

Zhejiang Geely Holding Group Co.,Ltd.

Financial Year 2019 Auditor's Report

Contents

1. Auditor's Report	1-3
2. Auditor's Report in Attachment	
(1) Consolidated Balance Sheet	4-5
(2) Balance Sheet of the Company	6-7
(3) Consolidated Income Statement	8
(4) Income Statement of the Company	9
(5) Consolidated Cash Flow Statement	10
(6) Cash Flow Statement of the Company	11
(7) Consolidated Statement of Changes in Equity	12-13
(8) Statement of Changes in Equity of the Company	14-15
(9) Notes to the Financial Statements	16-115



Auditor's Report

(2020)JingKuaiXingShenZiNo. 68000073

To the Shareholders of Zhejiang Geely Holding Group Co.,Ltd.

1.Opinion

We have audited the financial statements of Zhejiang Geely Holding Group Co.,Ltd. ("the Company"), which comprise the consolidated and the Company's balance sheets as at December 31,2019, the consolidated and the Company's income statements, the consolidated and the Company's cash flows statement, and the consolidated and the Company's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and present fairly, in all material aspects, the financial position of the Company as at December 31,2019, and their operating results and cash flows for the year then ended

2.Basis for opinion

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

3.Responsibilities of the management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining such



internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

4. Auditor's responsibilities for the audit of the financial statements

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

(3) Evaluate the appropriateness of accounting policies used and the



reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to related disclosures in the financial statements. If such disclosures are inadequate, we will modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Beijing Xinghua Certified
Public Accountants
(Special General Partnership)

Beijing China

Chinese Certified Public Accountant:
Shuhua Chen



Chinese Certified Public Accountant:
Jiaming Zhu



Date of Report: April 29, 2020

Consolidated Balance Sheet

As at December 31, 2019

Zhejiang Geely Holding Group Co., Ltd.

Unit RMB

Item	Notes	December 31, 2019	December 31, 2018
Non-current assets:			
Debt investment			30,000,000.00
Long-term receivables	VI.11	5,816,739,537.45	3,388,675,264.74
Investment in joint venture & associate	VI.12	15,972,361,990.98	14,981,375,397.42
Other equity investment	VI.13	21,656,011,163.08	17,510,791,549.30
Other non-current financial assets	VI.14	574,251,744.23	581,226,372.64
Property, plant and equipment	VI.15	81,736,520,033.78	70,586,767,868.13
Construction in progress	VI.16	8,420,929,712.96	8,789,454,677.61
Intangible assets	VI.17	44,529,897,500.24	34,350,258,764.56
Development expenditure	VI.18	29,494,788,470.34	26,936,176,715.57
Goodwill	VI.19	621,964,185.05	722,977,806.77
Long-term deferred expenses	VI.20	207,860,435.03	173,045,597.34
Deferred tax assets	VI.21	8,043,141,740.32	6,523,178,000.40
Other non-current assets	VI.22	2,531,107,443.98	1,208,135,575.29
Total non-current assets		219,605,573,957.44	185,782,063,589.77
Current assets:			
Cash and bank balances	VI.1	83,734,756,163.35	67,340,143,959.02
Financial assets held for trading	VI.2	5,470,754,411.00	1,881,645,004.49
Derivative financial assets	VI.3	93,045,900.50	773,721,386.00
Notes receivable	VI.4	22,139,470,434.58	22,614,809,596.99
Accounts receivable	VI.5	8,198,203,946.64	6,876,698,281.28
Prepayments	VI.6	1,891,366,506.37	2,617,428,048.93
Other receivables	VI.7	8,936,935,687.42	2,800,221,617.04
In which: interest receivable	VI.7	47,062,964.12	43,987,872.65
Inventories	VI.8	37,092,058,469.09	37,181,568,501.59
Non-current assets due within one year	VI.9	7,613,260.23	12,508,537.86
Other current assets	VI.10	8,518,309,041.89	5,550,500,576.69
Total current assets		176,082,513,821.07	147,649,245,509.89
Total assets		395,688,087,778.51	333,431,309,099.66

Legal Representative: Li Shufu

Chief Financial Officer: Li Donghui

Finance Director: Dai Qing

Consolidated Balance Sheet (Continued)

As at December 31, 2019

Zhejiang Geely Holding Group Co., Ltd.

Unit RMB

Item	Notes	December 31, 2019	December 31, 2018
Non-current liabilities:			
Long-term bank borrowings	VI.35	41,847,708,020.92	31,118,986,170.99
Bonds payable	VI.36	33,179,447,497.16	19,830,413,954.11
In which: preference shares			
Perpetual bonds			
Long-term payables	VI.37	2,427,983,173.13	1,258,145,290.20
Provisions	VI.38	5,601,365,055.22	4,814,296,111.28
Deferred income	VI.39	11,158,953,356.91	13,211,596,716.65
Deferred tax liabilities	VI.21	831,648,549.52	1,399,642,501.47
Other non-current liabilities	VI.40	15,603,541,235.02	11,831,483,449.88
Total non-current liabilities		110,650,646,887.88	83,464,564,194.58
Current liabilities:			
Short-term bank borrowings	VI.23	26,990,132,715.24	35,093,091,888.73
Financial liabilities held for trading	VI.24	14,461,160.77	6,604,733.21
Derivative financial liabilities	VI.25	2,585,472,104.00	1,414,363,056.00
Notes payable	VI.26	12,807,803,049.34	13,408,629,748.98
Accounts payable	VI.27	56,233,246,378.68	42,129,995,945.41
Advances from customers	VI.28	5,041,993,542.61	5,782,147,119.03
Contract liabilities	VI.29	15,657,040,674.40	10,924,998,923.22
Employee benefits payable	VI.30	7,812,375,971.93	6,330,638,229.21
Taxes payable	VI.31	5,285,020,910.03	5,458,377,670.48
Other payables	VI.32	4,557,300,719.97	5,622,995,858.38
In which: interest payable	VI.32	677,547,953.68	534,368,045.37
Dividends payable	VI.32	21,975,766.73	7,168,767.12
Non-current liabilities due within one year	VI.33	10,913,580,275.64	8,884,896,250.02
Other current liabilities	VI.34	16,712,859,850.36	12,156,227,534.30
Total current liabilities		164,611,287,352.97	147,212,966,956.97
Total liabilities		275,261,934,240.85	230,677,531,151.55
Equity:			
Share capital	VI.41	930,000,000.00	930,000,000.00
Other equity instruments	VI.42	1,500,000,000.00	2,000,000,000.00
In which: preference shares			
Perpetual bonds	VI.42	1,500,000,000.00	2,000,000,000.00
Capital reserve	VI.43	19,692,258,885.76	19,044,130,803.36
Less: treasury shares			
Other comprehensive income	VI.44	-10,360,857,322.12	-10,658,355,082.00
Surplus reserve	VI.45		40,734,742.89
Undistributed profits	VI.46	54,178,637,449.29	46,440,199,428.28
Total equity attributable to owners of the Company		65,940,039,012.93	57,796,709,892.53
Non-controlling interest		54,486,114,524.73	44,957,068,055.58
Total equity		120,426,153,537.66	102,753,777,948.11
Total equity and liabilities		395,688,087,778.51	333,431,309,099.66

Legal Representative: Li Shufu

Chief Financial Officer: Li Donghui

Finance Director: Dai Qing

Balance Sheet of the Company

As at December 31, 2019

Zhejiang Geely Holding Group Co., Ltd.

Unit RMB

Item	Notes	December 31, 2019	December 31, 2018
Non-current assets:			
Investment in joint venture & associate	XIII.2	30,967,224,517.10	29,983,704,137.74
Other equity investment		10,000,000.00	10,000,000.00
Other non-current financial assets		299,963,067.70	306,083,067.70
Property, plant and equipment		234,259,298.97	192,253,756.23
Construction in progress		1,006,906.35	1,164,457.95
Intangible assets		76,631,409.13	32,502,334.76
Development expenditure		10,560,644.44	16,173,421.95
Long-term deferred expenses		18,498,621.48	16,517,785.87
Deferred tax assets		352,277,729.77	
Total non-current assets		31,970,422,194.94	30,558,398,962.20
Current assets:			
Cash and bank balances		309,254,506.10	827,037,155.78
Notes receivable			913,700.00
Prepayments		52,177,900.00	30,000.00
Other receivables	XIII.1	8,090,809,629.40	9,407,834,912.71
In which: interest receivable	XIII.1	246,106,704.81	249,329,018.74
Dividend receivable			
Other current assets		50,254,370.01	11,434,265.35
Total current assets		8,502,496,405.51	10,247,250,033.84
Total assets		40,472,918,600.45	40,805,648,996.04

Legal Representative: Li Shufu

Chief Financial Officer: Li Donghui

Finance Director: Dai Qing

Balance Sheet of the Company (Continued)

As at December 31, 2019

Zhejiang Geely Holding Group Co., Ltd.

Unit RMB

Item	Notes	December 31, 2019	December 31, 2018
Non-current liabilities:			
Long-term bank borrowings		2,610,000,000.00	3,099,980,000.00
Bonds payable		7,533,383,044.71	3,236,047,169.82
In which: preference shares			
Perpetual bonds			
Long-term payables		2,755,055.51	
Other non-current liabilities			1,000,000,000.00
Total non-current liabilities		10,146,138,100.22	7,336,027,169.82
Current liabilities:			
Short-term bank borrowings		8,038,185,000.00	7,313,160,000.00
Accounts payable		25,228.97	727,392.90
Employee benefits payable		148,071,868.70	72,582,125.07
Taxes payable		4,497,230.69	35,307,940.67
Other payable		13,429,006,282.00	20,224,787,490.95
In which: interest payable		427,435,453.25	316,314,377.70
Dividends payable		9,712,500.00	7,168,767.12
Non-current liabilities due within one year		1,201,683,493.71	2,159,822,465.76
Other current liabilities		2,000,000,000.00	
Other current liabilities		24,821,469,104.07	29,806,387,415.35
Total liabilities		34,967,607,204.29	37,142,414,585.17
Equity			
Share capital		930,000,000.00	930,000,000.00
Other equity instruments		1,500,000,000.00	2,000,000,000.00
In which: preference shares			
Perpetual bonds		1,500,000,000.00	2,000,000,000.00
Capital reserve		588,784,449.10	597,067,180.59
Less: treasury shares			
Other comprehensive income			-109,963.48
Undistributed profits		2,486,526,947.06	136,277,193.76
Total equity		5,505,311,396.16	3,663,234,410.87
Total equity and liabilities		40,472,918,600.45	40,805,648,996.04

Legal Representative: Li Shufu

Chief Financial Officer: Li Donghui

Finance Director: Dai Qing

Consolidated Income Statement

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co., Ltd.

Unit RMB

Item	Notes	2019	2018
I. Revenue	VI.47	330,817,647,248.13	328,520,879,523.17
Less: cost of sales	VI.47	262,769,338,254.12	254,053,783,400.85
Tax and surcharges		7,124,689,641.38	7,305,728,460.67
Selling expenses		18,805,353,493.08	17,878,917,382.64
General and administrative expenses		9,636,106,633.24	10,992,053,237.91
Research and development expenses		12,267,372,107.74	9,328,489,637.40
Financial expenses	VI.48	2,520,336,939.68	1,813,847,859.91
In which: interest expenses	VI.48	3,660,159,959.45	2,152,653,292.25
Interest income	VI.48	1,096,721,112.50	889,113,505.32
Add: other income	VI.49	2,038,736,840.64	2,891,997,779.97
Investment income ("-" for losses)	VI.50	1,631,158,531.40	-42,144,435.01
In which: investment income from joint ventures and associatess	VI.50	33,196,846.74	-225,961,818.08
Net exposure to hedging gains ("-" for losses)	VI.51	-2,582,346,947.00	-586,503,751.00
Gains from changes of the fair value ("-" for losses)	VI.52	-201,769,239.73	-30,802,727.19
Credit impairment losses ("-" for losses)	VI.53	-258,682,323.09	-9,498,996.11
Asset impairment losses ("-" for losses)	VI.54	-135,553,015.48	-428,877,705.91
Income from disposals of assets ("-" for losses)	VI.55	296,534,998.36	-2,900,129,441.53
II. Operating profit ("-" for losses)		18,482,529,023.99	26,042,100,267.01
Add: non-operating income	VI.56	130,609,560.89	228,332,119.40
Less: non-operating expenses	VI.57	361,979,307.20	500,440,331.92
III. Profit before tax ("-" for losses)		18,251,159,277.68	25,769,992,054.49
Less: income tax expense	VI.58	4,060,322,050.71	5,502,351,666.74
IV. Net profit ("-" for losses)		14,190,837,226.97	20,267,640,387.75
1. Classification by operation continuity		14,190,837,226.97	20,267,640,387.75
(1) Net profit from continued operation		14,190,837,226.97	20,267,640,387.75
(2) Net profit from discontinued operation			
2. Classification by ownership		14,190,837,226.97	20,267,640,387.75
(1) Net profit attributable to owners of the Company		8,510,177,463.00	13,026,069,988.53
(2) Net profit attributable to non-controlling interest		5,680,659,763.97	7,241,570,399.22
V. Other comprehensive income for the year, net of tax		171,057,060.31	-13,897,752,601.94
Other comprehensive income attributable to the Company net of tax		297,497,759.88	-13,923,467,680.53
1. Other comprehensive income which will not be re-classified into the profit or loss		3,260,024,859.75	-10,394,592,249.00
(1) Other comprehensive income that will not be reclassified to profit or loss under equity method profit or loss		5,338,413,277.16	-9,230,625,710.00
(2) Others		-2,078,388,417.41	-1,163,966,539.00
2. Other comprehensive income that will be re-classified into profit or loss		-2,962,527,099.87	-3,528,875,431.53
(1) Other comprehensive income that may be reclassified subsequently to profit or loss under equity method		297,414.33	158,878.90
(2) Changes in re-classification of financial assets into other comprehensive income		-798,281,542.11	-629,858,509.16
(3) Changes in cash flow hedge recognized in other comprehensive income		-1,745,422,666.05	-2,300,537,397.00
(4) Translation differences of financial statements denominated in foreign currency		-419,120,306.04	-598,638,404.27
Other comprehensive income attributable to non-controlling interests net of tax		-126,440,699.57	25,715,078.59
VI. Total comprehensive income		14,361,894,287.28	6,369,887,785.81
1. Total comprehensive income attributable to owners of the Company		8,807,675,222.88	-897,397,692.00
2. Total comprehensive income attributable to non-controlling interests		5,554,219,064.40	7,267,285,477.81
VII. Earnings per share:			
1. Basic earnings per share			
2. Diluted earnings per share			

Legal Representative: Li Shufu

Chief Financial Officer: Li Donghui

Finance Director: Dai Qing

Income Statement of the Company

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co., Ltd.

