
Δ Reserve for insurance contracts			
Long-term loans			
Bonds payable			
Including: preferred stock			
perpetual bond			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred revenues			
Deferred income tax liabilities			
Other non-current liabilities:			

Item	December 31, 2018	January 1, 2019	adjusted amount
Total non-current liabilities			
Total liabilities	153,336,115.53	153,336,115.53	
Owner's equity			
Paid in capital	859,161,408.36	859,161,408.36	
Other equity instruments			
Capital Reserve			
Other comprehensive incomes	-1,214,712.05	-1,214,712.05	
Surplus reserve			
Undistributed profit	-561,940.45	-561,940.45	
Total owner's equity	857,384,755.86	857,384,755.86	
Total liabilities and owner's equity	1,010,720,871.39	1,010,720,871.39	

VI. Notes to Main Items of Consolidated Financial Statements

Note: the "beginning" refers to January 1, 2019; "Ending" refers to December 31, 2019, "the previous period" refers to 2018 while "the current period" refers to 2019.

1. Cash & cash equivalents

(1) Presented by category

Item	Ending balance	Beginning balance
Cash on hand	146,011.17	257,132.57
Cash at bank	38,186,682.77	45,609,519.79
Other cash and cash equivalents	128,591,446.86	36,279,102.76
Total	166,924,140.80	82,145,755.12
Of which: the total amount of money deposited abroad	21,738,702.44	15,069,100.10

(2) Ending balance of cash and cash equivalents are limited to use including pledge, frozen are as follows:

Item	Ending balance
Bank acceptance bills margin	14,591,446.86
Pledge	114,000,000.00
Total	128,591,446.86

(3) Ending balance of oversea deposit and fund subjected to restrictions in remittance: None.

2. Accounts receivable

(1) Disclosure by Aging

Aging	Ending balance
Within 1 year (including 1 year)	293,024,729.43
1-2 years (including 2 years)	4,220,369.01
2-3 years (including 3 years)	776,799.40
3-4 years (including 4 years)	492,967.91
4-5 years (including 5 years)	
More than 5 years	306,130.10
Total	298,820,995.85

(2) Disclosure by the bad debt provision method classification

Category	Ending balance				
	Book balance		Provision of bad debts		Book value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision of bad debts by single item	120,708,378.64	40.39	426,733.88	0.35	120,281,644.76
Provision of bad debts by Credit risk characteristic combination	178,112,617.21	59.61	10,069,992.27	5.65	168,042,624.94
Total	298,820,995.85	100.00	10,496,726.15		288,324,269.70

Continued:

Category	Beginning balance				
	Book balance		Provision of bad debts		Book value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision of bad debts by single item	139,496,536.19	51.53	177,172.55	0.13	139,319,363.64
Provision of bad debts by Credit risk characteristic combination	131,208,485.40	48.47	7,178,669.46	5.47	124,029,815.94
Total	270,705,021.59	100.00	7,355,842.01		263,349,179.58

Provision of bad debts by single item:

Items	Beginning balance			
	Book balance	Provision of bad debts	Percentage of provision (%)	Reason for accrual
Provision for bad debts of receivables	120,708,378.64	426,733.88	0.35	*Expected not to be* fully recovered
Total	120,708,378.64	426,733.88		

Provision of bad debts by combination:

Items of Provision by combination: Provision of bad debts by Credit risk characteristic *combination*

Items	Beginning balance		
	Accounts receivable	Provision of bad debts	Percentage of provision (%)
Within 1 year (including 1 year)	172,316,350.79	8,615,817.54	5.00
1-2 years (including 2 years)	4,220,369.01	422,036.90	10.00
2-3 years (including 3 years)	776,799.40	233,039.82	30.00
More than 5 years	799,098.01	799,098.01	100.00
Total	178,112,617.21	10,069,992.27	

Recognition criteria and description of bad debts accrued by combination:

Except for the accounts receivable that have been separately provided for impairment, the company's actual loss rate is based on the same or similar previous years and the combination of accounts receivables with similar credit risk characteristics divided by age combined with current situations.

(3) Receivables actually written off during the period: None

(4) Conditions of bad debts provision

Category	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Accrued recovered or reversed	Reversed or collected	Other changes	
Provision of bad debts	7,355,842.01	3,140,884.14				10,496,726.15
Total	7,355,842.01	3,140,884.14				10,496,726.15

(5) Top 5 accounts receivable in terms of ending balance:

Name of company	Nature of receivables	Amount	Aging	Percentage of total receivables (%)	Ending balance of provision for bad debts
Company 1	Goods payment	54,627,348.66	Within 1 year	18.28	2,731,367.43
Company 2	Goods payment	24,619,223.96	Within 1 year	8.24	1,230,961.20
Company 3	Goods payment	22,744,365.34	Within 1 year	7.61	
Company 4	Goods payment	18,975,996.11	Within 1 year	6.35	948,799.81
Company 5	Goods payment	15,787,684.72	Within 1 year	5.28	789,384.24
Total		136,754,618.79		45.76	5,700,512.68

(6) Account receivables that terminated due to the transfer of financial assets: None.

(7) Amount of assets and liabilities transferred from receivables that continue to be involved: None.

3. Accounts receivable financing

Items	Ending balance	Beginning balance
Bank acceptance bill	21,497,035.66	26,124,583.99
Total	21,497,035.66	26,124,583.99

Changes in the increase and decrease of the receivables financing and changes in fair value in the current period: None.

Other instructions:

The company and its subsidiaries endorse and discount bank acceptance bills (and the amount exceeds 50%) depending on their daily capital management needs, not just holding to maturity for collections, so the business model for managing bank acceptance bills includes both the objective of collecting contractual cash flow and selling. Therefore, the company reclassified the above bank acceptance bills into financial assets measured at fair value and their changes included in other comprehensive income, which are listed as receivables financing.

4. Prepayments

(1) Presented by aging

Aging	Ending balance	Percentage (%)	Beginning balance	Percentage (%)
Within 1 year (including 1 year)	20,572,913.23	98.63	26,241,945.43	84.25
1-2 years (including 2 years)	283,370.58	1.36	4,785,887.72	15.37
2-3 years (including 3 years)	620.00		1,436.18	

Aging	Ending balance	Percentage (%)	Beginning balance	Percentage (%)
More than 3 years	1,450.00	0.01	118,433.00	0.38
Total	20,858,353.81	100.00	31,147,702.33	100.00

There is no significant prepayments overdue more than one year at the end of the period.

(2) Ending balances of prepayment to suppliers are at the top five

Name of company	Ending balance	Percentage (%)
Company 1	1,180,863.04	5.66
Company 2	792,239.82	3.80
Company 3	776,138.85	3.72
Company 4	728,574.08	3.49
Company 5	724,559.21	3.47
Total	4,202,375.00	20.14

5. Other receivables

(1) Summary

Items	Ending balance	Beginning balance
Interest receivable		
Dividend receivable		
Other receivables	19,881,001.57	25,592,790.11
Total	19,881,001.57	25,592,790.11

(2) Other receivables

1) Disclosure by Aging

Aging	Ending balance
Within 1 year (including 1 year)	19,801,033.48
1-2 years (including 2 years)	271,404.00
2-3 years (including 3 years)	129,268.05
3-4 years (including 4 years)	2,500.00
4-5 years (including 5 years)	182,922.58
More than 5 years	1,114,002.00
Total	21,501,130.11

2) Book balance of other receivables classified by nature

Nature of amount	Ending balance	Beginning balance
Petty cash	775,708.23	1,215,916.70
Deposits and security deposit	181,500.00	1,155,501.02
Intercompany loans	6,279,060.71	
Reimbursed fee	14,264,861.17	25,015,544.85
Total	21,501,130.11	27,386,962.57

3) Conditions of bad debts provision

Category	Beginning balance	Changes in the current period				Ending balance
		Provision	Accrued recovered or reversed	Reversed or collected	Other changes	
Provision of bad debts	1,794,172.46	-174,043.92				1,620,128.54
Total	1,794,172.46	-174,043.92				1,620,128.54

Significant provisions reversed or collected during current period: None.

4) There are no other receivables actually written off in the current period.

5) Top 5 accounts other receivable in terms of ending balance:

Name of company	Nature of amount	Ending balance	Aging	Percentage of total of other receivables (%)	Ending balance of provision for bad debts
Company 1	Intercompany loans	6,279,060.71	Within 1 year	29.20	
Company 2	Reimbursed fee	1,907,498.23	Within 1 year	8.87	1,134,676.81
Company 3	Reimbursed fee	748,350.61	Within 1 year	3.48	
Company 4	Reimbursed fee	771,637.00	Within 1 year	3.59	38,581.85
Company 5	Reimbursed fee	474,339.95	Within 1 year ,1-2 years,2-3 years	2.21	40,441.21
Total		10,180,886.50		47.35	1,213,699.87

6) Government grants receivable: None.