Unit RMB

Item	Notes	2019	2018
I. Revenue	XIII.3	283,118,441.70	260,024,972.16
Less: Cost of sales	XIII.3	143,523,550.65	21,917,598.06
Tax and surcharges		2,285,241.67	1,718,771.67
General and administrative expenses		765,505,272.81	445,003,634.76
Financial expenses		710,969,355.12	584,258,290.47
In which: interest expenses		674,804,187.53	558,130,868.46
Interest income		15,086,117.30	8,397,475.59
Add: other income		8,517,759.92	872,619,854.41
Investment income ("-" for losses)	XIII.4	3,415,694,925.70	32,473,396.15
In which: investment income from joint ventures and associates		-72,795,779.74	-9,706,330.35
Income from disposals of assets ("-" for losses)		170,915.33	251,551.85
II. Operating profit ("-" for losses)		2,085,218,622.40	112,471,479.61
Add: non-operating income		3,379,789.12	2,588,407.60
Less: non-operating expenses		1,339,726.38	58,747,455.30
III. Profit before tax ("-" for losses)		2,087,258,685.14	56,312,431.91
Less: income tax expense		-354,603,551.04	35,695,503.52
IV. Net profit ("-" for losses)		2,441,862,236.18	20,616,928.39
1. Net profit from continued operation		2,441,862,236.18	20,616,928.39
2. Net profit from discontinued operation			
V. Other comprehensive income for the year, net of tax		109,963.48	158,878.90
1. Other comprehensive income which will not be re-classified into the profit or loss			
2. Other comprehensive income that will be re-classified into profit or loss		109,963.48	158,878.90
(1) Other comprehensive income that may be reclassified subsequently to profit or loss under equity method		109,963.48	158,878.90
VI. Total comprehensive income		2,441,972,199.66	20,775,807.29

Legal Representative: Li Shufu

Chief Financial Officer: Li Donghui

Finance Director: Dai Qing

Consolidated Cash Flow Statement

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co., Ltd.

Unit RMB

Item	2019	2018
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from sale of goods and rendering of services	363,074,163,097.96	356,346,254,688.46
Refund of tax and levies	1,736,533,976.83	1,746,214,745.04
Cash receipts from other operating activities	16,227,099,416.88	10,335,106,233.52
Cash inflow from operations	383,037,796,491.67	368,427,575,667.02
Cash payments for goods purchased and services received	260,547,525,240.50	250,321,443,124.34
Cash payments to and on behalf of employees	34,298,105,487.73	32,560,802,921.29
Payments of taxes	24,366,638,397.40	26,729,838,522.00
Cash payments for other operating activities	20,074,718,981.38	15,669,137,684.73
Cash outflow from operations	339,286,988,107.01	325,281,222,252.36
Net cash flows from operating activities	43,750,808,384.66	43,146,353,414.66
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from disposals and recovery of investments	2,107,838,796.49	4,065,512,402.00
Cash receipts from investment income	1,714,824,002.47	420,430,844.34
Sales proceed from disposal of tangible assets, intangible assets and other long-term assets	358,188,417.93	207,872,445.34
Cash receipts from disposals of subsidiaries and other business entities	630,346,731.98	9,750,000.00
Cash receipts from other investing activities	246,931,997.83	1,019,820,042.69
Cash inflow from investment activities	5,058,129,946.70	5,723,385,734.37
Cash payments for acquisition of tangible assets, intangible assets and other long-term assets	39,809,458,684.71	42,755,816,121.07
Cash payment for acquiring investments	2,101,285,111.22	37,675,262,746.52
Cash payment for acquisition of subsidiaries and other operation entities	211,260,235.24	3,209,116.09
Cash payments for other investment activities	447,422,779.94	4,921,588,350.52
Cash outflow from investment activities	42,569,426,811.11	85,355,876,334.20
Net cash flows from investment activities	-37,511,296,864.41	-79,632,490,599.83
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from capital contribution	11,118,063,497.99	8,067,015,084.13
Cash receipts from borrowings	47,923,105,452.15	54,698,537,819.56
Cash receipts from other financing activities	35,523,868,261.13	23,663,454,420.43
Cash inflow from financing activities	94,565,037,211.27	86,429,007,324.12
Debt repayment	48,214,029,625.91	19,759,839,497.65
Cash payment for dividend or interest	5,001,654,862.41	4,167,963,433.27
Cash payment for other financing activities	30,733,460,946.46	14,653,372,049.99
Cash outflow from financing activities	83,949,145,434.78	38,581,174,980.91
Net cash flows from financing activities	10,615,891,776.49	47,847,832,343.21
IV. Exchange differences	91,141,245.63	-177,107,213.54
V. Net increase/(decrease) in cash and cash equivalents	16,946,544,542.37	11,184,587,944.50
Add: cash and cash equivalents at beginning of the year	86,707,766,037.56	75,523,178,093.06
VI. Cash and cash equivalents at end of year	103,654,310,579.93	86,707,766,037.56

Legal Representative: Li Shufu

Chief Financial Officer: Li Donghui

Finance Director: Dai Qing

Cash Flow Statement of the Company

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co., Ltd.

Unit RMB

Item	2019	2018
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from sale of goods and rendering of services	88,453,378.05	1,229,061,530.82
Refund of tax and levies		5,599.43
Cash receipts from other operating activities	58,635,521,816.23	80,556,079,891.24
Cash inflow from operations	58,723,975,194.28	81,785,147,021.49
Cash payments for goods purchased and services received	3,089,891.14	9,889,987.97
Cash payments to and on behalf of employees	461,204,365.56	215,779,080.85
Payments of taxes	68,343,809.26	40,547,916.24
Cash payments for other operating activities	64,872,346,754.90	66,370,915,619.04
Cash outflow from operations	65,404,984,820.86	66,637,132,604.10
Net cash flows from operating activities	-6,681,009,626.58	15,148,014,417.39
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from disposals and recovery of investments	1,122,950,000.00	351,768,460.00
Cash receipts from investment income	3,572,360,330.33	55,820,457.90
Sales proceed from disposal of tangible assets, intangible assets and other long-term assets	742,332.30	29,854,488.20
Cash inflow from investment activities	4,696,052,662.63	437,443,406.10
Cash payments for acquisition of tangible assets, intangible assets and other long-term assets	102,725,097.27	72,902,115.79
Cash payment for acquiring investments	2,353,690,440.00	16,594,197,013.74
Cash payments for other investment activities		386,971,400.00
Cash outflow from investment activities	2,456,415,537.27	17,054,070,529.53
Net cash flows from investment activities	2,239,637,125.36	-16,616,627,123.43
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from capital contribution	1,500,000,000.00	
Cash receipts from borrowings	9,734,425,000.00	10,041,500,000.01
Cash receipts from other financing activities	10,000,000,000.00	2,994,000,000.00
Cash inflow from financing activities	21,234,425,000.00	13,035,500,000.01
Debt repayment	14,659,380,000.00	10,019,119,709.01
Cash payment for dividend or interest	652,433,563.48	741,298,129.22
Cash payment for other financing activities	2,000,000,000.00	
Cash outflow from financing activities	17,311,813,563.48	10,760,417,838.23
Net cash flows from financing activities	3,922,611,436.52	2,275,082,161.78
IV. Exchange differences	64,715.02	72.55
V. Net increase/(decrease) in cash and cash equivalents	-518,696,349.68	806,469,528.29
Add: cash and cash equivalents at beginning of the year	827,950,855.78	21,481,327.49
VI. Cash and cash equivalents at end of year	309,254,506.10	827,950,855.78

Legal Representative: Li Shufu

Chief Financial Officer: Li Donghui

Finance director: Dai Qing

Consolidated Statement of Changes in Equity

Zhejiang Geely Holding Group Co., Ltd.

2019

Unit: RMB

Item	Current period											Total equity
	Attributable to shareholders of the Company											
	Share capital	Other equity instruments			Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Non-controlling interests	
		Preferred shares	Perpetual bonds	Others								
I. At 31st December 2018	930,000,000.00		2,000,000,000.00		19,044,130,003.36		-10,658,355,082.00		-40,734,742.89	46,440,199,128.28	44,957,068,055.58	102,753,777,948.11
Add: changes in accounting policy												
Correction of prior error												
Business combination under common control												
Others												
II. Opening balance of the year	930,000,000.00		2,000,000,000.00		19,044,130,003.36		-10,658,355,082.00		-40,734,742.89	46,440,199,438.28	44,957,068,055.58	102,753,777,948.11
III. Movement ("+" for decrease)			-500,000,000.00		648,128,082.40		297,897,759.58		-40,734,742.89	7,738,438,021.01	9,529,946,469.15	17,672,375,589.55
(I) Total comprehensive income							297,897,759.58			8,510,177,463.00	5,554,219,064.40	14,361,891,287.26
(2) Capital contributions and reduction			-500,000,000.00		648,128,082.40					-597,898,336.64	5,538,753,154.64	5,008,257,157.51
1. Capital contribution										-30,423,900.00	1,972,548,919.38	1,942,125,019.38
2. Capital invested by other equity instrument holders					68,013,744.00					-567,464,436.64	3,857,591,227.00	2,858,540,534.36
3. Share-based payment recognized in owners' equity					254,028,319.50						366,871,117.90	621,499,437.40
4. Others					325,486,018.90				-40,734,742.89		-608,659,109.64	-323,907,833.63
(3) Profit distribution										-182,106,092.88	-1,617,498,820.09	-1,799,604,912.97
1. Transfer to surplus reserve												
2. Distributions to shareholders										-182,106,092.88	-1,617,498,820.09	-1,799,604,912.97
3. Others												
(4) Transfer within owners' equity												
1. Transfer of capital reserve to share capital										8,254,987.53	11,893,871.47	20,148,859.00
2. Transfer of surplus reserve to share capital												
3. Surplus reserve making up of losses												
4. Transfers of retained earnings due to changes in defined benefit plans												
5. Other comprehensive income transfer to retained earnings												
6. Others										8,254,987.53	11,893,871.47	20,148,859.00
(5) Special reserve												
1. Transfer to special reserve in the year												
2. Amount utilized in the year												
(6) Others											-8,319,801.27	-8,319,801.27
IV. At 31st December 2019	930,000,000.00		1,500,000,000.00		19,692,268,885.76		-10,360,857,322.12			54,178,637,449.29	54,486,114,524.73	120,426,155,537.66

Legal Representative: Li Shufu

Chief Financial Officer: Li Donghai

Finance Director: Dai Qing

Zhejiang Geely Holding Group Co., Ltd.

Legal Representative: LI Shufu

Chief Financial Officer: Li Damschul

Finance Director: Nai Ning

Statement of Changes in Equity of the Company

Zhejiang Geely Holding Group Co., Ltd.

2019

Unit: RMB

Item	Current period										Total equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	
		Preferred shares	Perpetual bonds	Others							
I. At 31st December 2018	930,000,000.00		2,000,000,000.00		597,067,180.59		-109,963.48			136,277,193.76	3,663,234,410.87
Add: changes in accounting policy											
Correction of prior error											
Others											
II. Opening balance of the year	930,000,000.00		2,000,000,000.00		597,067,180.59		-109,963.48			136,277,193.76	3,663,234,410.87
III. Movement ("-" for decrease)			-500,000,000.00		-8,282,731.49		109,963.48			2,350,249,753.30	1,842,076,985.29
(1) Total comprehensive income							109,963.48			2,441,862,236.18	2,441,972,199.66
(2) Capital contributions and reduction			-500,000,000.00		-8,282,731.49						-508,282,731.49
1. Capital contribution											
2. Capital invested by other equity instrument holders			-500,000,000.00								-500,000,000.00
3. Share-based payment recognized in owners' equity											
4. Others					-8,282,731.49						-8,282,731.49
(3) Profit distribution										-91,612,482.88	-91,612,482.88
1. Transfer to surplus reserve											
2. Distributions to shareholders											
3. Others											
(4) Transfer within owners' equity											
1. Transfer of capital reserve to share capital											
2. Transfer of surplus reserve to share capital											
3. Surplus reserve making up of losses											
4. Transfers of retained earnings due to changes in defined benefit plans											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(5) Special reserve											
1. Transfer to special reserve in the year											
2. Amount utilized in the year											
(6) Others											
IV. At 31st December 2019	930,000,000.00		1,500,000,000.00		588,784,449.10					2,486,526,947.06	5,506,311,396.16

Legal Representative: Li Shufu

Chief Financial Officer: Li Donghui

Finance Director: Dai Qing

Statement of Changes in Equity of the Company

Zhejiang Geely Holding Group Co., Ltd.

2019

Unit: RMB

Item	Previous period						
	Share capital	Other equity instruments			Capital reserve	Last treasury shares	Other comprehensive income
		Preferred shares	Perpetual bonds	Others			
I. At 31st December 2017	930,000,000.00		2,000,000,000.00		641,037,250.49		-268,842.38
Add: changes in accounting policy							
Correction of prior error							
Others							
II. Opening balance of the year	930,000,000.00		2,000,000,000.00		641,037,250.49		-268,842.38
III. Movement ("+" for decrease)					-43,970,069.90		158,878.90
(1) Total comprehensive income							158,878.90
(2) Capital contributions and reduction					-43,970,069.90		
1. Capital contribution							
2. Capital invested by other equity instrument holders							
3. Share-based payment recognized in owners' equity							
4. Others					-43,970,069.90		
(3) Profit distribution							
1. Transfer to surplus reserve							
2. Distributions to shareholders							
3. Others							
(4) Transfer within owners' equity							
1. Transfer of capital reserve to share capital							
2. Transfer of surplus reserve to share capital							
3. Surplus reserve making up of losses							
4. Transfers of retained earnings due to changes in defined benefit plans							
5. Other comprehensive income transfer to retained earnings							
6. Others							
(5) Special reserve							
1. Transfer to special reserve in the year							
2. Amount utilized in the year							
(6) Others							
IV. At 31st December 2018	930,000,000.00		2,000,000,000.00		597,067,180.59		-109,963.48
							136,277,193.76
							3,663,234,410.87

Legal Representative: Li Shufu

Chief Financial Officer: Li Doudou

Finance Director: Dai Qing

Notes to the Financial Statements of Financial Year 2019

Zhejiang Geely Holding Group Co.,Ltd.

I. Basic situation of the company

Funded by natural persons Li Shufu and Li Xubing jointly and registered on March 24, 2003, Zhejiang Geely Holding Group Co.,Ltd. (hereinafter referred to as “the Company”) owns the Business License of Enterprise. The Company now holds an unified social credit code 91330000747735638J of business license. In March 2007, Li Xubing transferred his 17.3% of the Company’s shares with the total amount of 143.59 million yuan to Li Shufu and his 10% of the Company’s shares with the total amount of 83 million yuan to Li Xingxing. In January 2017, the Company has changed registered capital from 830 million yuan to 930 million yuan. The current shareholders of the Company are Li Shufu who invests 847 million yuan, accounting for 91.08% of the registered capital and Li Xingxing who invests 83 million yuan, accounting for 8.92% of the registered capital. Share capital of the Company is 930 million yuan.

The operating period of the Company is 30 years and its legal representative is Li Shufu.

The main operation and business scope of the Company and its subsidiaries (hereinafter referred to as “the Group”) includes: automobile manufacture and sales, industrial investment, investment in mechanical and electrical products, education, real estate investment, investment management, asset management, business administration, technology development of automobile and auto parts, car design, car model design, financial leasing business, software and information technology service, operating import and export business.

The ultimate controller of the Company is Li Shufu.

The financial statements thereto of the Group were approved by the Group Board on April 29, 2020.

II. The scope of consolidated financial statements for this year

Current period consolidation includes 21 1st tier subsidiaries, and adds 3 new subsidiaries, reduces 2 subsidiaries, net adds 1 subsidiary within the period. Refer to Note VIII “Interest in subsidiaries” for detail.

III. Preparation basis of the financial statements

1. Basis of Preparation

The financial statements of the Group are prepared in accordance with Accounting Standard for Business Enterprises, its Application Guidelines and Interpretations, and other related regulations (generally referred as “Accounting Standards for Enterprises”), which were issued and enforced by the Ministry of Finance.

The Group has adopted the accrual basis of accounting. Except for certain financial instruments, the financial statements are generally measured on the historical cost basis. In case of impairment of assets, the corresponding impairment provision shall be recognized in accordance with the relevant requirements.