7) Other receivables that were terminated due to the transfer of financial assets: None.

8) Amount of assets and liabilities that have been transferred to other receivables and continue to be involved: None.

6. Inventory

(1) Presented by category

Items	Ending balance		
	Book balance	Provision for decline in value	Book value
Raw materials	110,041,445.48	6,018,026.46	104,023,419.02
Goods in process	6,217,355.56	37,845.76	6,179,509.80
Finished goods	16,242,220.00	840,276.10	15,401,943.90
Materials in transit	9,145,817.06		9,145,817.06
Consumables	9,806,165.55		9,806,165.55
Work in process - outsourced			
Merchandise inventories	811,128.41		811,128.41
Total	152,264,132.06	6,896,148.32	145,367,983.74

Continued:

Items	Beginning balance		
	Book balance	Provision for decline in value	Book value
Raw materials	82,547,606.99	2,771,516.01	79,776,090.98
Goods in process	8,142,986.28	61,445.85	8,081,540.43
Finished goods	14,942,108.21	815,416.05	14,126,692.16
Materials in transit	7,430,526.82		7,430,526.82
Consumables	9,448,828.45		9,448,828.45
Work in process - outsourced	4,396.61		4,396.61
Merchandise inventories	682,299.79	53,398.99	628,900.80
Total	123,198,753.15	3,701,776.90	119,496,976.25

(2) Changes of inventory provision

Items	Beginning balance	Increase		Decrease		Ending balance
		Provision	Others	Reversal or Written off	Disposal of subsidiaries	
Raw materials	2,771,516.01	4,414,647.96		1,168,137.51		6,018,026.46
Goods in process	61,445.85			23,600.09		37,845.76
Finished goods	815,416.05	161,346.26		136,486.21		840,276.10

Items	Beginning balance	Increase		Decrease		Ending balance
		Provision	Others	Reversal or Written off	Disposal of subsidiaries	
Merchandise inventories	53,398.99			53,398.99		
Total	3,701,776.90	4,575,994.22		1,381,622.80		6,896,148.32

(3) Description of inventory that includes capitalized amount of borrowing costs: None.

7.Non-current assets maturing within one year

Items	Ending balance	Beginning balance
Development project compensation	505,019.21	
Total	505,019.21	

8. Other current assets

Items	Ending balance	Beginning balance
Input tax to be deducted	8,976,921.42	3,227,633.20
Prepaid income tax	7,494,106.23	136,867.44
Deferred expenses within 1 year	305,982.83	1,153,345.17
Others	567,496.42	491,507.79
Total	17,344,506.90	5,009,353.60

9. Long-term equity investment

Company Name	Beginning balance	Changes in the current period	
		Additional investment	Reduce investment
1. Joint ventures			
SAI	184,541,621.88		
AI TTR	8,470,947.32		
Subtotal	193,012,569.20		
2.Associated enterprises			
Nanjing Aoveac	1,717,564.18		
Subtotal	1,717,564.18		
Total	194,730,133.38		

Continued:

Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Cash bonus
	Changes in the current period		
21,264,168.37			15,000,000.00
-35,539.80			
21,228,628.57			15,000,000.00
-195,599.99			
-195,599.99			
21,033,028.58			15,000,000.00

Continued:

Provision for impairment in the current period	Others: Foreign currency translation	Ending balance	Impairment of assets
Changes in the current period			
		190,805,790.25	
	-74,366.72	8,361,040.80	
	-74,366.72	199,166,831.05	
		1,521,964.19	
		1,521,964.19	
	-74,366.72	200,688,795.24	

10. Investment property

Items	Buildings	Land-use right	Total
1. Original book value			
(1) Beginning balance	12,190,603.95	14,288,904.77	26,479,508.72
(2) Increase in the current period			
- Purchase			
- Transfer in from Fixed assets			
- Mergers and Acquisitions			

Items	Buildings	Land-use right	Total
(3) Decrease in the current period			
- Disposal or write-off			
- Other transfer out			
(4) Ending balance	12,190,603.95	14,288,904.77	26,479,508.72
2. Accumulated depreciation			
(1) Beginning balance	6,710,519.20	1,464,844.91	8,175,364.11
(2) Increase in the current period	844,084.77	124,743.28	968,828.05
- Provision	844,084.77	124,743.28	968,828.05
- Transfer in from Fixed assets			
(3) Decrease in the current period			
- Disposal or write-off			
- Other transfer out			
(4) Ending balance	7,554,603.97	1,589,588.19	9,144,192.16
3. Accumulated impairment			
(1) Beginning balance			
(2) Increase in the current period			
- Provision			
(3) Decrease in the current period			
- Disposal or write-off			
- Other transfer out			
(4) Ending balance			
4. Book value			
(1) Ending book value	4,635,999.98	12,699,316.58	17,335,316.56
(2) Beginning book value	5,480,084.75	12,824,059.86	18,304,144.61

There is no investment properties without certificate of title.

11. Fixed assets

(1) Summary

Presented by category

Items	Ending balance	Beginning balance
Fixed assets	239,704,411.29	173,814,436.48
Disposal of fixed assets		
Total	239,704,411.29	173,814,436.48

(2) Fixed assets

1) Fixed assets

Items	Buildings	Machinery equipment	Transportation equipment	Fixed assets fitment	Land	Electronic equipment and Other equipment	Total
1. Original book value							
(1) Beginning balance	43,003,162.97	293,072,493.19	3,316,051.42		3,827,698.25	88,251,240.29	431,470,646.12
(2) Increase in the current period	2,200,918.29	108,542,875.28	44,942.80		395,468.35	9,381,633.95	120,565,838.67
- Purchase	146,469.49	9,605,788.24				6,335,889.20	16,088,146.93
- Transfer in from CIP	227,141.24	85,591,156.35				2,575,651.74	88,393,949.33
- Translation differences of foreign currency statement	1,827,307.56	13,345,930.69	44,942.80		395,468.35	470,093.01	16,083,742.41
(3) Decrease in the current period		5,726,056.25	1,049,462.83			1,344,855.45	8,120,374.53
- Disposal		2,901,308.26	1,049,462.83			945,727.22	4,896,498.31
- Sold		907,189.70				68,594.18	975,783.88
- Transfer out to I.A.						322,414.39	322,414.39
- Transfer out to CIP		1,917,558.29				8,119.66	1,925,677.95
- Others							
(4) Ending balance	45,204,081.26	395,889,312.22	2,311,531.39		4,223,166.60	96,288,018.79	543,916,110.26

Items	Buildings	Machinery equipment	Transportation equipment	Fixed assets fitment	Land	Electronic equipment and Other equipment	Total
2. Accumulated depreciation							
(1) Beginning balance	23,873,455.56	171,166,367.17	1,999,446.80			58,575,074.17	255,614,343.70
(2) Increase in the current period	2,998,568.05	40,521,614.54	329,183.79			8,504,316.19	52,353,682.57
- Provision	2,297,042.59	30,900,567.33	309,628.40			7,958,345.02	41,465,583.34
- Translation differences of foreign currency statement	701,525.46	9,621,047.21	19,555.39			545,971.17	10,888,099.23
(3) Decrease in the current period		4,166,584.08	975,552.84			1,206,343.53	6,348,480.45
- Disposal		2,901,308.26	975,552.84			945,727.22	4,822,588.32
- Sold		871,539.28				11,943.10	883,482.38
- Transfer out to I.A.						241,365.52	241,365.52
- Transfer out to CIP		393,736.54				7,307.69	401,044.23
- Others							
(4) Ending balance	26,872,023.61	207,521,397.63	1,353,077.75			65,873,046.83	301,619,545.82
3. Accumulated impairment							
(1) Beginning balance		2,041,865.94					2,041,865.94
(2) Increase in the current period		550,287.21					550,287.21

Items	Buildings	Machinery equipment	Transportation equipment	Fixed assets fitment	Land	Electronic equipment and Other equipment	Total
- Provision		332,850.00					332,850.00
- Translation differences of foreign currency statement		217,437.21					217,437.21
(3) Decrease in the current period							
- Sold							
(4) Ending balance		2,592,153.15					2,592,153.15
4. Book value							
(1) Ending book value	18,332,057.65	185,775,761.44	958,453.64		4,223,166.60	30,414,971.96	239,704,411.29
(2) Beginning book value	19,129,707.41	119,864,260.08	1,316,604.62		3,827,698.25	29,676,166.12	173,814,436.48

2)Temporary idle fixed assets: None.

3)Fixed assets acquired under finance leases: None.

4)Fixed assets leased out through operating leases: None.

5)Fixed assets without certificate of title: None.

12. Construction in progress

(1) Summary

Presented by category

Items	Ending balance	Beginning balance
Construction in progress	38,178,138.68	108,418,266.18
Engineering material		
Total	38,178,138.68	108,418,266.18

(2) Construction in progress

1) Balance of CIP

Items	Ending balance			Beginning balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Construction in progress	38,178,138.68		38,178,138.68	108,418,266.18		108,418,266.18
Total	38,178,138.68		38,178,138.68	108,418,266.18		108,418,266.18

2) Changes of significant projects in current period

Projects	Budgets	Opening Balance	Increase	Transfer out to Fixed assets	Other decrease	Ending Balance
Moving Test Machine (CWT) from AIAU	8,501,364.92	1,523,995.36	3,991,595.06			5,515,590.42
AISH - ES6 NIO Heat Pump	8,150,160.25	3,575,161.12	447,222.23	638,888.89		3,383,494.46
AINT assembly line	5,971,328.75	1,423,471.40	1,420,434.06			2,843,905.46
AISH — Chery — CC2S SUV HVAC and PTC	4,894,956.15	1,873,487.17		697,200.00	99,600.00	1,076,687.17
AISH—CJLR D8 HVAC	2,290,264.24	1,262,493.91		592,560.00	452,394.33	217,539.58
Other project	16,824,582.49	5,880,092.59	5,656,161.47	3,608,112.11	576,126.50	7,352,015.45
Motor Line Investment PQ35	1,074,334.80	511,274.08	493,228.96			1,004,503.04
EHAD Stands, Oil Carts downpayment	9,152,774.40	1,663,639.68	2,972,533.55			4,636,173.23
Double chamber helium leak test & recovery sys	1,534,764.00		1,381,287.60			1,381,287.60
Franklin HVAC Assy Line	3,867,730.85		2,998,724.73			2,998,724.73
Silver HVAC Assy Line	3,182,577.32		2,291,455.67			2,291,455.67
L663/T6 assembly line	71,498,462.42	43,895,486.19	11,733,562.17	25,858,181.59	29,730,187.01	40,679.76

Projects	*Budgets*	Opening Balance	*Increase*	Transfer out to Fixed assets	Other decrease	*Ending Balance*
SEYI SNS2-400T Press	1,898,355.73	1,213,931.32	683,876.57	1,871,534.08	26,273.81	
X4 HM Evap	7,629,316.90	2,736,784.64	3,948,959.96	6,669,850.69		15,893.91
Ford C48X assembly line	46,905,831.01	29,319,145.10	482,728.68	29,801,873.78		
Nocolok Brazing Furnace	8,723,711.26	8,226,058.58	135,438.94	8,361,497.52		
ULTIMUS Double Chamber Helium Leak Test Machine	1,365,996.75	1,343,870.43	22,126.32	1,365,996.75		
Total	240,824,035.14	32,779,304.85	82,873,058.41	18,752,208.09	1,580,791.27	95,319,363.90

Continued:

Budget used ratio(%)	Progress status	Accumulated capitalization interest	Current capitalization interest	Current capitalization ratio(%)	Source of Funds
64.88	Unfinished				Self-raised
49.35	Unfinished				Self-raised
47.63	Unfinished				Self-raised
38.27	Unfinished				Self-raised
55.12	Unfinished				Self-raised
68.57	Unfinished				Self-raised
93.50	Unfinished				Self-raised
50.65	Unfinished				Self-raised
90.00	Unfinished				Self-raised
77.53	Unfinished				Self-raised
72.00	Unfinished				Self-raised
77.80	Finished				Self-raised
99.97	Finished				Self-raised
87.63	Unfinished				Self-raised
63.54	Finished				Self-raised
95.85	Finished				Self-raised
100.00	Finished				Self-raised

3) Impairment of Construction in progress in current period: None.

(3) Engineering Material: None.

13. Intangible assets

(1) Intangible assets

Items	Software	Land use right	Trademark right	Patent right	Non-patent technology	Total
1. Total original value						
(1) Beginning balance	134,998,605.48	34,186,446.73	933,808.68	13,078,085.85	196,625,116.15	379,822,062.89
(2) Increase in the current period	9,017,669.80				145,796,730.90	154,814,400.70
- Purchase	6,957,739.32				28,460.58	6,986,199.90
- Transfer of F.A.	322,414.39					322,414.39
- Translation differences of foreign currency statement	1,737,516.09				3,608,509.87	5,346,025.96
- Internal R & D					142,159,760.45	142,159,760.45
(3) Decrease in the current period	99,394.70				1,566,609.38	1,666,004.08
- Disposal						
- Others	99,394.70				1,566,609.38	1,666,004.08
(4) Ending balance	143,916,880.58	34,186,446.73	933,808.68	13,078,085.85	340,855,237.67	532,970,459.51
2. Accumulated amortization						
(1) Beginning balance	128,216,594.49	8,460,617.28	303,487.83	4,250,377.93	152,009,122.55	293,240,200.08
(2) Increase in the current	9,406,498.07	1,142,695.39	93,380.87	1,307,808.59	20,998,538.77	32,948,921.69

Items	Software	Land use right	Trademark right	Patent right	Non-patent technology	Total
period						
- Provision	7,550,912.98	1,142,695.39	93,380.87	1,307,808.59	18,302,089.13	28,396,886.96
- Transfer of F.A.	241,365.52					241,365.52
- Translation differences of foreign currency statement	1,614,219.57				2,696,449.64	4,310,669.21
(3) Decrease in the current period	58,565.40				521,559.59	580,124.99
- Disposal						
- Others	58,565.40				521,559.59	580,124.99
(4) Ending balance	137,564,527.16	9,603,312.67	396,868.70	5,558,186.52	172,486,101.73	325,608,996.78
3. Provision for impairment loss of intangible assets						
(1) Beginning balance					3,525,000.00	3,525,000.00
(2) Increase in the current period					5,806,918.08	5,806,918.08
(3) Decrease in the current period						
(4) Ending balance					9,331,918.08	9,331,918.08
4. Total book value of intangible assets						

Items	Software	Land use right	Trademark right	Patent right	Non-patent technology	Total
(1) Ending book value	6,352,353.42	24,583,134.06	536,939.98	7,519,899.33	159,037,217.86	198,029,544.65
(2) Beginning book value	6,782,010.99	25,725,829.45	630,320.85	8,827,707.92	41,090,993.60	83,056,862.81

(2) Land use rights without certificate of title: None.

14. Development expenditures

Items	Beginning Balance	Increase in current period		Decrease in current period			Ending Balance
		Internal development costs	Other increase	Transfer out to intangible assets	Recorded in current profits or losses	Other decrease	
Ford C48X	17,409,637.42	14,748,160.34	22,563,553.90				54,721,351.66
T6&L663	57,238,443.11	35,982,031.45		85,973,383.06			7,247,091.50
Z1381 Ford Radiator TOC's	23,740,606.27		-22,563,553.90				1,177,052.37
Z1474 Ford V713 Aux HVAC	3,363,878.86	8,622,341.96					11,986,220.82
Z1498 - PSA CMP FRONT HVAC	112,189.46	945,315.47					1,057,504.93
Z1501 - PROJECT FRANKLIN	3,026,603.59	8,855,699.75					11,882,303.34
Z1519 Project Silver (Tesla)		10,441,069.25					10,441,069.25
ISUZU RU30/RT64	372,728.16	55,080.71		427,808.87			

Items	Beginning Balance	Increase in current period: Internal development costs	Increase in current period: Other increase	Decrease in current period: Transfer out to intangible assets	Decrease in current period: Recorded in current profits or losses	Decrease in current period: Other decrease	Ending Balance
RTOC MY18	3,753,534.72	387,805.73		4,141,340.45			
X451	1,235,742.16	499,808.26		1,735,550.42			
HM EVAP	75,443.69	7,794.66		83,238.35			
RTOC MY19	2,596,591.58	268,436.94		2,865,028.52			
JLR L663 Front	1,400,363.29	144,682.25				1,545,045.54	
VW T6 LHD	894,514.04	92,418.04				986,932.08	
VW T6 RHD	116,159.72	12,000.50				128,160.22	
RTOC MY20	896,305.49	266,374.39					1,162,679.88
Manifold	531,404.28	52,461.29				583,865.57	
Chiller ES6	1,335,327.12	137,962.65		1,196,505.46		276,784.31	
VPI ES6							
Proton SX11 HVAC	2,339,189.83	684,677.60					3,023,867.43
VN24	3,438.48	494.94				3,933.42	
L663 Rear	395,185.93	40,829.64				436,015.57	
Franklin		87,802.24					87,802.24
ES8 Front & Rear Evap V713		51,479.40					51,479.40