2. Going concern

The Group has not engaged in any events or circumstances which may cast significant doubt upon its ability to continue as a going concern for the following 12 months since this reporting date.

IV. Interpretations of important accounting policies and estimates

1. Statement of compliance with “Accounting Standards for Enterprises”

The financial statements of the Group have been prepared in accordance with the requirements of “Accounting Standards for Enterprises”, and reflected authentically and completely, the consolidated and the Company’s financial position as at December 31, 2019, and the consolidated and the Company’s operating result and cash flows for the financial year ended December 31, 2019.

2. Accounting period

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

3. Operation cycle

The Group takes 12 months as the operating cycle and uses it as the criterion for the liquidity of assets and liabilities.

4. Functional currency

As RMB is the currency of the primary economic environment where the Company and its domestic subsidiaries operate, they adopt RMB as the functional currency for book-keeping. The foreign subsidiaries of the Company adopt Hong Kong dollar, Swedish krona, Ruble, Euro and US dollar as their bookkeeping functional currency according to the primary economic environment where they operate. The book-keeping functional currency of the Group is RMB during the preparation of the financial statements.

5. Business combination involving and not involving enterprises under common control

(1) Business combination involving enterprises under common control

Business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately and permanently controlled by the same party or parties both before and after the combination. The consolidation date refers to the day when the combining party actually obtains the control over the combined party.

For the assets and liabilities obtained from business combination under common control, their value shall be measured at their carrying amount as recorded by the combining entity on the combination date. If the accounting policies of the acquiree are different from the acquirer’s, the financial statements of the acquiree shall be adjusted to be in accordance with the accounting policies of the acquirer, then recognized the adjusted book value.

The difference between the carrying amounts of the net assets of the combination and the carrying amount of consideration paid for the combination (or the total face value of issued shares) is adjusted in the capital reserve (share premium). If the capital reserve is not sufficient to absorb the difference, retained earnings will be adjusted accordingly.

The direct expenses incurred by the acquirer in respect of auditing, valuation and legal services, ect., shall be recognized in profit or loss when incurred.

The service charge and commission incurred by issuing equity securities are used to adjust the premium on securities, if the balance of premium on securities is not sufficient, any excess is adjusted to retained earnings.

Where a business combination involving enterprises under common control is achieved in stages through stepwise transactions, the acquirer shall determine if these transactions are considered to be “a package deal”. If it is, these transactions are accounted for as a single transaction where control is

obtained.

If it's not "a package deal," shares of book value of owners' equity of combined party in financial statements of ultimate controlling party are recognized as initial investment cost of the long-term equity investment at combination date.

The difference between initial investment cost of long-term equity investment and sum of book value of long-term equity investment previously held in the acquire and book value of new investment cost on the business combination date is adjusted to capital reserve (capital premium); if the balance of capital reserve (capital premium) is not sufficient, any excess is adjusted to retained earnings.

Other comprehensive income recognized by accounting treatment of equity method or by being taken as financial instrument shall not be accounted temporarily, until the investment is disposed, then it shall be accounted in accordance with the accounting policies that the investees directly dispose of relevant assets or liabilities.

Shareholders' equity recognized due to changes of other shareholders' equity except net profit or loss, other comprehensive income and profits allocation of the investees shall not be accounted temporarily, until the investment is disposed, it shall be transferred to current profit or loss. If the equity left after disposal is accounted based on equity method or cost method, other comprehensive income and other shareholders' equity shall be transferred to current profit or loss in ratio; if the equity left after disposal is accounted based on the recognition of financial instruments and measurement standard, all other comprehensive income and other shareholders' equity shall be carried forward.

Refer to details of the accounting method for consolidation financial statements in Note IV. 6.

(2) Business combination not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The combination costs shall be the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and the difference of the combination costs that recorded as fair value and book value shall be recognized in profit or loss.

The acquirer shall allocate combination costs at the acquisition date, and recognize the acquired identifiable assets, liabilities and contingent liabilities at fair value.

For the difference that the combination cost exceeds the acquirer's interest in the fair value of acquiree's net identifiable assets, it is recognized as goodwill as an asset, and initially measured at cost.; For those with combination cost less than acquirer's interest in the fair value of the acquiree's net identifiable assets after reassessment and re-verification, the difference shall be recognized in profit or loss for current period.

Other assets (except intangible assets) obtained by the acquirer during the combination (not limited to the assets that have been recognized by the acquirer), when it is probable that economic benefits associate with the assets flow to the Group and the fair value can be measured reliably, they shall be measured separately at fair value; if the fair value of intangible assets can be measured reliably, and they are measured as intangible assets at fair value; Other liabilities (except contingent liabilities) obtained by the acquirer during combination, when it is probable that performing relevant obligation leads to the outflow of economic benefits and the fair value can be measured reliably, t they shall be measured separately at fair value; if the fair value of contingent liabilities can be measured reliably, they are measured as liabilities at fair value.

The intangible assets that belong to the acquiree and are not identified in the financial statement, shall be fully identified and judged, and they shall be recognized as intangible assets if they meet one of the following conditions: 1) originates from contractual rights or other legal rights; 2) they can be

separated or divided from the acquire, and can be sold, transferred, licensed, leased or exchanged alone or jointly with the relevant contracts, assets and liabilities.

Deductible temporary differences the acquirer obtains from the acquiree can't be recognized due to inconformity with the recognition conditions of the deferred tax assets. If new or further information shows that the related situation at the acquisition date has existed within 12 months after the combination and the expected economic benefits associate with deductible temporary differences can be achieved at the acquisition date, the relevant deferred tax assets shall be recognized and goodwill shall be reduced. If goodwill isn't sufficient, the difference is recognized as the current profit or loss; except the above-mentioned case, the recognition of deferred tax assets related to enterprise consolidation shall be recorded into the current profit or loss.

The expenses incurred by the acquirer in respect of auditing, valuation and legal services, consulting and other agency costs and administrative costs are recognized in profit or loss when they are incurred. The transaction costs of issuing equity or debt securities of the acquirer as the consolidation consideration shall be recorded into their initially recognized amount.

For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not under common control if it belongs to "a package deal", these transactions are accounted for as a single transaction where control is obtained.; if it doesn't belong to "a package deal", in the individual financial statements, the aggregate of the book value of the acquiree's equity investment prior to the acquisition date and the new investment costs at the acquisition date is recognized as initial investment costs by accounting treatment of cost method; other comprehensive income, which is from the acquiree's equity investment before the acquisition date, recognized by accounting treatment of equity method shall be accounted in accordance with the accounting policies of dealing with the relevant assets or liabilities directly by the acquiree when the investment is disposed. Shareholders' equity of the acquiree recognized due to changes of other shareholders' equity except net profit or loss, other comprehensive income and profits allocation of the investees shall be carried forward into the current profit or loss when the investment is disposed. If the equity left after disposal is accounted based on equity method or cost method, other comprehensive income and other shareholders' equity shall be transferred to current profit or loss in ratio; if the equity left after disposal is accounted based on the recognition of financial instruments and measurement standard, all other comprehensive income and other shareholders' equity shall be carried forward.

Refer to details of the accounting method for consolidation financial statements in Note IV. 6.

The sum of the fair value of the acquiree's equity investment (accounted based on the recognition of financial instruments and measurement standard) held before the acquisition date and the new investment costs at the acquisition date is recognized as the initial investment costs based on cost method, the difference between the fair value and the book value of the original equity, together with the accumulated fair value changes previously included in other comprehensive income, are all transferred to the profit or loss of the current period based on cost method.

(3) The judgment criteria for multiple transactions as "a package deal"

The judgment criteria of the Group for determining multiple transactions as "a package deal" as follows:

- 1) These transactions were made at the same time or under the influence of mutual influence;
- 2) These transactions shall achieve a complete business result as a whole;
- 3) The occurrence of a transaction depends on the occurrence of at least one other transaction;
- 4) A transaction considered alone is not economical, but it is economical when considering other transactions.

6. Methods of preparing for consolidated financial statements

(1) Principle of determining the extent of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. The consolidation scope includes the Group and all its subsidiaries. Subsidiaries mean enterprises or entities under the control of the Group.

If changes of related facts and situations lead to changes of related elements of control, the Group will undertake reassessment.

(2) Methods of preparing for consolidated financial statements

The combination of subsidiaries begins with obtaining the subsidiary's net assets and the actual control over the subsidiary's operating decision-making by the Group, and ends with the Group's losing control of the subsidiary. For a subsidiary disposed of by the Group, the operating results and cash flow before the disposal date have been included in the consolidated income statement and the consolidated cash flow statement properly; the beginning balance on the consolidated balance sheet of the subsidiary at the Group's current disposal shall not be adjusted. For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date are included in the consolidated income statement and consolidated cash flow statement properly, and its beginning balance and contrast balance on the consolidated financial statements shall not be adjusted. For a subsidiary acquired through a business combination involving enterprises under common control, the operating results and cash flows from the acquisition date are included in the consolidated income statement and consolidated cash flow statement properly, and its contrast balance on the financial statements shall be adjusted.

The major accounting policies and accounting periods adopted by the subsidiaries are determined based on the standardized accounting policies and accounting periods set out by the Company. For a subsidiary acquired through a business combination involving enterprises under common control, its financial statements shall be adjusted on the basis of the fair value of identifiable net assets at the acquisition date.

All significant intra-group accounts, transactions and unrealized profits within the Group are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as non-controlling interest and presented as "Non-controlling interest" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority shareholders is presented as "Non-controlling interest" in the consolidated income statement below the "net profit" line item. When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the January 1, 2019 of owners' equity of the subsidiary, the excess amounts are still allocated against non-controlling interest. When the Group loses its control over subsidiaries due to disposal of certain equity investments or other reasons, any remaining equity shall be re-measured at its fair value when control is lost. The differences between the sum of the consideration received on disposal and fair value of any remaining equity, and the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary shall be accounted in accordance with the accounting policies of dealing with the relevant assets or liabilities directly by the acquiree at the date of losing control (i.e., except changes of designated benefit plan in net liabilities or assets due to re-measurement by the original subsidiaries,

others shall all be recorded into the current returns on investment). The remaining equity shall be measured according to the relevant requirements of “Accounting Standard for Business Enterprises No. 2 - Long-term Equity Investment” or “Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments” and other standards. Refer to Note IV, 11 “Financial Instruments” and Note IV, 14 “Investment in joint venture & associate” for details.

When losing control over a subsidiary due to disposal of its equity investment through multiple separate transactions, the Company should classify these transactions belong to “a package deal”. If terms, conditions and economic impact of the transactions of disposing the subsidiary’s equity investment meet the following one or more cases, it’s generally indicated that the Group shall account for the multiple as “a package deal”: 1). these transactions are concluded at the same time or in contemplation of each other; 2). these transactions form a single transaction designed to achieve an overall commercial effect; 3). the occurrence of one transaction depends on occurrence of at least one other transactions; 4). A transaction considered alone is not economical, but it is economical when considering other transactions. If these transactions don’t belong to “a package deal”, each one shall be accordingly and respectively dealt with on the basis of the applicable accounting principles of “partial disposal of the subsidiary’s long-term equity investment with control by the Group” and “the Group’s losing control over the original subsidiary due to disposal of certain equity investment or other reasons” (refer to the previous paragraph for details). When the Group loses control over a subsidiary due to disposal of its equity investment through various transactions which belong to “a package deal”, these transactions are accounted for as a single transaction where the Group disposes a subsidiary and loses the control over it; However, before the Group loses its control, the difference of shares of the net assets the Group enjoys in the subsidiary related to disposal price and investment each time shall be recognized as other comprehensive income in consolidated financial statements and recorded into the current profit or loss at the date of losing control.

7. Goodwill

Goodwill occurred on a business combination shall be recognized separately in the consolidated financial statement and measured at cost less accumulated impairment losses. Goodwill acquired in a business combination is at least tested for impairment at each financial year-end.

When goodwill is undertaken impairment test, it is combined with related asset group or asset group portfolio. From the acquisition date, the book value of goodwill is allocated reasonably to the asset group or asset portfolio expected to be benefited from synergy effect of the combination, If the recoverable amount of the asset group or asset portfolio containing allocated goodwill is less than its book value, an impairment loss on goodwill shall be recognized. The amount of impairment loss should offset the book value of the goodwill allocated to the asset group or asset portfolio, then offset book value of other assets according to proportion of other assets in asset group or asset portfolio. The recoverable amount is the higher amount between the fair value of the asset less the disposal expenses and the present value of the expected future cash flow of the asset.

Goodwill impairment loss shall be recorded into the current profit or loss when it occurs and is not be reversed in the subsequent accounting period.

8. Classification of joint arrangement and accounting treatment of joint operations

Joint arrangements refer to the arrangements jointly controlled by two or more parties. It is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A

joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Group accounts for investments in joint ventures using equity method. The Group accounts for investments in joint ventures using equity method. Refer to Note IV, 14 (3) 2) "The long-term equity investment accounted for using the equity method".

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes: its individual assets and liabilities; its share of any assets and liabilities held jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its individual expenses, and its share of any expenses incurred jointly.

When the Group as a joint party invests or sells assets (except that such assets constitute a business, the same below) or purchases assets from the joint operation, only profit or loss arising from the transaction attributable to other parties involved in such joint operation is recognized prior to the resale of the assets to third parties. When there is impairment of the assets occurred, which is in accordance with "Accounting Standard for Business Enterprises No. 8 - Impairment of Assets", the Group shall recognize such losses in full as for its investment in and sales of assets to the joint operation; as for the Group's purchase of assets from the joint operation, it shall recognize the share of losses.

9. Criterion for determining cash and cash equivalents

The cash and cash equivalents of the Group include cash on hand, deposits which can be readily withdrawn on demand, cash with a short term, highly liquidity and easily converted to known amounts and investment with an insignificant risk of change in value.

10. Translation of transactions and financial statement denominated in foreign currencies

(1) Transactions denominated in foreign currencies

Foreign currency transactions are initially confirmed at the spot exchange rate on the date of transaction.

At the balance sheet date, foreign currency monetary items shall be translated at the spot exchange rate of the date. All exchange differences of such a translation shall be recorded into the current profit or loss except: 1) those related to specific-purpose borrowing denominated in foreign currency that qualify for capitalization conditions shall be dealt with in the principle of capitalization of the loans costs; 2) exchange differences of hedging instrument for the purpose of hedging against foreign exchange risk is treated according to the hedge accounting; 3) exchange differences arising from changes in the carrying amounts (other than the amortized cost) of the foreign currency monetary items at fair value through comprehensive income are recognized as other comprehensive income. Others are included in current profit or loss.

When the preparation of consolidated financial statements involves overseas operations, if there is any foreign currency monetary item that substantially constitutes a net investment in a overseas operation, the exchange difference caused by the exchange rate fluctuations shall be recognized as the "exchange differences arising on translation of financial statements denominated in foreign currencies" in other comprehensive income, and in profit or loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost shall still be translated to the amounts in functional currency at the spot exchange rate at the transaction date. Foreign currency non-monetary items measured at fair value shall be re-translated at the spot exchange rate determined by the fair value. The differences between the re-translated functional currency amount and the original functional currency amount shall be recorded into the profit or loss or as other comprehensive income as changes

in fair value (including changes of exchange rate).