Items	Beginning Balance	Increase in current period		Decrease in current period			Ending Balance
		Internal development costs	Other increase	Transfer out to intangible assets	Recorded in current profits or losses	Other decrease	
Evap SILVER		163,504.48					163,504.48
BAIC FOTON S300 Car/SUV HVAC	4,781,734.05	330,356.56			6,361.65		5,105,728.96
BJEV C35DB condenser, chiller and pipe	1,007,803.13	276,954.04		1,276,780.29	7,976.88		
CATL Battery 6859 BUS *Battery Cooling System*	8,890,076.82	539,771.53		8,612,373.33	8,510.22	808,964.80	
Bus Battery Cooling System (5KW/8KW)		5,187,713.29		5,039,032.42	148,680.87		
CJLR D8 L551	5,568,552.39	2,401,971.72				7,970,524.11	
CJLR D8 PTC Heater	715,474.15	65,431.91				780,906.06	
M36T	64,888.20	2,016,724.82			81,130.77	2,000,000.00	482.25
Chery - CC2S SUV HVAC and PTC	14,352,181.99	744,731.03		14,103,101.80	22,511.22	971,300.00	
FAW X40 EV300	2,952,111.89	386,230.94		2,425,039.65	3,390.45	909,912.73	
FMC EV Vehicle HVAC	738,147.00	389,012.97			18,923.92	1,108,236.05	
FMC EV Vehicle HVAC		150,805.95				150,805.95	
Geely KX11 HVAC	1,860,447.39	3,751,924.33			171,720.27		5,440,651.45

Items	Beginning Balance	Increase in current period		Decrease in current period			Ending Balance
		Internal development costs	Other increase	Transfer out to Intangible assets	Recorded in current profits or losses	Other decrease	
Geely PMA HVAC& HP System	3,530,818.14	5,918,014.64			286,337.37		9,162,495.41
Geely FS11 Radiators&Condenser	2,972,202.70	1,951,696.87			56,117.67		4,867,781.90
Geely NL-3B HVAC	939,966.67	2,146,895.96			83,029.77		3,003,832.86
Geely LX-2 HVAC and Condenser	1,195,404.68				1,195,404.68		
Geely BX11 HVAC and Condenser	3,191,721.53	3,396,237.04			113,641.32		6,474,317.25
Geely CX11 HVAC	1,045,071.25	2,817,763.81			107,628.79		3,755,206.27
Geely GE12-A HVAC	483,172.78	4,942,337.01			219,501.68		5,206,008.11
GEELY NL-4AB	911,447.27	3,999,007.26		4,835,215.79	75,238.74		
Geely NL-4AB Condenser	34,428.70	1,135,472.49		1,119,961.58	49,939.61		
Geely PMA EF1E Rear HVAC		1,230,628.36			72,846.82	1,157,781.54	
JLR L663 heater core	1,006,387.84	530,331.50		545,420.43	70,370.75	920,928.16	
JMC CX743BEV Heat Pump System		885,408.93			47,020.04	838,388.89	

Items	Beginning Balance	Increase in current period: Internal development costs	Increase in current period: Other increase	Decrease in current period: Transfer out to Intangible assets	Decrease in current period: Recorded in current profits or losses	Decrease in current period: Other decrease	Ending Balance
NextEV ES6 & ES8+18 Fragrance System		2,454,358.09			1,410,288.43	1,044,069.66	
NextEV ES8+18 Heat Pump System		875,914.86			62,882.12	813,032.74	
ES6 NIO Heat Pump	*17,463,801.00*	*6,308,568.29*		*7,326,286.89*	*16,446,082.40*		
SAIC IM31 HVAC	2,572,794.15	1,949,771.93			80,024.92	2,641,509.43	1,801,031.73
SAIC A+ HVAC	3,970,924.06	4,108,692.91			155,095.49	3,264,150.94	4,660,370.54
VW T6 heater core	959,205.16	549,432.06		453,693.14	104,018.25	950,925.83	
Total	202,046,050.14	143,990,393.04		142,159,760.45	21,104,675.10	30,292,173.60	152,479,834.03

15. Goodwill

(1) Initial value of goodwill

Name of the investee or matters forming goodwill	Beginning balance	Increase in 2018	Decrease in 2018	Ending balance
Air International Group	454,804,306.30			454,804,306.30
Total	454,804,306.30			454,804,306.30

(2) Impairment of goodwill

Name of the investee or matters forming goodwill	Beginning balance	Increase in 2019	Decrease in 2019	Ending balance
Air International Group	4,598,734.79	108,428,095.28		113,026,830.07
Total	4,598,734.79	108,428,095.28		113,026,830.07

(3) Information about the asset group or asset group combination in which the goodwill is derived from

Book value of goodwill	Asset group or combination			
	Component	Book value	Recognition Method of goodwill	Variation in 2019
341,777,476.23	In May 2015, the Share Purchase Agreement of Air International Group was made by and between the Company and AITS L.P., and agreed that the Company acquired 100.00% of equity of AI US, AI Luxembourg and AI Belgium, which was assessed by Yinxin Assets Appraisal Co., Ltd.	686,549,721.17	The product produced by the asset group in which the goodwill is located has an active market and can generate an independent cash flow, which can be identified as a separate asset group.	None

(4) Explanation of goodwill impairment test process, key parameters and method

Book value of goodwill	Method of impairment test of goodwill	Significant assumptions and reasons	Key parameters and reasons
341,777,476.23	Present Earning Value Method	Key assumptions for the use of future cash flow discounting methods: It is expected that the asset group will maintain its capacity in the next five years	The average growth rate during the test period was 10.65%, the growth rate of the stable period was 2%, the average gross profit margin was 16.98%, the profit before interest and tax rate was -0.55%-6.70%, and the pre-tax discount rate was 12.36%. The recoverable amount of the asset group was measured.

(5) The impact of goodwill impairment test

It is predicted that the recoverable amount of the Air International group is CNY 1,033,420.70 thousand which is lower than the asset group's CNY 686,549.70 thousand and the book value of the goodwill of CNY 450,205.60 thousand and CNY 1,136,755.30 thousand. The asset group's provision for impairment in current period is CNY 103,334.60 thousand; In this period, due to the deferred income tax liabilities / asset reversal related to operating long-term assets, the amount of goodwill impairment reserve amounted to CNY 5,093.50 thousand; therefore, a total of CNY 108,428.10 thousand of goodwill impairment reserve was recognized.

16. Long-term deferred expenses

Items	Beginning balance	Increase in 2019	Amount amortized in 2019	Other decrease	Ending balance
Improvement of fixed asset leased in	3,660,274.67	411,583.55	692,051.11	204,368.33	3,175,438.78
Customer tools of RTOC Amortization	54,740.87		54,740.87		
Project costs	414,780.93		373,669.92		41,111.01
Others	1,818,011.08	2,101,563.21	1,385,093.67		2,534,480.62
Total	5,947,807.55	2,513,146.76	2,505,555.57	204,368.33	5,751,030.41

17. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets that are not offset

Items	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for asset impairment	21,195,675.03	3,275,081.53	10,737,634.07	2,576,212.27
Offset unrealized profits due to intercompany sales	5,005,326.74	805,654.04	12,030,362.32	2,937,516.36
Deductible losses	178,225,902.65	38,334,116.12	107,005,459.18	23,774,670.72
Employee compensation accrued but not paid	3,859,557.99	751,708.10	1,801,483.31	371,315.76
Accrued expenses	16,758,548.78	3,023,556.96	14,395,448.93	3,335,255.51
Accrued expenses	7,885,666.01	1,588,605.90	7,300,785.49	1,661,054.88
Asset evaluation decrement from business combination under different control	851,627.84	157,407.58	756,390.81	189,099.43
Disposal of assets that were not deductible before tax but will be deductible before tax in the future period	3,828,957.72	574,343.66	3,828,957.72	957,239.43
Deferred revenues	1,188,000.00	178,200.00	1,320,000.00	330,000.00
AIUS R&D expenses tax preference are carried forward to future years of use	29,348,286.32	6,163,140.13	20,835,207.04	4,603,809.85

Items	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Impact of deductible temporary differences arising from inventories under Section 263A of the US Tax Code	1,762,439.26	370,112.24	1,368,550.90	302,396.86
Tax deductible under the tax bilateral agreement	4,444,657.56	933,378.09	4,420,889.39	976,852.98
Total	274,354,645.90	56,155,304.35	185,801,169.16	42,015,424.05

(2) Deferred income tax liabilities that are not offset

Items	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax liabilities	Deductible temporary differences	Deferred income tax liabilities
Asset evaluation increment from business combination under different control	105,962,195.90	19,437,131.21	102,771,206.44	24,562,318.34
Difference of tax due to depreciation of fixed assets	18,926,458.50	3,974,556.28	9,099,471.18	2,010,646.45
Total	124,888,654.40	23,411,687.49	111,870,677.62	26,572,964.79

(3) Details of unrecognized deferred income tax assets

Items	Ending balance	Beginning balance
Deductible temporary differences	9,842,979.81	8,049,519.33
Deductible losses	363,131,149.41	371,688,215.34
Total	372,974,129.22	379,737,734.67