(2) Translation of financial statements denominated in foreign currencies

For the purpose of preparing consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet shall be translated at the spot exchange rate at the balance sheet date; shareholders' equity items except the item of "undistributed profits" shall be translated at the spot exchange rate when such items incurred. Income and expenses items in the income statement shall be translated at the spot exchange rate at the transaction date. Undistributed profits at the beginning of the year is the translated undistributed profits at the end of last year; undistributed profits at the end of last year shall be presented as the translated items of profits distributed; the differences between translated items of assets and the aggregate of liabilities and shareholders' equity items shall be recognized as exchange differences arising on translation of financial statements denominated in other comprehensive income. When the Group disposes overseas operation and loses its control, all or the proportion of the exchange differences, related to the overseas operation, of foreign currency financial statements listed under shareholders' equity shall be recorded into the current profit or loss.

Cash flow dominated in foreign currency and the cash flow of overseas subsidiaries shall be translated at the spot exchange rate at the cash flow date. The effect of exchange rate changes on cash is regarded as a reconciling item and presented separately in the cash flow statement.

The amount of beginning year and the amounts of previous year shall be presented according to translated amounts of the financial statements of previous year.

When the Company loses its control over the overseas operation due to disposal of entire shareholders' equity of the overseas operation or partial disposal of the equity investment or other reasons, all exchange differences of foreign currency financial statements attributable to the owners of the Company related to such overseas operation and presented under shareholders' equity item in the balance sheet shall be transferred to the current profit or loss.

When the Company holds a lower overseas operation ratio due to disposal of part equity investment or other reasons but does not lose its control over a overseas operation, exchange differences of foreign currency financial statements related to the partial disposal of the overseas operation shall be re-attributed to minority shareholders and not be recorded into the current profit or loss. For partial disposal of equity interests of an associated enterprise or a joint venture in the overseas operation, exchange differences of foreign currency financial statements related to the overseas operation shall be reclassified to the current profit or loss according to the disposal ratio of the overseas operation.

11. Financial instruments

Financial instrument refers to a contract that forms the financial assets of one party and the financial liabilities or equity instruments of the other party.

(1) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

If the following conditions are satisfied, the recognition of the financial assets (or a part of the financial assets, or a part of a group of similar financial assets) shall be derecognized, which means the financial assets shall be written off from their accounts and balance sheets:

- 1) The right to collect cash flows from financial assets expired;
- 2) The Group has been transferred right to collect cash flow of financial assets, or undertaken the obligation to pay the full gathered cash flow to a third party in time under the "passing agreement"; or substantially neither transfers nor keeps almost all risks and rewards in the ownership of

financial asset, but gives up rights to control financial assets.

If the obligation of financial liability has been fulfilled, cancelled or expired, the financial liability shall be derecognized. If the existing financial liability is replaced by another financial liability on substantially almost entirely different terms by the same creditor, or if almost all the terms of the existing liability are materially modified, such replacement or modification is treated as derecognition of the original liability and recognition of the new liability, and the difference is recorded in the current profit or loss.

Financial assets, bought and sold in a regular way, are recognized and derecognized by the transaction day. The regular way of buying and selling financial assets refers to the collection or delivery of financial assets within the schedule time by laws and regulations in accordance with the provisions of the contract. A trading day refers to the date that the Group commits to buy or sell financial assets.

(2) Classification and measurement of financial assets

When the financial assets of the Group are initially recognized, they are classified as follows according to the business model of financial assets management of the Group and the characteristics of contractual cash flow of financial assets: financial assets at amortized cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss. When financial assets are initially recognized, they are measured at fair value. However, if the accounts receivable or notes receivable arose from the sale of goods or the provision of services do not contain significant financing elements or do not take into account financing elements which are not exceeding one year, the initial measurement shall be determined by the transaction price.

For financial assets at fair value through profit or loss, the relevant transaction costs are directly recorded into profit or loss. Relevant transaction costs of other types of financial assets are recorded in the initial recognition amount.

The subsequent measurement of financial assets depends on their classification:

1) Financial assets at amortized cost

Financial assets that simultaneously satisfied the following conditions shall be classified as financial assets at amortized cost: the objective of managing the financial asset is to collect contractual cash flows; the contractual terms of the financial asset stipulate that the cash flow generated at a particular date is only the payment of the principal and interest based on the outstanding principal amount. The interest income of financial assets is recognized by the effective interest method, and the gains or losses from the derecognition, modification or impairment shall be recorded in the profit or loss. The financial assets mainly include cash and bank balances, accounts receivable, notes receivable, other receivables, debt investment and long-term receivables, etc. The Group shall present both debt investments and long-term receivables that due within one year from the balance sheet date as non-current assets due within one year, and original debt investments due within one year present as other current assets.

2) Financial assets at fair value through other comprehensive income

a. Debt instrument investment at fair value through other comprehensive income

Financial assets that simultaneously satisfied the following conditions shall be classified as financial assets at fair value through other comprehensive income: the objective of managing such financial asset is both to collect the contractual cash flow and to sell the financial assets. The contractual terms of such financial asset stipulate that the cash flow generated at a particular date is only the payment of the principal and interest based on the outstanding principal amount. The interest income of financial assets is recognized by the effective interest method except the interest income, impairment loss and exchange difference are recognized as the profit or loss, the other changes in the fair value record into other comprehensive income. When financial assets are derecognized, the accumulated gains or losses

in other comprehensive income are transferred from other comprehensive income to profit or loss. Such financial assets include accounts receivable financing and other debt investments. The Group shall present other debt investments due within one year from the balance sheet date as non-current assets due within one year, and other debt investments originally due within one year present as other current assets.

b. Equity instrument investments at fair value through other comprehensive income

The Group irrevocably designated partial non-tradable equity instruments as financial assets at fair value through other comprehensive income, and only recorded relevant dividend income (except the partially received dividend income as investment cost) into the profit or loss. The fair value of the subsequent changes is recorded into other comprehensive income and does not need to recognize provision for impairment loss. When the recognition of financial assets is derecognized, the accumulated gains or losses recorded in other comprehensive income are transferred from other comprehensive income to the retained earnings. Such financial assets present as other equity instruments investment.

3) Financial assets at fair value through profit or loss

The financial assets, except for the financial assets at amortized cost and financial assets at fair value through other comprehensive income, are classified as financial assets at fair value through profit or loss. For such financial assets, the fair value is adopted for subsequent measurement, and all changes in the fair value are recorded in the profit or loss. These financial assets are presented as transactional financial assets, and those that mature more than one year from the balance sheet date and are expected to be held for more than one year are presented as other non-current financial assets. At initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group irrevocably designates financial assets as financial assets at fair value through profit or loss. The designation shall not be revoked once made.

(3) Classification and measurement of financial liabilities

The financial liabilities of the Group are classified at initial recognition as follows: financial liabilities at fair value through profit or loss, other financial liabilities, and derivative instruments designated as effective hedging instruments. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recorded into the profit or loss. Relevant transaction costs of other types of financial liabilities are recorded into the initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss involves trading financial liabilities (including derivative instruments belonging to financial liabilities) and designated financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities satisfying one of the following conditions can be designated as financial liabilities for trading: The purpose of undertaking relevant financial liabilities is mainly for short-term repurchase or sale; such financial liabilities are a part of the centrally-managed identifiable financial instruments portfolio on initial recognition, and the objective evidence indicates that short-term profit model exists in near term; such financial liabilities are derivative instruments, except for derivatives that are designated as effective hedging instruments and derivatives that meet the definition of financial guarantee contracts. All changes in fair value of financial liabilities for trading (including derivative instruments belonging to financial liabilities) are recorded in profit or loss and subsequently measured at fair value, except for those related to hedge accounting.

2) Other financial liabilities

For such financial liabilities, the effective interest method is adopted and the subsequent measurement

is on the basis of the amortized cost.

(4) Offsetting a financial instrument

Where the following conditions are met simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet.: Having a legal right to set off the confirmed amount and the legal right is currently enforceable; Planning to settle the financial assets on a net basis or to realize the financial assets and liquidate financial liabilities simultaneously.

(5) Financial guarantee contract

Financial guarantee contract refers to a contract whereby the issuing party pays a specified amount to the contract holder who suffers losses when the specified debtor fails to repay the debt in accordance with the terms of the debt instrument at deadline. Financial guarantee contract initially recognized at fair value, except for financial guarantee contract that designated as financial liabilities at fair value through profit or loss, other financial guarantee contracts are subsequently measured at the higher amount between the amount of expected credit loss provision at balance sheet date and the balance of the initial recognition amount deducted the cumulative amortization amount determined by the revenue recognition principle.

(6) Transfer of financial assets

The Group derecognizes the financial assets whose almost all the risks and rewards in the ownership of the financial asset has been transferred to the transferee, and does not derecognize financial assets whose almost all the risks and rewards in the ownership of a financial asset are retained.

The Group deals with the following situations respectively when the financial assets whose almost all the risks and rewards in the ownership of financial assets are neither transferred nor retained: When giving up control of financial assets, the Group derecognizes such financial assets and recognizes the new assets and liabilities; otherwise, the relevant financial assets shall be recognized in accordance with the degree of involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

If the transferred financial assets continue to be involved by providing financial guarantee, the assets that continue to be involved shall be recognized at the lower amount between the book value of the financial assets and the amount of financial guarantee. The financial guarantee amount refers to the maximum amount that will be required to be repaid out of the consideration received.

12. Determination method and accounting treatment method of expected credit loss

The Group conducts impairment treatment and recognizes the credit loss provision on financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, lease receivables and financial guarantee contracts on the basis of expected credit losses.

Credit loss refers to the difference between all contractual cash flows receivables under the contract discounted at the original effective interest rate and all cash flows expected to be received by the Group, that is the present value of all cash shortfalls. The purchased or originated credit-impaired financial assets shall be discounted at the actual interest rate adjusted by credit of the financial assets.

For leasing receivables and receivables, the Group adopts the simplified measurement method to measure the credit loss provision according to the expected credit loss amount in the whole duration.

In addition to the financial assets and financial guarantee contracts using the simplified measurement method mentioned above, the Group evaluates whether the credit risk has increased significantly since the initial recognition at each balance sheet date. If not, it is in the first stage. The Group shall make a loss allowance at an amount in the future 12-month expected credit loss and calculate the interest income according to the book balance and the actual interest rate. If the credit risk has increased significantly since the initial recognition but no credit impairment has occurred, it is in the second

stage. The Group shall make a loss allowance at an amount of lifetime expected credit loss and calculate the interest income according to the book balance and the actual interest rate. If the credit impairment occurs after the initial recognition, it is in the third stage. The Group shall make a loss allowance at an amount of lifetime expected credit loss and calculate the interest income according to the amortized cost and the actual interest rate. For financial instruments with low credit risk at the balance sheet date, the Group assumes that the credit risk has not increased significantly since the initial recognition.

The Group evaluates credit losses of financial instruments on a single and combined basis. The Group considers the credit risk characteristics of different customers and evaluates the expected credit loss of financial instruments measured at amortized cost on the basis of the aging portfolio.

When assessing expected credit losses, the Group will make use of reasonable and supportable information about past events, current conditions and future economic conditions.

(1) The judgement standard of credit risk increased significantly

The Group uses the reasonable and supportable forward-looking information to determine whether the credit risk of financial instruments has increased significantly since the initial recognition through comparing the risk of the default occurring on the financial instruments at the balance sheet date with the risk of the default occurring on the financial instrument at the initial recognition date.

The Group takes the following factors into consideration when evaluating whether the credit risk is significantly increased:

- Whether there are significant changes in the internal price indicators caused by credit risk changes.
- Whether an adverse change in the business, financial or economic situation cause a significant change in the ability of the borrower to meet its obligations.
- Whether the actual or expected operating results of the borrower have changed significantly.
- Whether there has been a significant adverse change in the regulatory, economic or technical environment of the borrower.
- Whether there has been a significant change in the value of the collateral used as collateral for the debt or in the quality of the collateral or credit enhancement provided by a third party. These changes are expected to reduce the borrower's financial incentive to repay the debt within the contractual period or affect the probability of default.
- Whether there is a significant change in the economic motivation that is expected to reduce the borrower's repayment within the contracted term.
- Whether there is any change in the expectation of the loan contract, including the expected release or amendment of contractual obligations that may result from the breach of the contract, the granting of an interest-free period, a jump in interest rates, the demand for additional collateral or guaranty, or other changes in the contractual framework of the financial instrument.
- Whether the borrower's expected performance and repayment behavior have changed significantly.
- Whether the payment of the contract is overdue for more than (including) 30 days.

(2) The definition of Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following events:

- Significant financial difficulty of the issuer or borrower.
- A breach of contract by the borrower, such as a default or delinquency in interest or principal payments.
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, will not grant a concession to the borrower.

- It becoming probable that the borrower will enter bankruptcy or other financial reorganizations.
- The financial difficulties of the lender or borrower cause the active market of the financial asset to disappear.
- Purchase or originate a financial asset with substantial discount reflects a credit loss.

(3) Recognition of expected credit losses

The Group shall determine the expected credit losses of the relevant financial instruments according to the following methods:

- For financial assets, the credit loss refers to the present value of the difference between the contractual cash flow to be received by the Group and the expected cash flow to be received.
- For leasing receivables, the credit loss refers to the present value of the difference between the contractual cash flow to be received by the Group and the expected cash flow to be received.
- For a financial asset that is credit-impaired at the balance sheet date but is not purchased or originated, the credit loss refers to the difference between the book balance of the financial assets and the present value of the estimated future cash flow discounted at the original effective interest rate.

The factors reflected in the Group's methods of measuring the expected credit losses of financial instruments include: the unbiased probability-weighted average amount determined by evaluating a series of possible results; time value of money; reasonable and supportable information about past events, current conditions, and forecasts on future economic conditions at the balance sheet date that can be obtained without unnecessary additional cost or effort.

(4) Written-off of financial assets

When the group no longer reasonably expects that the cash flow of the financial asset contract can be fully or partially recovered, the book balance of the financial asset shall be directly written off. Such written-off constitutes a derecognition of the relevant financial asset.

13. Inventory

(1) Classification of inventory

Inventory mainly includes raw material, materials in transit, self-made semi-finished goods and work-in-progress, finished products, goods in transit, rotation materials (including low-value and short-lived consumables, packages), processed goods, project cost, and others.

(2) Valuation method of inventories upon delivery

Inventory obtained shall be valued at actual cost. Inventory cost includes purchasing cost, processed cost and other costs. Weighted average method is used when consuming or delivering inventories.

(3) Recognition of net realizable value of inventory and provision methods for decline in value of inventories

Net realizable value refers to the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. When determining the net realizable value of inventory, basis is relied on the actual evidences obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

Inventory shall be valued at the lower of cost and net realizable value at the balance sheet date. Provision for inventories devaluation is to be made when its net realizable value is lower than cost. Inventory devaluation provision is normally to be made based on the difference between the cost of single inventory item and its net realizable value. For the inventory with large quantity and low unit price, depreciation provision is made based on categories of inventories; For inventories which are related to the products produced and marketed in the same region, have the same or similar end uses or purpose, and are hard to be valued separately from other items, provision for devaluation is determined

on an aggregate basis.

After provision for devaluation of inventories is made, if the factor that caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for devaluation of inventories is reversed and the reversal is included in profit or loss for the period.,

(4) Perpetual inventory system is adopted

(5) Amortization method of low-priced and short-lived consumable items and packages

Low-priced and short-lived consumable items and packages are amortized by one-time write-off method. The packaging used for turnover shall be recorded into the cost according to the estimated times of use.

14. Investment in joint venture & associate

(1) Judgement criterion of determining joint control or significant influence over the investee

Joint control refers that the Group jointly controls an arrangement according to relevant agreement, and decisions about the relevant activities of the arrangement require unanimous consent of the parties sharing control. Significant influence refers to the power of participating in decision-making on the financial and operating policies of the Investees, except to the control or joint control with other parties over the formulation of those policies. In determining whether it is possible to exercise control over or exert significant influence on the Investees, potential voting rights factors such as the current convertible corporate bonds of the Investees and the current exercisable stock warrants held by the investor and other parties were taken into account.