(4) The deductible losses unrecognized as deferred income tax assets will be expired in the following year

Items	Ending balance	Beginning balance	Comments
2019		3,338,090.20	
2020	1,068,592.70	1,068,592.70	
2021	20,205,326.89	20,205,326.89	
2022	11,593,152.55	12,069,167.13	

Items	Ending balance	Beginning balance	Comments
2023	10,673,142.24	14,264,443.07	
2024	15,337,183.14		
Be carried forward for furture15 years under USA tax law		36,378,810.15	
Unlimited period under Australia tax law	304,253,751.89	284,363,785.20	
Total	363,131,149.41	371,688,215.34	

18. Other non-current assets

Items	Ending balance	Beginning balance
Advances for equipment and projects to suppliers	8,248,272.92	6,594,516.69
Development projects with compensation	11,973,905.54	
Total	20,222,178.46	6,594,516.69

19. Short-term loan

(1) Short-term loan classification

Items	Ending balance	Beginning balance
Credit loan	7,764,865.27	
Mortgage loan	155,444,523.05	7,406,944.00
Guaranteed loans	134,159,302.20	148,983,044.00
Total	297,368,690.52	156,389,988.00

20. Notes payable

Items	Ending balance	Beginning balance
Commercial acceptance bill	516,072.93	1,194,344.05
Bank acceptance bill	69,405,845.88	111,586,737.15
Total	69,921,918.81	112,781,081.20

At the end of the period, there was no notes payable that was due but unsettled.

21. Accounts payable

(1) Presented by category

Items	Ending balance	Beginning balance
Materials	241,575,985.60	273,241,476.01
Total	241,575,985.60	273,241,476.01

(2) Significant payables with the aging over 1 year at the end of the period: None.

22. Receipts in advance

(1) Presented by category

Item	Ending balance	Beginning balance
Receipts in advance	4,345,060.00	20,367.71
Total	4,345,060.00	20,367.71

(2) Significant ending balance of receipts in advance with aging over 1 year: None

23. Employee benefits payable

(1) Presented by category

Items	Beginning balance	Increase in the current period	Payment in the current period	Ending balance
I. Short-term compensation	10,865,303.66	153,202,610.39	151,014,256.26	13,053,657.79
II. Liabilities in defined contribution plan for post-employment benefits	4,327,678.28	23,826,246.81	28,148,691.33	5,233.76
III. Termination benefits		79,519.67	79,519.67	
IV. Other welfare within 1 year				
Total	15,192,981.94	177,108,376.87	179,242,467.26	13,058,891.55

(2) Short-term compensation

Items	Beginning balance	Increase in the current period	Payment in the current period	Ending balance
I. Wage, bonus, allowance and subsidy	10,208,697.05	119,897,349.58	117,052,388.84	13,053,657.79
II. Employee welfare	75,000.00	12,673,514.59	12,748,514.59	
III. Social insurance premiums	354,702.01	14,338,882.98	14,693,584.99	
Including: 1. *Medical insurance premium*	310,282.60	13,765,491.26	14,075,773.86	
2. Industrial injury insurance premium	11,758.10	267,148.36	278,906.46	
3. Birth insurance premium	32,661.31	306,243.36	338,904.67	
IV. Housing fund		2,757,843.39	2,757,843.39	
V. Labor-union expenditures and personnel education funds	226,904.60	3,535,019.85	3,761,924.45	
VI. Short-term compensated absences				
VII. Short-term profits sharing plan				
VIII. Other short-term compensation				
Total	10,865,303.66	153,202,610.39	151,014,256.26	13,053,657.79

(3) Liabilities in defined contribution plan for post-employment benefits

Item	Beginning balance	Increase in the current period	Payment in the current period	Ending balance
Basic pension plan	653,226.20	5,738,238.64	6,391,464.84	
Unemployment and pension insurance	16,330.70	411,713.09	428,043.79	
Retirement savings (overseas)	3,658,121.38	12,513,653.71	16,166,541.33	5,233.76
Enterprise annuity payment (supplementary pension insurance)		5,162,641.37	5,162,641.37	
Total	4,327,678.28	23,826,246.81	28,148,691.33	5,233.76

(4) Termination benefits

Item	Amount paid in the current period	Ending amount unpaid
Termination benefits	79,519.67	
Total	79,519.67	

24. Taxes payable

Tax Item	Ending balance	Beginning balance
1. Corporate income tax	420,032.28	1,538,599.97
2. Value-added tax	8,843,611.85	159,510.54
3.Tax for land use right	7,309.70	9,230.10
4. Property tax	18,059.01	18,314.33
5. Urban maintenance and construction tax	260,468.21	427,700.11
6. Educational surcharges		254,247.51
7. Local educational surcharges	3,969.49	167,521.23
8. Withholding individual income tax	2,690,152.30	2,722,142.80
9. River management fee	2,893.68	2,893.68
10. Other taxes		204,170.96
Total	12,246,496.52	5,504,331.23

25. Other payables

(1) Summary

Classification

Items	Ending balance	Beginning balance
Interest payable	557,181.98	
Dividend payable		
Other payables	406,758,420.03	161,114,684.96
Total	407,315,602.01	161,114,684.96

(2) Interest payable

Presented by category.

Items	Ending balance	Beginning balance
Interest payable on short-term borrowings	557,181.98	
Total	557,181.98	

Significant overdue interest payments: None.

(3) Dividend payable: None.

(4) Other payables

1) Presented by nature

Nature of amount	Ending balance	Beginning balance
Intercompany loans	323,308,794.41	125,363,577.29
Current accounts among entities	12,928,868.31	
Consulting services	9,054,698.30	113,216.48
Payment for equipment and projects	9,466,200.26	24,229,794.01
Accrued expenses	10,615,818.53	8,567,577.18
Payable on behalf of the advance	5,971,671.41	511,981.25
Freight payable	3,107,425.95	
Deposits and security deposit	267,912.88	101,885.84
Others	32,037,029.98	2,226,652.91
Total	406,758,420.03	161,114,684.96

2) Ending balance of significant other payables with the aging over 1 year

Item	Ending balance	Reasons for unpaid or carrying over
Company 1	121,742,453.21	Unsettled
Total	121,742,453.21	

26. Non-current liabilities due within one year

Item	Ending balance	Beginning balance
Long-term borrowings maturing within 1 year	16,184,300.37	
Total	16,184,300.37	

27. Long-term loans

Item	Ending balance	Beginning balance	Interest rate range(%)
Credit loan	2,645,527.29		2.5%

Item	Ending balance	Beginning balance	Interest rate range(%)
Pledged loan	12,859,871.28	31,904,970.12	4.25%-4.75%
Total	15,505,398.57	31,904,970.12	

Note: No overdue long-term loans at the end of the period.

28. Long-term payables

(1) Summary

Item	Ending balance	Beginning balance
Long-term payables		
Special payables	10,377,027.18	6,806,282.72
Total	10,377,027.18	6,806,282.72

(2) Special payables

Presented by category

Item	Beginning balance	Increase in the current period	Payment in the current period	Ending balance	Cause of formation
R&D compensation	6,806,282.72	39,101,311.26	35,530,566.80	10,377,027.18	R&D projects reimbursement
Total	6,806,282.72	39,101,311.26	35,530,566.80	10,377,027.18	

29. Long-term employee benefits payable

(1) Summary

Item	Ending balance	Beginning balance
Termination benefits		
Other long-term benefits	2,198,648.38	1,279,067.48
Total	2,198,648.38	1,279,067.48

(2) Termination benefits: None.