(2) Recognition of investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of book value of owners' equity of combined party in financial statements of ultimate controlling party are recognized as initial investment cost of long-term equity investment at combination date. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition.

Long-term equity investment acquired otherwise than through a business combination: for a long-term equity investment acquired through paying cash, the initial investment cost shall be the actual purchase price paid; for a long-term equity investment acquired through issuing equity securities, the initial investment cost shall be the fair value of the equity securities.

(3) Method for subsequent measurement and profit or loss recognition

1) Long-term equity investments accounted for using the cost method

For a long-term equity investment accounted by the cost method, except for the price actually paid at the time of the investment or the declared but not yet paid cash dividend or profit included in the consideration, the cash dividend or profit declared and distributed by the investee shall be recognized as investment income in profit or loss.

2) The long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has a significant influence, and joint venture is a joint venture arrangement in which the Group only has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of fair value of the Investees' identifiable net assets at the time of acquisition, the

difference shall be recorded into profit or loss, and the cost of long-term equity investment shall be adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period, and carrying amount of long-term equity investment is adjusted accordingly; the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; other changes of owner's equity of the Investees other than net profit or loss, other comprehensive income and profit distributed, are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets after adjusting net profit of the investee. When accounting policies and accounting period adopted by the investees are inconsistent with those of the Company, the investees' financial statements shall be adjusted to conform the Company's accounting policies and accounting period. the Company shall recognize the investment income and other comprehensive income. Unrealized gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses or is recognized. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

The Group 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. Besides, If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

(4) Disposal of long-term equity investments

When disposing the long-term equity investment, the difference between the carrying amount of the investment and actual consideration paid shall be recorded into current profit or loss.

15. Held for sale, and Discontinued operation

Non-current assets (excluding financial assets and deferred tax assets) or disposal group classified as held for sale are required to satisfy the following conditions: the non-current assets or disposal is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; The Group has made a resolution about selling plan and obtained a confirmed purchase commitment from the shareholders' meeting or relevant authority approval if required; The Group has signed an irrevocable transfer agreement with the transferee; The transfer will be completed within a year.

Assets held for sale include individual item assets and disposal group. In certain cases, the disposal group includes goodwill obtained from the business combination, etc.

Non-current assets and disposal group held for sale are not be depreciated or amortized, and measured at the lower of their carrying amount and the fair value less costs to sell, presenting as "assets held for sale".

The Group presents non-current assets held for sale and assets in the disposal group held for sale separately from other asset items in the balance sheet, and presents liabilities in the disposal group held for sale separately from other liabilities. Non-current assets, or assets and liabilities in the disposal

group held for sale cannot be eliminated by each other, but shall be presented as current assets and current liabilities respectively.

When the non-current asset or the disposal group held for sale no longer meets the recognition criteria of non-current assets held for sale subsequently, the Company stops to classify it as held for sale category, and measures at the lower of the amount below:

- (1) The book value of the asset or disposal group before classified as held for sale category adjusted by amount of the depreciation, amortization and impairment which are recognized in the assumption of the absence of the classification as held for sale category;
- (2) The recycling amount at the date that held for sale category is decided not to be sold.

Discontinued operation is the component disposed or classified as held for sale category that can be distinguished separately in the operation and the preparation of the financial statements, which satisfy one of the following conditions:

- 1) The component represents an independent major business or a major business area;
- 2) The component is part of the disposal plan of an independent major business or a major business area;
- 3) The component is the subsidiary obtained only for the purpose of resale.

The Company shall separately present profit or loss from continued operations and discontinued operations in income statement. The impairment loss and its reversal amount, and the profit or loss from disposal of the non-current assets or the disposal group held for sale shall be presented as the profit or loss of continued operation when not satisfying the definition of discontinued operation. The profit or loss in operations as well as the disposal, such as the impairment loss from discontinued operations and its reversal amount, shall be reported as the profit or loss of the discontinued operation.

16. Property, Plant and Equipment

(1) Recognition criteria for property, plant, equipment

Property, plant and equipment are tangible assets held for the use in the production or supply of goods or service provision, for rental or for operation and administrative purpose with a useful life of more than one accounting year. A tangible asset is only recognized when its relevant economic benefits is likely to flow to the Group and its cost can be measured reliably. Property, plant and equipment shall be initially measured at cost.

(2) Depreciation method

Property, plant and equipment are depreciated over their useful life using the straight-line method since the month subsequent to the one in which they are ready for intended use. The depreciation period, estimated net residual value rate, and annual depreciation rate of each category of tangible assets are as follows:

Category	Depreciation period (year)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	14.5-50	0-10	1.80-6.90
Machinery equipment	3-30	0-10	3.00-33.33
Transportation vehicles	4-10	0-10	9.00-25.00
Molds and gauges	3-7	0-10	12.86-33.33
Electronic and office equipment	3-10	0-10	9.00-33.33
Other equipment	3-5	0-10	18.00-33.33

Estimated net residual value refers to the estimated amount that the Group obtained from the disposal

of the asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The Group adopts a depreciation policy for a tangible asset held under a finance lease which is consistent with that for its owned tangible asset. If there is reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

(3) Impairment test and impairment provision of property, plant and equipment

Refer to Note IV, 22 “Impairment of long-term asset”, except for goodwill, for details.

(4) Other explanations

For the subsequent expenditure of tangible assets, if the economic benefit related to the tangible assets is likely to flow to the Group and measured reliably at cost, such expenditure shall be recorded into the costs of property, plant and equipment and the book value of the replaced part shall be derecognized. The other subsequent expenditure shall be recorded into profit or loss when occurs.

If the property, plant and equipment is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the property, plant and equipment is derecognized. When the property, plant and equipment is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of the property, plant and equipment and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

17. Construction in progress

Construction in progress cost is recognized based on actual construction cost, including the expenditure during construction period, capitalized borrowing costs before reaching the working condition for its intended use, and other relevant expenses. Construction in progress shall be transferred to property, plant and equipment when reaching the working condition for its intended use.

Refer to details of impairment test and impairment provision of construction in progress in Note IV, 22 “Impairment of long-term asset”, expect for goodwill.

18. Borrowing cost

Borrowing costs include interest, amortization of discount or premium related to borrowings, auxiliary expenses and exchange differences arising from foreign currency borrowings etc. For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, when expenditures for the asset and borrowing costs are being incurred, activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced, such borrowing costs shall be capitalized as part of the cost of that asset; and capitalization shall be discontinued when the qualifying asset is ready for its intended use or sale. Other borrowing cost is recognized as expenses when occurs during the current year.

Where funds are borrowed for a specific purpose, the amount of interest to be capitalized shall be the actual interest expense incurred during the current year less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. Where funds are borrowed for general purpose, the Group shall determine

the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings. During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

Qualifying assets are assets (property, plant and equipment, inventories, etc.) that necessarily taking a substantial year of time for acquisition, construction or production to get ready for their intended use or sale.

If the process of acquisition, construction or production of qualifying assets have been abnormally stopped, and the interruption interval is more than 3 months, the capitalization of the borrowing costs is suspended until the acquisition construction or production activities of the assets restart.

19. Intangible assets

Intangible assets refer to the identifiable non-monetary assets without physical substance owned or controlled by the Group. Intangible assets include software system, proprietary technology, land use right, non-patent technology, patents, trademark, dealer network and others.

Intangible assets are to be initially measured at cost. The expenditure related to intangible assets, if the economic benefits related to the intangible assets is likely to flow to the Group and measured reliably at cost, such expenditure shall be recorded into intangible assets cost. Other subsequent expenditure items shall be accounted as current profit or loss when occur.

The land-use right obtained is normally accounted as an intangible asset. The expenditure of self-constructed buildings (e.g. plants), related land use right and the buildings shall be separately accounted for as intangible assets and tangible assets. For buildings and structures purchased, the purchase consideration shall be allocated among land use right and the buildings on a reasonable basis. If there is any difficulty in making a reasonable allocation, the consideration shall be recognized in full as the property, plant and equipment.

When an intangible asset with a finite useful life is available for use, its original cost less estimated net residual value and any accumulated impairment losses provided is amortized over its estimated useful life using the straight-line method. The intangible assets with infinite useful life are not amortized.

The Group shall review the finite useful life of an intangible asset and the amortization method applied at the end of the year. Any changes shall be accounted as changes in accounting estimate. Besides, the Group shall review the useful life of an intangible asset with infinite useful life, if any evidence shows that the intangible assets can bring foreseeable economic benefit to the enterprise within a certain period, its useful life shall be estimated and it shall be amortized according to amortization method of intangible assets within the useful life.

Refer to Note IV, 22 “Impairment of long-term asset”, except for goodwill, for details of impairment test and impairment provision of intangible assets.

20. Research and development expenditure

The research and development expenditures of the Group are classified into research phase expenditure and development phase expenditure.

The expenditure in research phase shall be recorded into profit or loss when incurred.

The expenditure in development phase shall be recognized as intangible assets if meets all following terms, and shall be recognized in profit or loss otherwise:

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) The Group has the intention to complete the intangible asset and use or sell it;
- (3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

The expenditure that cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period.

Capitalized expenditure incurred during development phase is presented as development expenditures on the balance sheet and transferred to intangible assets at the date that the assets is ready for its intended use.

21. Long-term deferred expenses

Long-term deferred expenses are expenses which have incurred but shall be amortized over the current year and subsequent years of more than one year. Long-term deferred expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

22. Impairment of long-term assets

At the balance sheet date, the Group assesses whether there is any indication that the property, plant and equipment, construction in process, intangible assets, research and development expenditure, long-term equity investment to subsidiaries, joint ventures, associated enterprises may be impaired. If any, their recoverable amount shall be estimated and impairment tests shall be conducted. Intangible assets with infinite useful life and intangible assets before reaching working condition are tested for each year regardless of any indication of impairment.

If the impairment test indicates that the recoverable amount of an asset is lower than its book value, the difference shall be regarded as a provision for impairment loss of the asset and recognized in impairment loss. The recoverable amount is determined at the higher of the net amount after deducting the disposal expenses from the assets' fair value and the present value of the assets' estimated future cash flow. The fair value of the assets is determined according to the price in the sales agreement in fair bargain; the fair value shall be determined according to price offered by the buyer of the assets when the sales agreement does not exist but active market for assets does; the fair value shall be estimated according to the best information available when both sales agreement and active market for assets do not exist. The disposal expenses include legal expenses relevant to asset disposal, relevant tax, cartage and direct expenses that enable the assets ready to be sold. The present value of the assets' estimated future cash flow shall be determined according to the amount of estimated future cash flow of assets incurred during the continuous use or at the final disposal of assets after being discounted at an appropriate discount rate. Impairment provision for assets shall be measured and recognized on the basis of the individual asset. If it is not practical to estimate the recoverable amount of the individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The asset group refers to the smallest asset group that can generate cash inflow independently.

Once the impairment loss of such assets is recognized, it shall not be reversed in any subsequent period.

23. Employee benefits

Employee benefits of the Group mainly include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. The short-term employee benefits include wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance, work-related injury insurance premiums, housing provident fund, labor union expenditure and employee education expenses, non-monetary welfare and so on. The Group recognizes the short-term employee benefits actually occurred as liability, and charged to profit or loss for the current year or cost of relevant assets in the accounting year in which employees have rendered service. The non-monetary welfare shall be measured at fair value.

Post-employment benefits mainly include the defined contribution plan, which mainly includes the basic endowment insurance, unemployment insurance and annuity and so on. The corresponding payable amount shall be recorded into the relevant asset costs or current profit or loss when incurred.

When terminating the labor relationship with the employee before contract term expires, or proposing to give compensation to encourage employees to accept redundancy voluntarily, the Group shall recognize a liability for a termination benefit in profit or loss for the period at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Group recognizes any related restructuring costs or expenses. However, if the termination benefits cannot be fully paid as expected within 12 months after the annual reporting period, it shall be dealt with as other long-term employee benefits.

The principle to deal with termination benefits is also applied to internal retirement plan for employee. The Group recognized wages and social insurance to be paid to the internal retired employees from the date of employees' stopping to provide service to statutory retirement in profit or loss (termination benefits), when the recognition condition of provisions is satisfied.

Other long-term employee benefits the Group offers to its employees shall be accounted according to the defined contribution plan if they satisfy the definition of defined contribution plan, otherwise they shall be accounted according to the defined benefit plan.

24. Share-based payment

Share-based payment of the Group is a transaction in which the Group grants equity instruments or assume liabilities determined on the basis of equity instruments for the purpose of obtaining services provided by employees. The group's share payment is cash-settled share payment.

Share payments settled in cash shall be measured at fair value of the liabilities assumed by the Group on the basis of shares. The fair value of the liabilities shall be re-measured on each balance sheet date before the settlement of the relevant liabilities and settlement date, and the changes shall be recorded in the profit or loss in the current period.

25. Provisions

Obligations related to contingencies shall be recognized as provisions when they meet the following conditions simultaneously: The obligation is a present obligation assumed by the Group; Performing the obligation probably leads to the outflow of economic benefits; The amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money.

Where all or part of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that

reimbursement will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the provision.

(1) Onerous contract

Onerous contract refers to the contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. When an executory contract becomes onerous contract, and the obligation in such onerous contract meets recognition conditions of a provision, the Group shall recognize a provision at the amount that the estimated loss of the contract exceeds recognized impairment loss (if any) of contractual subject assets.

(2) Restructuring obligations

For a detailed and formal restructuring plan that has been officially announced, if recognition conditions of a provision have been met, the amount of the provision shall be recognized according to the direct expenditure associated with the restructuring. For the restructuring obligations with part of the business sold, obligations associated with the restructuring shall be reorganized after the Group commits to sell part of the business, (namely, to sign a binding sales agreement).

26. Revenue

The Group's revenue mainly comes from the following business:

(1) Revenue from selling goods

(2) Service revenue

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation refers to the commitment of the Group that goods or services that is distinct shall be transferred to customers in the contract. Transaction price refers to the consideration that the Group is expected to charge due to the transfer of goods or services to its customers, but it does not include the payments received on behalf of third parties and the amount that the Group expects to refund to its customers.

If one of the following criteria is met, which belongs to the performance obligation fulfilled within a certain period of time, the Group shall recognize revenue within a period of time in accordance with the progress of performance: 1) the customer receives and consumes the benefits provided by the Group at the time that the obligation is performed; 2) the customer is able to control the work-in-progress goods in the period of Group's performance. 3) The goods produced in the course of the Group's performance are irreplaceable and the Group has the right to receive partial payments for the completed performance that has been accumulated so far during the entire contract period. Otherwise, the Group recognizes revenue at the point when the customer obtains control of the relevant goods or services.

Contract assets refer to the Group's right to receive consideration for the transfer of goods or services to the customers, which depends on factors other than the passage of time. The Group's unconditional (i.e., depending only on the passage of time) right to receive consideration from customers is presented separately as receivables.

Contract liabilities refer to the obligations of the Group to transfer goods or services to the customers when the Group has received or receivable consideration from the customers.

Contract assets and contract liabilities of the related contracts are presented on a net basis.