(3) Other long-term benefits

Item	Ending balance	Beginning balance
Other long-term benefits overseas	2,198,648.38	1,279,067.48
Total	2,198,648.38	1,279,067.48

30. Estimated liabilities

(1) Presented by category

Item	Ending balance	Beginning balance	Causes
Product quality guarantee	16,860,129.38	14,763,945.02	Based on the calculation of sales and quality assurance
Total	16,860,129.38	14,763,945.02	

31. Deferred revenues

Item	Beginning balance	Increase in *the current* period	Payment in *the current* period	Ending balance	Cause of formation
Government grants	1,320,000.00		132,000.00	1,188,000.00	See government subsidy details
Total	1,320,000.00		132,000.00	1,188,000.00	

Projects involving government grants:

Item	Beginning balance	New subsidy amount in this period	Current other income	Current non-operating income	Other changes	Ending balance	Related to assets /revenue
NextEV ES8 SUV F/R HAVC,PTC,HCM,Comp	1,320,000.00			132,000.00		1,188,000.00	Related to assets
Total	1,320,000.00			132,000.00		1,188,000.00	

32. Paid in capital

Investors	Beginning balance		Increase	Decrease	Ending balance	
	Capital	Proportion (%)			Capital	Proportion (%)
Total	859,161,408.36	100.00			859,161,408.36	100.00
Shanghai Shengyou Investment Co., Ltd.	859,161,408.36	100.00			859,161,408.36	100.00

33. *Other comprehensive incomes*

Item	Year 2018						
	Beginning balance	Amount before income tax in 2018	Less: Amount recognized as other comprehensive income for previous years and transferred in the profit or loss in current period	Less: Income tax expenses	Attributable to parent company after the tax	Attributable to minority shareholders after the tax	Ending balance
1. Other comprehensive income that cannot be reclassified into profits or losses later							
Including: Changes arising from the re-measurement of net liabilities and net assets of defined benefit plan							
Share in other comprehensive income of the investee that cannot be reclassified into profit or loss under the equity method							
2. Other comprehensive income to be classified into profits or losses later	31,329,041.59	13,565,209.98			13,565,209.98		44,894,251.57
Including: Share in other comprehensive income of the investee that will be reclassified into profit or loss under the equity method							
Gains or losses on changes in fair value of available-for-sale financial assets							
Gains or losses arising from reclassification of held-to-maturity investments as financial assets available for sale							
The effective portion of cash flow hedging gains and losses							
Translation differences of foreign currency financial statements	31,329,041.59	13,565,209.98			13,565,209.98		44,894,251.57
Total	31,329,041.59	13,565,209.98			13,565,209.98		44,894,251.57

34. Undistributed profits

Item	Amount for the current period	Amount for the previous period
Retained earnings in the previous period	140,616,963.25	151,608,672.31
Total adjusted opening undistributed profits (with "+" for increase and "-" for decrease)		
Opening undistributed profits after adjustment	140,616,963.25	151,608,672.31
Plus: Net profits attributable to owners of parent company in the current period	-225,206,118.27	1,457,040.88
Less: Appropriation of statutory surplus reserve		
Appropriation of discretionary surplus reserves		
Appropriation of general risk reserve		
Common stock dividends payable		
Common stock dividends transferred into capital		
Others		12,448,749.94
Closing retained earnings	-84,589,155.02	140,616,963.25

35. Operating incomes and operating costs

Item	Amount incurred in the current period		Amount incurred in the previous period	
	revenues	costs	revenues	costs
Principle operating revenues	863,498,556.03	802,521,480.53	1,001,347,412.20	914,045,376.20
Other operating revenues	112,714,027.40	100,771,292.67	99,928,499.12	55,032,372.23
Total	976,212,583.43	903,292,773.20	1,101,275,911.32	969,077,748.43

36. Taxes and surcharges

Item	Amount incurred in the current period	Amount incurred in the previous period	Charging standard
Urban maintenance and construction tax	192,865.85	256,765.64	Refer to Note IV. Taxes for details
Educational surcharges	81,694.32	227,544.93	Refer to Note IV. Taxes for details
Property tax	72,051.28	82,344.32	Refer to Note IV. Taxes for details
Use tax for urban and town lands	67,323.00	134,646.00	Refer to Note IV. Taxes for details
vehicle and vessel tax	3,572.40	345.60	Collected as stipulated by the state
Stamp duty	359,931.40	442,995.40	Collected as stipulated by the state
Construction fund for water works	4,854.89	4,140.85	Collected as stipulated by the state
Others		900.21	Collected as stipulated by the state
Total	782,293.14	1,149,682.95	

37. Financial expenses

Nature of expenses	Amount incurred in the current period	Amount incurred in the previous period
Interest expense	11,113,547.08	10,490,677.62
Less: Interest income	887,869.65	318,238.72
Exchange gains and losses	6,810,107.18	-4,083,461.86
Bank service charges	192,235.84	348,699.37
Total	17,228,020.45	6,437,676.41

38. Other incomes

Granted projects	Amount incurred in the current period	Amount incurred in the previous period	Related to assets /revenue
NextEV ES8 SUV F/R HAVC,PTC,HCM,Comp	1,100,000.00	2,552,000.00	Related to revenue
Third-generation service charge	934,329.79	138,796.59	Related to revenue
Financial Industry Support Award	20,000.00		Related to revenue
Others	88.46		Related to revenue
Total	2,054,418.25	2,690,796.59	

39. Investment income

Sources of income from investment	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated under the equity method	21,033,028.58	27,949,469.37
Total	21,033,028.58	27,949,469.37

40. Credit impairment loss

Item	Amount incurred in the current period	Amount incurred in the previous period
Bad debt losses of bills		
Bad debt losses of accounts	-3,140,884.14	
Bad debt losses of other	174,043.92	
合计	-2,966,840.22	

41. Asset impairment loss

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Loss on bad debt		785,467.69
II. Losses on inventory impairment	-4,502,146.34	-2,164,595.14

Item	Amount incurred in the current period	Amount incurred in the previous period
III. Losses on fixed assets impairment	-332,850.00	
IV. Losses on construction in progress impairment		
V. Losses on Intangible asset impairment	-5,806,918.08	
VI. Losses on goodwill impairment	-108,428,095.28	-4,598,734.79
Total	-119,070,009.70	-5,977,862.24

42. Gains from asset disposal

Item	Amount incurred in the current period	Amount incurred in the previous period
Losses from non-current assets disposal	-244,871.78	-46,767.21
Total	-244,871.78	-46,767.21

43. Non-operating incomes

(1) Classifications

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included into non-recurring profits and losses
Others	469,829.98	57,871.37	469,829.98
Total	469,829.98	57,871.37	469,829.98

44. Non-operating expenditures

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included into non-recurring profits and losses
Subtotal for non-current assets disposal	73,909.99	64,431.72	73,909.99
Including: loss on fixed assets disposal	73,909.99	64,431.72	73,909.99
Fines and late fees	12.61		12.61
Public welfare donation expenditure			
Compensation loss	356.63		356.63
Government granted return			
Others	5,137.83	253,570.78	5,137.83
Total	79,417.06	318,002.50	79,417.06

45. Income Taxes

(1) Presented by category

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income taxes	-992,570.67	6,049,382.48
Deferred Income Taxes	-17,120,631.41	-20,969,545.57

46. Additional information about cash flow statement

(1) Reconciliation from net profit to cash flows from operating activities

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Reconciliation of net profits into cash flow from operating activities		
Net profits	-225,206,118.27	1,457,040.88
Plus: Provision for assets impairment loss	122,036,849.92	5,977,862.24
Depreciation of fixed assets, depletion of oil-and-gas assets and depreciation of productive biological assets	42,434,411.39	26,008,986.82
Amortization of intangible assets	28,396,886.96	19,693,256.28
Amortization of long-term deferred expenses	2,505,555.57	2,017,198.94
Loss from disposal of fixed assets, intangible assets and other long-term assets (with "-" for profits)	244,871.78	46,767.21
Loss on retirement of fixed assets (with "-"for profit)	73,909.99	64,431.72
Loss on change of fair value (with "-"for profit)		
Financial expenses (with "-" for profit)	4,358,444.28	5,415,219.09
Loss on investment (with "-" for profit)	-21,033,028.58	-27,949,469.37
Decrease on deferred income tax asset (with "- for increase)	-14,139,880.30	-20,636,600.64
Increase on deferred income tax liabilities (with "-" for decrease)	-3,161,277.30	-332,944.93
Decrease on inventory (with "- for increase)	-30,878,173.04	-13,423,779.59
Decrease on operating receivables (with "-" for increase)	-20,139,906.04	-29,049,429.18
Increase on operating payables (with "-" for decrease)	-18,831,655.44	75,667,378.72
Others	13,782,647.19	8,597,113.74
Net cash flow from operating activities	-119,556,461.89	53,553,031.93
II. Investing and financing activities that do not involve cash receipts and payments:		
Transferring debts into capital		
Convertible bonds due within 1 year		
Fixed assets under financing lease		
III. Net increase in cash and cash equivalents:		
Ending balance of cash	38,332,693.94	45,866,652.36

Item	Amount incurred in the current period	Amount incurred in the previous period
Less: Beginning balance of cash	45,866,652.36	51,966,644.10
Plus: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-7,533,958.42	-6,099,991.74

(2) Composition of cash and cash equivalents

Item	Ending balance	Beginning balance
I. Cash	38,332,693.94	45,866,652.36
Including: 1. Cash on hand	146,011.17	257,132.57
2. Deposit in bank available for payment at any time	38,186,682.77	45,609,519.79
3. Other monetary funds available for payment at any time		
4. Available amount due from central bank		
5. Amount due from other banks		
6. Amount for inter-bank lending		
II. Cash equivalents		
Including: Bond investment due within three months		
III. Ending balance of cash and cash equivalents	38,332,693.94	45,866,652.36
Including: Cash and cash equivalents that parent company or subsidiaries of the company are limited to use		

47. Assets with restrictions on the ownership or right of use

Items	Ending book value	Reason for restriction
Cash and cash equivalents	128,591,446.86	Pledge 、Bank acceptance bills margin
Fixed assets -Buildings	22,321,426.95	Mortgage borrowings
Intangible assets- Land use rights	25,120,074.05	Mortgage borrowings
Total	176,032,947.86	

VII. The scope changes of consolidation

1. Business combination not under the common control: None.

2. Business combination under the common control: None.

3. Reverse purchase: None.

4. Disposal of subsidiaries: None.

5. The scope changes of consolidation caused by other reasons:

There are two newly established subsidiaries included in scope of consolidation: Chuzhou Air International Thermal Systems Co., Ltd. and Chengdu Air International Thermal Systems Co., Ltd..

VIII. Equity in Other Entities

1. Rights and Interest in subsidiaries

(1) Scope of the company:

Name of subsidiary	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Proportion of voting rights (%)	Ways of obtaining
				Direct	Indirect		
Air International Thermal (Luxembourg) S.A.R.L.	Luxembourg	25A, Boulevard Royal, L-2449 Luxembourg	Investment industry		100	100	Acquisition
Air Systems, S. de R.L. de C.V.	Mexico	Fernando Montes de Oca 126, Col. Condesa, Del. Cuauhtemoc, ZC 06140, in Mexico City, Federal District	Investment industry		100	100	Acquisition
Air International Thermal Systems (DE) GmbH	Germany	De-Saint-Exupéry-Stra?e 8, Condor Platz, 60549 Frankfurt am Main	Investment industry		100	100	Acquisition
Air International Thermal (Belgium)	Belgium	Louizalaan 331-333, 1050 Brussels, Belgium	Investment industry		100	100	Acquisition
Air International Thermal (China) Pty Ltd	Australia	50-80 Turner Street, Port Melbourne, VIC 3207, Australia	Investment industry		100	100	Acquisition
Huxley Holdings Limited	Mauritius	c/o Cimglobal Business, 33 Edith Cavell Street, Port Louis, Mauritius	Investment industry		100	100	Acquisition
Air International (Shanghai) Co., Ltd.	China	No.108, Chunguang Road, Xinzhuang Industrial Park, Minhang District, Shanghai	Manufacturing		100	100	Acquisition
Air International (Nantong) Co., Ltd.	China	666 Wenchang Road, High-tech Industrial Development Zone,Nantong	Manufacturing		100	100	Newly established
Air International Hainan Co., Ltd	China	No. M-25, Haima (Phase II) Industrial Park, Haikou High-tech Zone	Manufacturing		100	100	Acquisition
Chuzhou Air International Thermal Systems Co., Ltd	China	No.6 Jiangpu Road, Chaohe Economic Development Zone, Lai'an County, Chuzhou City, Anhui Province	Manufacturing		100	100	Newly established
Chengdu Air International Thermal Systems Co., Ltd	China	The second span on the west side of No. 1 Factory Building, No. 298, South Fourth Road, Chengdu Economic and Technological Development Zone (Longquanyi District), Sichuan Province	Manufacturing		100	100	Newly established
AIGL International Pty Ltd	Australia	50-80 Turner Street, Port Melbourne, Victoria 3207, Australia	Investment industry		100	100	Acquisition

Name of subsidiary	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Proportion of voting rights (%)	Ways of obtaining
				Direct	Indirect		
Air International Thermal (Australia) Pty Ltd	Australia	50-80 Turner Street, Port Melbourne, VIC 3207, Australia	Trade		100	100	Acquisition
Air International Thermal Systems R&D (Shanghai) Co., Ltd.	China	Room 106, No. 28, Lane 259, Tiandeng Road, Xuhui District, Shanghai	R&D center		100	100	Acquisition
AITS Australia Pty Ltd	Australia	Air International Thermal Systems, 50-80 Turner Street, Port, Melbourne VIC 3207, Australia	Investment industry		100	100	Acquisition
Air International Thermal Systems (Thailand) Ltd	Thailand	500/46 Moo 3, Hemaraj Eastern Seaboard Industrial Estate, Tasit Sub-district, Pluakdaeng District, Rayong Province, Thailand	Manufacturing		100	100	Acquisition
AITS US Inc	USA	2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808, USA	Investment industry		100	100	Acquisition
Air International Thermal (US) Subsidiary Inc.	USA	2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808, USA	Investment industry		100	100	Acquisition
Air International (US) Inc.	USA	2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808, USA	Manufacturing		100	100	Acquisition
Air International Thermal (United Kingdom) Limited	United Kingdom	AC Diplomat, Palisády 29/A , Bratislava 811 06	It mainly produces automobiles, engines, vehicle accessories and equipment.		100	100	Newly established
Air International Thermal (Slovakia) s.r.o.	Slovakia	10 Norwich Street, London, United Kingdom, EC4A 1BD	Engineering design and industrial manufacture		100	100	Newly established

(2) Significant non-wholly owned subsidiaries: None.

(3) Significant non-wholly owned subsidiaries' major financial information: None.

2. Rights and Interest in joint venture arrangements or joint ventures

(1) Major joint ventures or associates

Name of joint ventures or associates	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment method in investments in joint ventures or associates
				Direct	Indirect	
I. joint ventures						
1. SAI	China	Building 1-4, No.1, Gaobaohu Road, Shuangfengqiao Avenue, Yubei District, Chongqing	Manufacturing		50.00	Equity method
2. AI TTR	India	235/245, Village Hinjewadi, Taluka Mulshi, Pune, Maharashtra, India, 411027	Manufacturing		50.00	Equity method

(2) Principal financial information of major joint ventures

Items	Balance as at December 31, 2019/ Amount in 2019		Balance as at December 31, 2018/ Amount in 2018	
	SAI	AI TTR	SAI	AI TTR
Current assets	639,068,805.53	19,888,281.03	723,477,379.61	15,921,391.25
Including: Cash and cash equivalents	193,830,194.35	281,601.36	271,739,773.80	865,220.00
Non-current assets	221,818,440.44	20,309,122.72	210,642,022.08	18,488,180.94
Total assets	860,887,245.97	40,197,403.75	934,119,401.69	34,409,572.19
Current liabilities	451,774,284.78	21,854,068.09	552,001,928.73	15,846,412.68
Non-current liabilities	27,501,380.69		12,950,535.13	
Total liabilities	479,275,665.47	21,854,068.09	564,952,463.86	15,846,412.68
Minority equity				
Total equity attributable to owners of the parent company	381,611,580.50	18,343,335.66	369,166,937.83	18,563,159.51
Share of net assets calculated by the shareholding ratio	190,805,790.25	9,171,667.83	184,583,468.92	9,281,579.76

Items	Balance as at December 31, 2019/ Amount in 2019		Balance as at December 31, 2018/ Amount in 2018	
	SAI	AI TTR	SAI	AI TTR
Adjustment events		-810,627.03	-41,847.04	-810,632.44
- Goodwill				
- Unrealized profits of internal transactions		-810,627.03		-810,632.44
- Others			-41,847.04	
Book value of the equity investment in joint ventures	190,805,790.25	8,361,040.80	184,541,621.88	8,470,947.32
The fair value of equity investment of a joint venture with publicly quoted prices				
Operating income	741,309,895.07	39,041,745.04	893,221,445.03	24,814,450.65
Financial expenses	-1,623,457.66		-3,166,527.47	2,034.16
Income tax expenses	6,540,951.77	-31,071.43	10,839,682.54	-9,638.36
Net profit	37,031,871.64	-71,079.59	57,413,377.82	755,345.60
Discontinued operating net profit				
Other comprehensive income		-148,744.26		-308,363.04
Total comprehensive income	37,031,871.64	-219,823.85	57,413,377.82	446,982.56
Dividends received from joint ventures in current period	15,000,000.00		21,000,000.00	

(3) Description of significant limitations on the ability for joint ventures or associates to transfer funds to the company

As at the balance sheet date, there is no significant limitations on the ability for joint ventures or associates to transfer funds to the company.

(4) The excess deficit for joint ventures or associates

As at the balance sheet date, there is no excess deficit for joint ventures or associates.

(5) The unrecognized commitments regarding to joint ventures

As at the balance sheet date, there is no unrecognized commitments regarding to joint ventures.

(6) Contingency for joint ventures or associates

As at the balance sheet date, the company has no contingency related to joint ventures or associates.

IX. Related Party Relationship and Transactions

1. Criteria for recognition of related party:

Parties are considered to be related when one controls, jointly controls or significantly influences the other or two or above parties are under the common control, joint control or significant influence.