Cost of acquiring the contract:

When the incremental costs incurred from the acquisition of the contract (i.e. costs that will not occur without the acquisition of the contract) are expect to be recovered, the Group recognizes the contract as an asset and amortizes the costs on the same basis as the recognition of revenue related to the asset

from sale of goods or rendering services, and the amortization amounts are recorded in profit or loss. Other expenditures incurred by the Group for obtaining the contract shall be recorded in profit or loss at the time of occurrence, except those clearly borne by the customers.

Cost of performance of the contract:

The cost incurred from the performance of the contract provided by the Group are recognized as an asset when the cost is not in the scope of other enterprise accounting standards except revenue standards and meets the following conditions at the same time: 1) the cost is directly related to a current or expected contract that is acquired; 2) the cost increases the Group's future resources for fulfilling performance obligations; 3) the cost is expected to be recovered. The above-mentioned assets shall be amortized on the same basis as the recognition of revenue related to the assets from the sale goods or rendering services, and the amortization shall be recorded in profit or loss

27. Government grants

(1) Government grants refer to monetary or non-monetary assets the Group receives from the government for free. Government grants include government grants related to assets and government grants related to income.

1) The judgment criteria and accounting treatment of government grants related to assets

The government grants related to assets are grants that the Group received to purchase, construct or form the long-term assets by other ways.

Government grants related to assets is charged against carrying amount of related assets or recognized as deferred income. Government grants related to assets and recognized as deferred income shall be included in profit or loss over the useful life of related asset by reasonable and systematic methods. Government grants are measured at the nominal amounts and shall be recorded into the profit or loss directly.

The balance of undistributed deferred income from the relevant assets which are sold, transferred, scrapped or damaged before useful life is transferred into the profit or loss of disposal of assets.

2) The judgments and accounting methods of government grants related to income

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income and recognized in profit or loss when the relevant expenses or losses are recognized.

If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss or charged against related cost for the period.

When the government grants include the related parts of the assets and income simultaneously, then it is necessary to distinguish the different parts of the government grants and apply accounting methods respectively; when it is difficult to distinguish them, then the whole is classified as the government grants related to income.

A government grant related to the Group's daily activities is recognized in other income or offset the relevant cost based on the nature of economic activities; a government grant not related to the Group's daily activities is recognized in non-operating income and expenses.

(2) The accounting methods of policy-related preferential loan discount

The Government appropriates the discount interest funds to the lending banks, and the lending banks provide loans to the Group at preferential policy interest rates, and the entry value of the loans is based on the actual amount of received loans, and the related loans costs are calculated according to the principal of the loans and the preferential policy interest rates.

The Government appropriates the discount interest funds to the Group directly, and the corresponding discounts will be used to offset the related loans costs.

Government grants are recognized and measured in accordance with the actual amount of funds received. Only when there is conclusive evidence that the grants are appropriated according to a fixed quota standard, and there is conclusive evidence that the grants satisfy the relevant conditions stipulated in the financial support policy and financial support funds is expected to be received, the grants can be recognized and measured according to the amount receivable.

If the recognized government grants need to be returned, the Group shall conduct accounting treatment at the time when the grants need to be returned, that is, to adjust the related book value of assets, which was offset at the time of initial recognition.

28. Deferred tax assets/ liabilities

Income tax expenses includes current income tax and deferred income tax.

(1) The current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax law.

(2) Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

For taxable temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax liability is recognized. In addition, deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

For deductible temporary differences associated with the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset is recognized. In addition, deferred tax assets are recognized for other deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized, except that the temporary difference will probably not be reversed in the foreseeable future or taxable income used to offset deductible temporary difference will not be available in the future.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Current income tax and deferred income tax shall be recorded into profit or loss, except the current income tax and deferred income tax which are recognized in other comprehensive income or shareholders' equity arising from the relevant transactions and matters, and the carrying amount of the adjusted goodwill of deferred income tax from the business combination.

(4) Offset of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

29. Leases

Financial lease refers to the lease that transfers substantially all the risks and rewards of ownership to the lessee. Its ownership may or may not be transferred ultimately. Operating lease refers to the lease except financial lease.

(1) The Group as lessee under operating lease

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rental is recognized in profit or loss when incurred.

(2) The Group as a lessor under operating lease

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rental is recognized in profit or loss when incurred.

(3) The Group as lessee under finance leases

At the commencement of the lease term, the Group records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease, and recognizes a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amounts is accounted for as unrecognized finance charges. Besides, initial direct costs that are attributable to the leased item incurred during the process of negotiating and securing the lease agreement are also added to the amount recognized for the leased asset. The net amount of minimum lease payments less unrecognized financial charges shall be presented as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financial charges shall be recognized as current financial charges for the period using effective interest method over the lease term. Contingent rental is recognized in profit or loss when incurred.

(4) The Group as a lessor under financial leases

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognized as a finance lease receivable, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the

minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognized as unearned finance income. The net amount of financial lease receivables less unearned financial profits shall be presented as long-term credit and long-term credit due within one year respectively.

Unearned finance income is recognized as finance income for the period using the effective interest method over the lease term. Contingent rental is recognized in profit or loss when incurred.

30. Significant accounting judgment and estimates

Due to the inherent uncertainty of business activities, the Group needs to make judgments, estimates and assumptions over the carrying amount of items in the financial statements that cannot be measured accurately over the period of applying accounting policies. These judgments, estimates and assumptions are based on the historical experience of the Group's management as well as other relevant factors that are considered to be relevant. However, the actual results might be different from the current estimates the Group's management.

The above judgments, estimates and assumptions shall be reviewed regularly by Group on the basis of continued operations. In the event that the changes in accounting estimates only affect the current period, the influenced number shall be recognized during the current period; in the event that the changes in accounting estimates affect both the current period and the future, the influenced number shall be recognized during the current period and the future.

At the balance statement date, key assumption and uncertainties which will affect materially the book value of assets or liabilities in accounting estimates are as follows:

(1) Classification of financial assets

The significant judgements related to the Group's classification of financial assets include business model and analysis to contractual cash flow characteristics.

The Group determines the business model of managing the financial assets at the level of financial asset portfolio. Factors that should be considered include the way to evaluate and report the performance of financial assets to key managers, the risks affecting the performance of financial assets and their management approaches, as well as the ways in which relevant business managers are remunerated.

When evaluating whether the contractual cash flow of financial assets is consistent with the basic borrowing arrangement, the group has the following major judgments: Whether the principal may change in time distribution or amount during the duration due to reasons such as prepayment; Whether the interest only includes the monetary time value, credit risk, other basic borrowing risks and the consideration against costs and profits. For example, whether the amount of prepayment only reflect outstanding principal and interest based on the unpaid principal, as well as reasonable compensation due to early termination of the contract.

(2) Impairment of financial instruments

The Group uses the expected credit loss model to evaluate the impairment of receivables and debt investments measured at amortized cost and accounts receivable financing and other debt investments measured at fair value with changes in other comprehensive income. Applying the expected credit loss model involves significant judgments and estimation by management. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The Group considers the quantitative analysis of historical statistical data and forward-looking information to establish default probability, default loss rate and default risk exposure models. The difference between the actual impairment result of the financial instrument and the original estimate will affect the book value of the financial instrument and the provision or reversal of the credit impairment losses

during the period when the estimate is changed.

(3) Impairment of long-term assets

At the balance sheet date, the Group assesses whether there is any indication of possible impairment of non-current assets other than financial assets. For intangible assets with infinite useful life, except for the annual impairment test, the Group shall conduct impairment test when the signs of impairment exist. Other non-current assets other than financial assets are subject to impairment tests when there are signs that the carrying amount cannot be recovered.

Impairment occurs when the carrying amount of an asset or asset group is higher than the recoverable amount, that is, the higher of the net amount of fair value less the disposal costs and the present value of the estimated future cash flows.

The net amount of fair value less disposal costs is determined by referring to the agreed sale price or observable market price of a similar asset in fair trading deducted by the incremental cost directly attributable to disposal of the asset. When estimating the present value of future cash flows, important judgments need to be made on the output, selling price, related operating costs of the asset (or asset group) and the discount rate used in calculating the present value. When estimating recoverable amounts, the Group uses all relevant and available information, including projections of production volumes, selling prices and related operating costs based on reasonable and supportable assumptions.

(4) Residual value risk

The Group faces residual value risk when signing of sales contracts with repurchase agreements or residual value guarantee clause. Residual value risk will be reflected in the consolidated financial statements in different ways according to the degree of risk held by the Group. If the major risks in vehicle ownership remain in the Group, the relevant vehicles are presented as assets leased under operating leases on the balance sheet. The accumulated depreciation of these vehicles will reduce the original value of the vehicle to its residual value, which is the expected recoverable amount of the asset at the end of the lease period. Depreciation shall be calculated and recognized under straight line method during the lease period. If the vehicle sales contract is attached with residual value guarantee clause, but the major risk has been transferred, the asset should be derecognized, expected recoverable amount of the assets in future period shall be recognized as a provision. The Group will constantly pay attention to and adjust its expected recoverable amount of each asset when it is recovered in future period. The expected amount is based on the latest auction price of second hand cars and future price fluctuations due to changes in the anticipated market environment, market incentive plans, vehicle quality data and repair costs. The situation of high inventory and low demand in the automotive industry may have a negative impact on the prices of new and used cars.

(5) Product warranty

Based on the historical experience and quality assurance term, the Group estimates the cost of product quality assurance for the sold vehicles and draws a product warranty. Product warranty includes contractual guarantees, warranty activities (recall and repurchase) and goodwill guarantees (the guarantees provided to consumers according to the policies of the Group and industry practices, other than contractual guarantees and warranty activities, in order to maintain a good relationship with consumers), etc. The improvement of product quality shown by historical data has been reflected in the forecasting process of the above three product warranty as a forecasting parameter.

When the compensation obtained from the supplier can be basically determined, the product warranty shall be offset accordingly.

(6) Provision for decline in value of inventories

The net realizable value of an individual inventory item is the amount that the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary

to make the sale and relevant taxes. The difference between the cost of inventory and its net realizable value is recognized as a provision for decline in value of inventories, as mentioned in Note IV.13.

(7) Deferred tax assets

The Group and its subsidiaries or other forms of business organizations around the world shall, according to the differences between the accounting and tax bases, calculate deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible losses and deductible temporary difference can be utilized. The recognition of deferred tax assets is based on the prediction of future taxable income and the period during which deferred tax assets will be returned. These assumptions have considered future operation results and the impact of reversal of taxable temporary differences. The measurement of deferred tax assets is uncertain, as it may be affected by some factors, such as the change of future operating environment and tax law. The Group evaluates whether reversal of deferred tax assets is feasible on each balance statement date. If necessary, the amount of deferred tax assets will be revised and this situation will affect the profit or loss.

(8) Legal action

Lawsuits faced by the Company's subsidiaries involves different legal cases in multiple jurisdictions, including but not limited to contractual disputes, inadequate supply of goods or services, product liability, patents or other infringements. Due to the complexity of the cases and legal provisions involved, it is difficult for the Group to infer the final outcomes. The Group maintains close cooperation with professional legal advisers and relevant experts. Once the loss is probable to occur and can be measured reliably, the Group will recognize the corresponding liabilities. If the above conditions are not satisfied simultaneously, the Group will disclose the loss as contingent liabilities.

(9) Tax treatment

According to accounting standards, the Group regularly evaluates tax risks. If such losses are probable to occur and the amount of losses can be reliably measured, the Group will recognize corresponding liabilities. If these conditions are not satisfied simultaneously the Group will disclose the loss as contingent liabilities.

31. Changes in significant accounting policies and estimates

(1) Changes in significant accounting policies

The Ministry of Finance issued the "Notice of the Revised Format of 2019 Financial Statements for General Business Enterprises" (Cai Kuai (2019) No.6) in April 2019, and repealed the "Notice of the Revised Format of 2018 Financial Statements for General Business Enterprises" (Cai Kuai (2018) No.15) issued on June 2018. According to the notice, the Group has revised the format of its financial statements as follows: on balance sheet, "Notes and accounts receivable" was split into "Notes receivable" and "Accounts receivable"; "Notes and accounts payable" was split into "Notes payable" and "Accounts payable". The Group has retroactively adjusted the statements for the comparable period, and the change in accounting policy has no impact on the net profit and owner's equity. The reporting items and amounts of the 2018 financial statements significantly affected are as follows:

The items and amounts presented in original statement reports		The items and amounts presented in new statement reports	
Notes receivable and accounts receivable	29,491,507,878.27	Notes receivable	22,614,809,596.99
		Accounts receivable	6,876,698,281.28
Notes payable and accounts payable	55,538,625,694.39	Notes payable	13,408,629,748.98
		Accounts payable	42,129,995,945.41

(2) Changes in significant accounting estimates.

Significant accounting estimates in this accounting period have not changed.

V. Taxes

1. Item and rate of taxation

Item	The specific tax rates
Value added tax	Before April 1, 2019: 3%, 5%, 6%, 10%, 16% From April 1, 2019: 3%, 5%, 6%, 9%, 13%
Consumption tax	1%, 3%, 5%, 9%
City maintenance and construction tax	1%, 5%, 7%
Education surcharge	3%, 2% of paid VAT and consumption tax respectively
Enterprise income tax	15%, 25%
Real estate tax	Price-based taxation is calculated according to 1.2% of the 70% to 90% of the original value; rent-based taxation is calculated according to 12% of the rent.

Note: VAT and income tax of overseas subsidiaries shall be paid according to local tax law.

2. Tax benefits

(1) Hunan Geely Automobile Parts Co.,Ltd. was recognized as a High-tech enterprises on September 5, 2017. The certificate number is GR201743000521 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(2) Hunan Luoyou Engine Parts Co.,Ltd. (a subsidiary of Hunan Geely Automobile Parts Co.,Ltd.) was recognized as a High-tech enterprise on October 28, 2015. The certificate number is GF201543000140 (valid for 3 years). Hunan Luoyou Engine Parts Co.,Ltd. was re-identified as a High-tech enterprise on October 17, 2018, and the certificate number is GR201843000945 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(3) Zhejiang Ruhoo Automobile Co.,Ltd. was recognized as a High-tech enterprise on November 21, 2016. The certificate number is GR201633000066 (valid for 3 years). Zhejiang Ruhoo Automobile Co.,Ltd. was re-identified as a High-tech enterprise on December 4, 2019, and the certificate number is GR201933004208 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(4) Zhejiang Geely Automobile Research Institute Co.,Ltd. (a subsidiary of Zhejiang Ruhoo Automobile Co.,Ltd.) was recognized as a High-tech enterprise on October 27, 2014. The certificate number is GR201433001192 (valid for 3 years). Zhejiang Geely Automobile Research Institute Co.,Ltd. was re-identified as a High-tech enterprise on November 13, 2017, and the certificate number is GR201733001587 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(5) Ningbo Geely Luoyou Engine Parts and Component and Co.,Ltd. was recognized as a High-tech enterprise on November 29, 2017. The certificate number is GR201733100656 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(6) Zhejiang Fulin Guorun Automobile Parts and Components Co.,Ltd. was recognized as a High-tech enterprise on November 13, 2017. The certificate number is GR201733001100 (valid for 3 years).

Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(7) Ningbo Geely Automobile Reserch & Development Co.,Ltd. (a subsidiary of Zhejiang Geely Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 29, 2017. The certificate number is GR201733100522 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(8) Hangzhou Geely Evun Technology Co.,Ltd. was recognized as a High-tech enterprise on November 13, 2017. The certificate number is GR201733002974 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(9) Jinan Geely Automobile Co.,Ltd. (a subsidiary of Geely Automobile Group Co. Ltd.) was recognized a as High-tech enterprise on October 30, 2014. The certificate number is GF201437000001 (valid for 3 years). Jinan Geely Automobile Co.,Ltd. was re-identified as a High-tech enterprise on December 28, 2017, and the certificate number is GR201737001630 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(10) Zhejiang Jirun Automobile Co.,Ltd. was recognized as a High-tech enterprise on November 29, 2017. The certificate number is GR201733100278 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(11) Ningbo Vision Automobile Parts & Components Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 27, 2018. The certificate number is GR201833100311 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(12) Zhejiang Jirun Chunxiao Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 27, 2019. The certificate number is GR201933100750 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(13) Shanxi Geely Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 21, 2018. The certificate number is GR201814000116 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(14) Ningbo Jirun Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 27, 2019. The certificate number is GR201933100670 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(15) Hangzhou Geely Automobile Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on December 4, 2019. The certificate number is GR201933002378 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(16) Zhejiang Fengrui Engine Co.,Ltd. (a sub-subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 13, 2017. The certificate number is GR201733003469 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(17) Ningbo Shangzhongxia Automatic Transmission Co.,Ltd. (a sub-subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 27, 2018. The certificate number is GR201833100149 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(18) Baoji Geely Engine Co.,Ltd. (a sub-subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on October 29, 2018. The certificate number is GR201861000736

(valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(19) According to “Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the West Development Strategy” (Cai Shui[2011] No.58), Baoji Geely Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) satisfies all conditions prescribed in the Circular for encouraged industry enterprises located in the western region, so the applicable enterprise income tax of the company is 15% for the year 2019.

(20) According to “Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the West Development Strategy” (Cai Shui[2011] No.58), Guizhou Geely Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) satisfies all conditions prescribed in the Circular for encouraged industry enterprises located in the western region, so the applicable enterprise income tax of the company is 15% for the year 2019.

(21) According to the “Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the West Development Strategy” (Cai Shui[2011] No.58), Geely Sichuan Commercial Vehicle Co.,Ltd. (a subsidiary of Zhejiang Geely New Energy Commercial Vehicle Group Co. Ltd) satisfies all conditions prescribed in the Circular for encouraged industry enterprises located in the western region, so the applicable enterprise income tax is 15% for the year 2019.

(22) According to the “Confirmation on Encouraged Industries in the Western Region” (Cheng Fagaiwu[2016]No.125) issued by Sichuan Development and Reform Commission on April 11, 2016, Chengdu Gaoyuan Automobile Industrial Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) satisfies all the conditions prescribed in the documents issued by The National Development and Reform Commission (Guo Fa[2014]No.15) for encouraged industry enterprises located in the western region, which is valid from 2016 to the end of 2020, Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(23) According to “Notice on the Issues of Policies for the Further Encouragement on Development of Software Industry and Integrated Circuit Industry” (Guo Fa[2011] No.4), issued by the State Council, and “Notice on Valueadded Tax Policy for Software Products” (Cai Shui[2011]No.100) issued by the Ministry of Finance and State Administration of Taxation, Hangzhou Geely Evun Technology Co.,Ltd. can enjoy the tax preferential policy if the actual VAT tax burden from the sale of self-developed and self-manufactured software products exceeds 3%, and the excess part of VAT shall be refunded..

(24) The Company obtained the notice of tax notification issued by Hangzhou Binjiang District Taxation Bureau of the State Administration of Taxation (Hangbin Shuitong[2019] No. 33524) on October 25, 2019, and enjoyed the reduction of the urban land use tax of 139,500 yuan for the year 2019.

VI. Notes to items of consolidated financial statements

1. Cash and bank balances

Item	December 31, 2019	December 31, 2018
Cash	36,772,980.65	2,013,560.12
Bank balances	79,416,522,048.43	63,081,881,168.29
Other cash and bank balances	4,281,461,134.27	4,256,249,230.61
Total	83,734,756,163.35	67,340,143,959.02

Note: As at December 31, 2019, the Group had restricted cash and bank balances amounted to RMB 2,135,586,018.00 (Year 2018: RMB 3,247,187,518.45)

2. Financial assets held for trading

Item	December 31, 2019	December 31, 2018
Financial assets at fair value through profit or loss		
Including: Debt instrument investments		7,748,246.91
Equity instrument investments		216,555,950.00
Commercial paper (Note)	5,470,754,411.00	1,653,850,800.00
Others		3,490,007.58
Total	5,470,754,411.00	1,881,645,004.49

Note: The subsidiary of the Group, Shanghai Geely Zhaoyuan International Investment Co., Ltd. (hereinafter referred to as: Geely Zhaoyuan), held commercial papers amounted to RMB 5,470,754,411.00 (Year 2018: RMB 1,653,850,800.00) at the financial year end of 2019, of which RMB 4,647,779,482.00 (Year 2018: RMB 836,102,957.00) will be matured within 3 months, RMB 822,974,929.00 (Year 2018: RMB 817,747,843.00) will be matured over 3 months.

3. Derivative financial assets

Item	December 31, 2019	December 31, 2018
Hedging instruments	78,482,534.00	640,804,009.00
Including: cash flows hedging instruments (Note 1)	60,546,248.00	593,764,231.00
Hedging instruments of a net investment in a foreign operation (Note 2)	17,936,286.00	47,039,778.00
Interest swap instrument	3,188,233.50	77,733,038.00
Electricity futures		55,184,339.00
Commodity futures hedging	11,375,133.00	
Total	93,045,900.50	773,721,386.00

Note 1: At the balance sheet date, Geely Zhaoyuan owns the foreign exchange forward contract with positive fair values (foreign exchange forward contract with negative fair values, refer to Note VI.25), which was designated to be the highly effective hedging instruments to manage the exposure to the currency risk related to the sales and purchases denominated in foreign currency in 2019.

The provisions in the foreign exchange forward contract signed by Geely Zhaoyuan are consistent with the prediction. The information is as follows:

Foreign exchange forward contract:

<u>Nominal amount (Note①)</u>	<u>Maturity date</u>	<u>Fair value</u>
RMB		RMB
1,033,406,494.00	Within 1 month	11,110,233.00
1,137,810,256.00	1 to 3 months	14,075,185.00
2,572,794,734.00	3 to 12 months	35,360,830.00
6,023,892,109.00	1 to 5 years	117,987,047.00

Note①: Nominal amount is translated into RMB using the spot exchange rates on December 31, 2019. For those foreign exchange forward and option contracts, whose maturity dates are 1-5 years, refer to Note VI.22.

Note 2: Geely Zhaoyuan uses the exchange rate swap contract to reduce the effect of changes in the value of a net investment in a foreign operation due to changes in foreign exchange rates. The information is as follows:

Exchange rate swap contract:

<u>Nominal amount (Note①)</u>	<u>Maturity date</u>	<u>Fair value</u>
RMB		RMB
2,479,099,207.00	Within 1 month	12,246,409.00
1,134,302,398.00	1 to 3 months	1,013,257.00
819,062,845.00	3 to 12 months	1,783,336.00

Exchange rate option contract:

<u>Nominal amount (Note①)</u>	<u>Maturity date</u>	<u>Fair value</u>
RMB		RMB
234,417,355.00	Within 1 month	1,900.00
312,556,473.00	1 to 3 months	2,891,384.00

Note①: Nominal amount is translated into RMB using the spot exchange rates on December 31, 2019.

4. Notes receivable

(1) Classification

Item	December 31, 2019	December 31, 2018
Bank's acceptance	22,057,534,434.58	22,403,773,116.99
Commercial acceptance	81,936,000.00	211,036,480.00
Total	22,139,470,434.58	22,614,809,596.99

(2) Pledged notes receivable at the financial year end of 2019 is RMB 84,330,000.00.

(3) Notes receivable discounted but not due at the balance sheet date is RMB 3,473,120,000.00.

5. Accounts receivable

(1) Aging

Aging	December 31, 2019			December 31, 2018		
	Book balance		Doubtful debt provisions	Book balance		Doubtful debt provisions
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	6,623,807,693.19	76.16	59,574,152.55	6,167,089,666.61	80.74	81,799,764.88
1 to 2 years	1,283,490,603.11	14.76	63,700,634.66	395,033,250.21	5.17	21,009,204.57
2 to 3 years	36,120,087.52	0.41	3,270,780.41	254,215,301.95	3.33	12,653,322.55
More than 3 years	753,609,278.07	8.67	372,278,147.63	821,657,961.46	10.76	645,835,606.95
Total	8,697,027,661.89	100.00	498,823,715.25	7,637,996,180.23	100.00	761,297,898.95

(2) Changes in doubtful debt provisions

January 1, 2019	Addition	Deduction		Translation difference	December 31, 2019
		Reversal	Written-off		
761,297,898.95	134,765,915.12	26,569,027.86	371,741,289.65	1,070,218.69	498,823,715.25

6. Prepayments

(1) Aging

Aging	December 31, 2019			December 31, 2018		
	Amount	Percentage (%)	Doubtful debt provisions	Amount	Percentage (%)	Doubtful debt provisions
Within 1 year	1,659,092,232.53	87.61		2,028,970,672.80	77.51	12,366.75
1 to 2 years	207,582,168.77	10.96		571,366,018.60	21.83	3,862.02
2 to 3 years	17,042,492.07	0.90		7,000,864.24	0.27	9,133.39
More than 3 years	10,013,828.45	0.53	2,364,215.45	10,264,860.55	0.39	149,005.10
Total	1,893,730,721.82	100.00	2,364,215.45	2,617,602,416.19	100.00	174,367.26

(2) Changes in doubtful debt provisions

January 1, 2019	Addition	Deduction		December 31, 2019
		Reversal	Written-off	
174,367.26	2,358,569.57		168,721.38	2,364,215.45

7. Other receivables

(1) Item list

Item	December 31, 2019	December 31, 2018
Interest receivables	47,062,964.12	43,987,872.65
Dividend receivables		
Other receivables	8,889,872,723.30	2,756,233,744.39
Total	8,936,935,687.42	2,800,221,617.04

(2) Interest receivables

Item	December 31, 2019	December 31, 2018
Deposit and loans interest	47,062,964.12	43,987,872.65
Total	47,062,964.12	43,987,872.65

The Group has no significant overdue interest at the end of financial year

(3) Other receivables

1) Aging

Aging	December 31, 2019			December 31, 2018		
	Book balance		Doubtful debt provisions	Book balance		Doubtful debt provisions
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	7,562,629,833.28	84.48	12,918,686.46	1,696,486,924.14	57.34	524,607.62
1 to 2 years	1,103,125,202.60	12.32	25,998,556.87	918,788,135.12	31.05	149,208,187.95
2 to 3 years	175,928,187.87	1.96	393,076.92	249,031,586.48	8.42	9,360,249.55
More than 3 years	110,996,497.29	1.24	23,496,677.49	94,521,704.80	3.19	43,501,561.03
Total	8,952,679,721.04	100.00	62,806,997.74	2,958,828,350.54	100.00	202,594,606.15

2) Changes in doubtful debt provisions

January 1, 2019	Addition	Deduction		Translation difference	December 31, 2019
		Reversal	Written-off		
202,594,606.15	13,028,616.44	1,531,060.78	150,878,544.07	-406,620.00	62,806,997.74

8. Inventories

(1) Classification

Item	December 31, 2019		
	Book balance	Provision	Book value
Raw material	3,523,299,911.94	11,858,909.88	3,511,441,002.06
Work-in-progress	3,962,906,487.06		3,962,906,487.06
Finished goods	21,980,732,094.85	522,067,659.88	21,458,664,434.97
Revolving material	168,117.70		168,117.70
Consigned processing material	330,899.34		330,899.34
Project cost	155,284,149.13		155,284,149.13
Material in transit	7,892,602,201.43		7,892,602,201.43

Item	December 31, 2019		
	Book balance	Provision	Book value
Goods in transit	111,006,411.18	345,233.78	110,661,177.40
Total	37,626,330,272.63	534,271,803.54	37,092,058,469.09

(Continue)

Item	December 31, 2018		
	Book balance	Provision	Book value
Raw materials	2,674,125,865.11	36,896,741.60	2,637,229,123.51
Work-in-progress	4,165,343,177.57	893,750.06	4,164,449,427.51
Finished goods	20,424,005,252.60	511,283,871.38	19,912,721,381.22
Revolving materials	5,429,943.74	2,636,699.63	2,793,244.11
Consigned processing materials	31,015,869.09	806,567.01	30,209,302.08
Project cost	2,656,099,134.84	2,659,902.82	2,653,439,232.02
Materials in transit	7,373,012,860.54		7,373,012,860.54
Goods in transit	410,377,391.16	2,663,460.56	407,713,930.60
Total	37,739,409,494.65	557,840,993.06	37,181,568,501.59

Note: The inventory used for mortgage is RMB 279,823,877.00 (Year 2018: RMB 239,233,005.00) as at December 31, 2019.

(2) Provision for decline in value of inventories

Item	January 1, 2019	Addition		Deduction		Translation difference	December 31, 2019
		Recognition	Others	Reversal	Written-off		
Raw materials	36,896,741.60	9,978,238.08		4,449,539.30	30,566,530.50		11,858,909.88
Work-in-progress	893,750.06	9,226,751.38			10,120,501.44		
Finished goods	511,283,871.38	215,924,957.80		98,791,046.32	105,749,455.38	-600,667.60	522,067,659.88
Revolving materials	2,636,699.63			2,608,277.04	28,422.59		
Consigned processing material	806,567.01				806,567.01		
Project cost	2,659,902.82				2,659,902.82		
Goods in transit	2,663,460.56			2,318,226.78			345,233.78
Total	557,840,993.06	235,129,947.26		108,167,089.44	149,931,379.74	-600,667.60	534,271,803.54

9. Non-current assets due within one year

Item	December 31, 2019	December 31, 2018
Long-term receivables due within 1 year	6,458,170.20	12,508,537.86
Long-term deferred expenses within 1 year	1,155,090.03	
Total	7,613,260.23	12,508,537.86

10. Other current assets

Item	December 31, 2019	December 31, 2018
VAT receivable	6,519,564,073.99	3,548,805,434.19
Personal income tax paid on behalf	2,407,802.28	2,411,929.44
Prepaid income tax	261,073,800.09	90,109,273.55
Deferred expenses	1,659,087,512.20	1,647,579,840.86
Bank financing products		205,179,828.85
Others	76,175,853.33	56,414,269.80
Total	8,518,309,041.89	5,550,500,576.69

11. Long-term receivables

(1) Information of long-term receivables

Item	December 31, 2019			December 31, 2018		
	Book value	Doubtful debt provisions	Book balance	Book value	Doubtful debt provisions	Book balance
Financing lease receivables	4,527,194,009.47	150,768,072.19	4,376,425,937.28	3,157,817,462.46	12,822,719.69	3,144,994,742.77
Rendering of services settled by installments	118,583,926.00		118,583,926.00	105,280,638.00		105,280,638.00
Other long-term receivables	1,328,187,844.37		1,328,187,844.37	150,908,421.83		150,908,421.83
Subtotal	5,973,965,779.84	150,768,072.19	5,823,197,707.65	3,414,006,522.29	12,822,719.69	3,401,183,802.6
Less: long-term receivables due within one year (refer to Note VI.9)	12,916,340.40	6,458,170.20	6,458,170.20	12,508,537.86		12,508,537.86
Total	5,961,049,439.44	144,309,901.99	5,816,739,537.45	3,401,497,984.43	12,822,719.69	3,388,675,264.74

(2) Changes in doubtful debt provisions

January 1, 2019	Addition	Deduction		Less: provisions for long-term receivables due within 1 year	December 31, 2019
		Reversal	Written-off		
12,822,719.69	138,987,880.17		1,042,527.67	6,458,170.20	144,309,901.99