2. Related information of parent company of the Company

Name of parent company	Company type	Registration place	Legal representative	Business nature	Registered Capital (10,000)
Shanghai Shengyou Investment Co., Ltd.	Limited liability company	Room B2, 2nd Floor, Building 2, No. 317 Meigui North Road, China (Shanghai) Pilot Free Trade Zone	Zhang Yongming	Investment management	CNY87,000

Continued

Shareholding ratio of the parent company to the Company (%)	Voting ratio of the parent company to the company (%)	Ultimate controlling party of the Company	Organization Code
100.00	100.00	Aotecar New Energy Technology Co., Ltd.	9131011508414350XF

3. Subsidiaries of the Company

See Note VIII. 1. Rights and Interest in subsidiaries.

4. Joint ventures or associates of the Company

See Note VIII. 2. Rights and Interest in joint venture arrangements or joint ventures.

5. Information of other related parties of the Company

Name of other related parties	Relationship of other related parties with the Company
Air International TTR Thermal Systems Limited	Joint ventures of the Company
South Air International Co., Ltd.	Joint ventures of the Company
Mudanjiang Futon Automotive Air Conditioner Co., Ltd.	Under the same ultimate controlling party
Nanjing Aotecar New Technology Co., Ltd.	Under the same ultimate controlling party

Name of other related parties	Relationship of other related parties with the Company
Nanjing Aoveac New Energy Technology Co, Ltd.	Under the same ultimate controlling party
Aotecar New Energy Technology Co., Ltd.	Under the same ultimate controlling party
Aotecar Morocco New Technology Co.,Ltd	Under the same ultimate controlling party
Kunshan Aotecar New Energy Technology Co., Ltd.	Under the same ultimate controlling party
Nanjing Aotecar Xiangyun Cooler Co., Ltd.	Under the same ultimate controlling party

6. Transactions of related parties

(1) Statement of purchase of commodities/receiving of labor services/ sales of commodities and provision of labor services

1) Statement of purchase of commodities/receiving of labor services

Name of company	Contents of concerned transaction	Amount incurred in the current period	Amount incurred in the previous period
Nanjing Aotecar New Technology Co., Ltd.	Procurement of commodities		1,236,039.00
Aotecar New Energy Technology Co., Ltd.	Purchasing services	4,112,100.99	3,527,774.54
South Air International Co., Ltd.	Purchasing services	2,698,248.60	21,950.17
Air International TTR Thermal Systems Limited	Procurement of commodities		127,685.99
Kunshan Aotecar New Energy Technology Co., Ltd.	Purchasing services	4,198,113.08	
Nanjing Aotecar Xiangyun Cooler Co., Ltd.	Purchasing services	6,446,756.27	

2) Statement of sales of commodities and provision of labor services

Name of company	Contents of concerned transaction	Amount incurred in the current period	Amount incurred in the previous period
Nanjing Aotecar New Technology Co., Ltd.	Sales of Goods	8,928,969.53	12,696.73
Nanjing Aoveac New Energy Technology Co, Ltd.	Sales of Goods	2,224,067.59	3,515,179.65
South Air International Co., Ltd.	Sales of Goods		15,000.00

Name of company	Contents of concerned transaction	Amount incurred in the current period	Amount incurred in the previous period
Air International TTR Thermal Systems Limited	Rendering Services	1,652,346.84	173,166.46

(2) Associated entrusted management/contracting and entrusted management/out-contracting

None.

(3) Lease from related parties

1) The Company acts as lessee:

Name of lessor	Type of lease	Rent in current period	Rent in previous period
Aotecar New Energy Technology Co., Ltd.	Building and land lease	3,512,852.49	1,710,000.00

(4) Collateral information of related parties

1) The company acts as the guarantor: None.

2) The company acts as the vouchee:

Name of guatantor	Guarantee amount	Unpaid amount	Start date	End date	Maturity of guarantee
Nanjing Aotecar New Technology Co., Ltd.	50,000,000.00		2017-8-10	2020-8-10	Unexpired

Note: The Company has no associated guarantees with the related external parties.

(5) Fund lending among related parties

As of December 31, 2019, the compnay received a total of CNY 322 million from Nanjing Aotecar New Technology Co., Ltd..

(6) Assets transfer, debt restructuring among related parties: None.

(7) Other transactions among related parties: None.

7. Receivable and payable of related parties

(1) Receivables from related parties

Item	Related party	Ending balance		Beginning balance	
		Book value	Bad debt reserve	Book Value	Bad debt reserve
Accounts receivable	South Air International Co., Ltd.	532,264.48	26,613.22	1,708,040.54	29,862.47
Accounts receivable	Air International TTR Thermal Systems Limited	1,802,649.15	97,660.63	2,425,725.21	186,015.90
Accounts receivable	Nanjing Aotecar New Technology Co., Ltd.	6,531,198.29		6,314,370.70	
Accounts receivable	Nanjing Aoveac New Energy Technology Co, Ltd.	13,486.87		2,577,968.09	
Accounts receivable	Mudanjiang Futon Futomotive Air Conditioner Co., Ltd.			3,127,000.00	
Other receivables	Aotecar New Energy Technology Co., Ltd.	748,350.61		12,613.00	
Other receivables	Nanjing Aotecar New Technology Co., Ltd.			59,456.37	
Other receivables	South Air International Co., Ltd.	1,907,498.23	1,134,000.81	13,140,818.90	1,622,722.44
Other receivables	Air International TTR Thermal Systems Limited	448,642.64			
Other receivables	Aotecar Morocco New Technology Co.,Ltd	6,279,060.71			

(2) Payables to related parties

Items	Related party	Ending balance	Beginning balance
Accounts payable	Nanjing Aotecar New Technology Co., Ltd.	336,179.10	174,075.20
Accounts payable	Aotecar New Energy Technology Co., Ltd.	5,472,165.88	3,978,429.08
Accounts payable	South Air International Co., Ltd.	16,295.10	371,453.38
Accounts payable	Mudanjiang futon automotive air conditioner Co., Ltd.	796,494.52	
Other payables	Nanjing Aotecar New Technology Co., Ltd.	324,742,081.97	125,403,416.09
Other payables	Aotecar New Energy Technology Co., Ltd.	212,019.13	231,600.00
Other payables	Kunshan Aotecar New Energy Technology Co., Ltd.	4,450,000.00	
Other payables	Nanjing Aotecar Xiangyun Cooler Co., Ltd.	6,833,561.62	

8. Related parties' commitments

None.

9. Others

None.

X. Share-based payment

None.

XI. Commitments and Contingency

None.

XII. Subsequent events after Balance Sheet Date

As of the date of approval for reporting of the financial statements, there were no significant non-adjustment events incurred post the balance sheet date that influence the reading and understanding of the financial statements.

XIII. Other Significant Matters

None.

XIV. Notes to main items of financial statements of the company

1. Long-term equity investment

Item	As at December 31,2019			As at December 31,2018		
	Book balance	**Impairment**	**Book value**	**Book balance**	**Impairment**	**Book value**
Investments in *subsidiaries*	857,089,755.50		857,089,755.50	857,089,755.50		857,089,755.50
Total	857,089,755.50		857,089,755.50	857,089,755.50		857,089,755.50

1) Investments in subsidiaries

Investee	**Beginning balance**	**Increase in 2019**	**Decrease in 2019**	**Ending balance**	**Provision for impairment in 2019**	**Ending balance of *impairment***
Air International Group	857,089,755.50			857,089,755.50		
Total	857,089,755.50			857,089,755.50		

2) Investments in joint ventures or associates: None.

统一社会信用代码

911101085923425568

营业执照

（副 本）(15-1)

扫描二维码登录“国家企业信用信息公示系统”了解更多登记、备案、许可、监管信息。

名 称 天职国际会计师事务所（特殊普通合伙）

类 型 特殊普通合伙企业

执行事务合伙人 邱靖之

经营范围 审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务；技术开发、技术咨询、技术服务；应用软件服务；软件开发；计算机系统服务；软件咨询；产品设计；基础软件服务；数据处理（数据处理中的银行卡中心、PUE值在1.4以上的云计算数据中心除外）；企业管理咨询；销售计算机、软件及辅助设备。（依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动。）

成立日期 2012年03月05日

合伙期限 2012年03月05日至 长期

主要经营场所 北京市海淀区车公庄西路19号68号楼A-1和A-5区域

登记机关

2020年03月12日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

证书序号：000406

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

天职国际会计师事务所（特殊普通合伙） 执行证券、期货相关业务。

首席合伙人：邱靖之

证书号：08　　　发证时间：[illegible]年五月二[illegible]

证书有效期至：二〇二〇年五月二十八日

会计师事务所

执业证书

名　　称：天职国际会计师事务所（特殊普通合伙）

首席合伙人：邱靖之

主任会计师：

经营场所：北京市海淀区车公庄西路19号68号楼A-1和A-5区域

组织形式：特殊普通合伙

执业证书编号：11010150

批准执业文号：京财会许可[2011]0105号

批准执业日期：2011年11月14日

证书序号：0000175

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇一八年七月二十六日

中华人民共和国财政部制