12. Investment in joint venture & associate

Investees	January 1, 2019	January 1, 2019 of provision for impairment	Movement			Other comprehensive income adjustment
			Increase	Decrease	Profit or loss recognized under equity method	
I. Joint venture						
V2 Plug-In Hybrid Vehicle Partnership HB	150,878,203.00			305,873,536.31	333,254,038.28	-4,894,508.97
Volvofinans Bank AB	1,741,804,973.00				153,444,403.41	-45,179,260.63
Obrist Technologies GmbH	41,057,747.82	6,926,147.82		41,057,747.82		
Genius Auto Finance Co., Ltd.	1,788,971,579.35		1,600,000,000.00		407,269,758.42	
Wenling Jirui Automobile Manufacture Co., Ltd.	818,012.71			817,286.45	-726.26	
Wenling Xinhe Guaranty Co., Ltd. Associated company	31,261,315.03			31,246,347.22	-14,967.81	
Beijing Feiyue Liangjing Culture Communication Co., Ltd.	500,000.00	500,000.00		500,000.00		
Geely Financials Denmark A/S	5,563,294,314.00				-647,399,434.21	93,555,267.94
Others	29,481,875.00				-7,200,655.28	-3,637,626.72
Subtotal	9,348,068,019.91	7,426,147.82	1,600,000,000.00	379,494,917.80	239,352,416.55	39,843,871.62
II. Associates						
Mando (Ningbo) Automotive Components R&D Center Parts Co., Ltd.	273,235,527.26				4,837,491.90	
Closed Joint Stock Company BELGEE	137,127,500.12		20,492,560.00		32,180,195.06	1,104,747.62
Zhejiang Geely Aixin Automatic Transmission Co., Ltd.	94,960,437.78		231,580,440.00		-24,325,710.42	

Proton Holdings Berhad	298,299,399.56					254,401,910.00	
Lotus Finance Limited	363,168.00						
Drb-Hicom Geely Sd.Bfd.	2,461.00						
Shandong Hengyuan New Energy Technology Co., Ltd.	17,009,081.09					-6,286,725.32	
Shanghai Jijin Electrical and Mechanical Equipment Co., Ltd.	18,333,794.20					90,111,350.01	
Corun Hybrid Technology Co., Ltd.	820,577,901.54				820,577,901.54		
Zhejiang Hengyuan new energy technology Co., Ltd	47,140,567.93					-13,474,885.16	
Zhejiang Yinji Auto Spare Parts Co., Ltd.	23,477,061.01					-282,074.00	
China Railway Gecent Technology Co., Ltd.	3,503,684,780.46					-72,513,705.74	
Zhejiang Transfar Green Huilian Logistics Co., Ltd				100,000,000.00		-6,646,819.15	
Hangzhou Lianchuangyongyuan Equity Investment Partnership Enterprise (LP)	101,229,200.29				101,227,156.45	-2,043.84	
Zhejiang Oulian Venture Capital Co., Ltd.	95,772,384.58				99,791,597.73	4,019,213.15	
Zhejiang Qianjiang Robot Co., Ltd.	53,399,490.61				46,561,146.28	-6,838,344.33	
Global Intelligent Power Technologies Co., Ltd.	97,353,494.33				83,765,665.63	-6,793,914.35	
Foshan Corun Intelligent Manufacturing Co., Ltd.	9,453,209.57			8,000,000.00	13,415,022.47	-4,038,187.10	
Qianjiang Leiting (Beijing) Technology Co., Ltd.				320,000.00	319,820.68	-179.32	

Others	49,314,066.00		441,304,757.54		-450,503,141.20	-223,280.60
Subtotal	5,640,733,525.33		801,697,757.54	1,165,658,310.78	-206,155,569.81	881,467.02
Total	14,988,801,545.24	7,426,147.82	2,401,697,757.54	1,545,153,228.58	33,196,846.74	40,725,338.64

(Continued)

Investees	Movement				December 31, 2019	December 31, 2019 of impairment provision
	Other equities changes	Dividend	Provision for impairment	Others		
I. Joint venture						
V2 Plug-In Hybrid Vehicle Partnership HB					173,364,196.00	
Volvofinans Bank AB		36,082,807.78			1,813,987,308.00	
Obrist Technologies GmbH			-6,926,147.82			
Genius Auto Finance Co., Ltd.					3,796,241,337.77	
Wenling Jirui Automobile Manufacture Co., Ltd.						
Wenling Xinhe Guaranty Co., Ltd.						
Beijing Feiyue Liangjing Culture Communication Co., Ltd.			-500,000.00			
Geely Financials Denmark A/S	52,089,808.27				5,061,539,956.00	
Others					18,643,593.00	
Subtotal	52,089,808.27	36,082,807.78	-7,426,147.82		10,863,776,390.77	
II. Associates						

Mando (Ningbo) Automotive Components R&D Center Parts Co., Ltd.						278,073,019.16	
Closed Joint Stock Company BELGEE						190,905,002.80	
Zhejiang Geely Aixin Automatic Transmission Co., Ltd.						302,215,167.36	
Proton Holdings Berhad						552,701,309.56	
Lotus Finance Limited						363,168.00	
Drb-Hicom Geely Sd.Bfd.						2,461.00	
Shandong Hengyuan New Energy Technology Co., Ltd.						10,722,355.77	
Shanghai Jijin Electrical and Mechanical Equipment Co., Ltd.						108,445,144.21	
Corun Hybrid Technology Co., Ltd.							
Zhejiang Hengyuan new energy technology Co., Ltd						33,665,682.77	
Zhejiang Yinji Auto Spare Parts Co., Ltd.						23,194,987.01	
China Railway Gecent Technology Co., Ltd.						3,431,171,074.72	
Zhejiang Transfar Green Huilian Logistics Co., Ltd						93,353,180.85	
Hangzhou Lianhuangyongyuan Equity Investment Partnership Enterprise (LP)							
Zhejiang Oulian Venture Capital Co., Ltd.							

Zhejiang Qianjiang Robot Co., Ltd.									
Global Intelligent Power Technologies Co., Ltd.	-6,793,914.35								
Foshan Corun Intelligent Manufacturing Co., Ltd.									
Qianjiang Leiting (Beijing) Technology Co., Ltd.									
Others	57,369,474.28	13,488,829.02				83,773,047.00			
Subtotal	50,575,559.93	13,488,829.02				5,108,585,600.21			
Total	102,665,368.20	49,571,636.80	-7,426,147.82			15,972,361,990.98			

13. Other equity investment

Item	December 31, 2019	December 31, 2018
Financial assets at fair value through other comprehensive income	21,656,011,163.08	17,510,791,549.30
Total	21,656,011,163.08	17,510,791,549.30

14. Other non-current financial assets

Item	December 31, 2019	December 31, 2018
Shanxi Automobile Development Research Center Co.,Ltd.	500,000.00	500,000.00
Zhejiang Automobile Vocational and Technical College	30,875,000.00	30,875,000.00
Chengdu Xindadi Automobile Co.,Ltd.		44,980,000.00
Taizhou Geely Automobile Industry Co.,Ltd.	2,000,000.00	2,000,000.00
Ningbo Fuli Battery Material Technology Co.,Ltd.		8,000,000.00
Jinan Jidao Automobile Parts Co.,Ltd.	2,160,000.00	2,160,000.00
Zhejiang Limin Industrial Co.,Ltd.	4,832,850.00	4,832,850.00
Zhejiang Yinzhi Automobile Heat Exchange System Co.,Ltd.		4,050,000.00
Zhejiang Jijutai Automobile Interior Co.,Ltd.	1,610,943.71	3,420,000.00
Guoqi (Beijing) Automotive Lightweight Technology Research Institute Co.,Ltd.	3,000,000.00	3,000,000.00
Zhongfalian Investment Co.,Ltd.	10,500,000.00	10,500,000.00
Zhejiang Modern Capital and Industry Institute	30,000.00	30,000.00
Zhejiang Faurecia limin Automobile Interior and Exterior Decoration System Co.,Ltd.		6,120,000.00
Carbon Recycling Int'l Ehf.	90,930,766.38	90,930,766.38
Wuhan Digital Design and Manufacturing Innovation Center Co.,Ltd.	10,009,433.96	10,009,433.96
Shanghai Xiaoi Robot Technology Co.,Ltd	180,492,867.36	180,492,867.36
Shandong Jingu Auto Parts Co.,Ltd.		35,000,000.00
Others	237,309,882.82	141,928,500.00
Faurecia Emissions Control Technologies (Ningbo) Co.,Ltd.		896,954.94
Nanchong Chuanhua Green Huilian Logistics Co.,Ltd.		1,500,000.00
Total	574,251,744.23	581,226,372.64

15. Property, plant and equipment

Item		December 31, 2019				December 31, 2018	
Property, plant and equipment		81,720,079,080.37				70,580,157,364.71	
Tangible asset pending disposal		16,440,953.41				6,610,503.42	
Total		81,736,520,033.78				70,586,767,868.13	
Property, plant and equipment situation							
Item	Houses and buildings	Machinery equipment	Transportation vehicles	Molds and gauges	Electronic and Office equipment	Other equipment	Total
1. Cost							
1) Balance at Jan 1, 2019	31,029,871,655.33	91,817,207,931.78	2,598,445,666.92	2,801,463,590.61	1,734,244,269.76	156,448,874.89	130,137,681,989.29
2) Addition	5,797,636,728.55	12,910,219,608.38	1,383,530,924.09	994,622,224.28	603,586,169.63	164,478,253.39	21,854,073,908.32
① Purchase	2,874,799,153.32	6,534,329,393.21	1,383,530,924.09	970,203,446.61	593,417,902.68	164,478,253.39	12,520,759,073.30
② Transfer from construction-in-process	2,922,837,575.23	6,375,890,215.17		24,418,777.67	10,168,266.95		9,333,314,835.02
3) Deduction	198,688,346.55	2,202,791,031.81	1,006,544,511.22	197,252,210.87	86,245,329.33	8,735,610.97	3,700,257,040.75
Divestment and disposal	198,688,346.55	2,202,791,031.81	1,006,544,511.22	197,252,210.87	86,245,329.33	8,735,610.97	3,700,257,040.75
4)Translation differences	-102,690,085.00	-1,443,701,191.62	-69,242,224.12		1,348,542.00		-1,614,284,958.74
5) Balance at Dec 31, 2019	36,526,129,952.33	101,080,935,316.73	2,906,189,855.67	3,598,833,604.02	2,252,933,652.06	312,191,517.31	146,677,213,898.12
2.Accumulated depreciation							

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Molds and gauges	Electronic and Office equipment	Other equipment	Total
1) Balance at Jan 1, 2019	8,853,454,494.72	48,619,676,831.09	314,475,002.48	1,110,109,686.74	521,845,913.32	55,718,591.82	59,475,280,520.17
2) Addition	1,043,366,266.09	6,556,806,023.27	571,534,385.31	382,259,051.80	281,005,493.62	68,163,525.31	8,903,134,745.40
Depreciation	1,043,366,266.09	6,556,806,023.27	571,534,385.31	382,259,051.80	281,005,493.62	68,163,525.31	8,903,134,745.40
3) Deduction	113,287,774.00	1,805,055,638.95	413,932,699.36	98,678,300.67	15,502,713.02	832,690.83	2,447,289,816.83
Divestment and disposal	113,287,774.00	1,805,055,638.95	413,932,699.36	98,678,300.67	15,502,713.02	832,690.83	2,447,289,816.83
4) Translation difference	-64,357,172.00	-932,535,152.45	-11,178,571.12				-1,008,070,895.57
5) Balance at Dec 31, 2019	9,719,175,814.81	52,438,892,062.96	460,898,117.31	1,393,690,437.87	787,348,693.92	123,049,426.30	64,923,054,553.17
3. Provision for impairment							
1) Balance at Jan 1, 2019	171,980.49	66,497,907.18	392,788.79	14,388,787.13	570,967.29	221,673.53	82,244,104.41
2) Addition		693,420.39	8,653.16	358,602.73	63,417.77	266,840.75	1,390,934.80
Provision		693,420.39	8,653.16	358,602.73	63,417.77	266,840.75	1,390,934.80
3) Deduction	171,980.49	47,721,092.88	107,820.37	893,471.51	171,895.10	488,514.28	49,554,774.63
Divestment and disposal	171,980.49	47,721,092.88	107,820.37	893,471.51	171,895.10	488,514.28	49,554,774.63
4) Balance at Dec 31, 2019		19,470,234.69	293,621.58	13,853,918.35	462,489.96		34,080,264.58
4. Carrying amount							

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Molds and gauges	Electronic and Office equipment	Other equipment	Total
1) Carrying amount at Jan 1, 2019	22,176,245,180.12	43,131,033,193.51	2,283,577,875.65	1,676,965,116.74	1,211,827,389.15	100,508,609.54	70,580,157,364.71
2) Carrying amount at Dec 31, 2019	26,806,954,137.52	48,622,573,019.08	2,444,998,116.78	2,191,289,247.80	1,465,122,468.18	189,142,091.01	81,720,079,080.37

16. Construction in progress

Items	December 31, 2019				December 31, 2018		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value	Book value
Constructions	2,449,422,144.38		2,449,422,144.38	2,162,292,767.78		2,162,292,767.78	
Equipments	1,997,897,010.63		1,997,897,010.63	2,036,442,994.65		2,036,442,994.65	
Domestic and overseas projects of Geely Zhaoyuan	3,820,219,909.00		3,820,219,909.00	4,587,139,055.00		4,587,139,055.00	
Software system	153,390,648.95		153,390,648.95	3,579,860.18		3,579,860.18	
Total	8,420,929,712.96		8,420,929,712.96	8,789,454,677.61		8,789,454,677.61	

17. Intangible assets

Item	January 1, 2019	Addition	Divestment and disposal	Translation difference	December 31, 2019
1. Cost	63,429,088,641.27	19,299,480,006.12	7,028,235,363.37	-855,089,837.39	74,845,243,446.63
Software	3,640,163,639.07	802,623,215.58	393,761,058.29	-67,570,291.00	3,981,455,505.36
Proprietary technology	7,353,968,150.80	4,514,580,113.02			11,868,548,263.82

Item	January 1, 2019	Addition	Divestment and disposal	Translation difference	December 31, 2019
Land use rights	6,156,868,379.99	1,659,833,056.79	326,000,618.77	889.65	7,490,701,707.66
Non-Patent technology	30,850,211,525.47	11,823,594,714.44	921,923,174.04	-503,185,594.04	41,248,697,471.83
Patent rights	2,307,234,617.01	146,281,160.87	77,534,759.27		2,375,981,018.61
Trademark	2,987,005,719.41	56,836,085.00	36,161,293.00	-55,020,925.00	2,952,659,586.41
Dealer network	621,889,317.00			-12,704,589.00	609,184,728.00
Others	9,511,747,292.52	295,731,660.42	5,272,854,460.00	-216,609,328.00	4,318,015,164.94
2. Accumulated amortization	28,920,701,831.09	8,534,583,817.67	6,787,755,497.05	-510,312,250.94	30,157,217,900.77
Software	1,856,767,025.41	308,805,192.09	358,848,828.42	-32,241,224.00	1,774,482,165.08
Proprietary technology	1,969,575,558.69	2,073,245,071.46			4,042,820,630.15
Land use rights	474,002,427.24	184,510,767.16	235,717,509.94		422,795,684.46
Non-Patent technology	16,976,452,983.90	5,638,821,251.08	825,888,759.37	-304,665,533.94	21,484,719,941.67
Patent rights	50,901,032.38	5,411,342.61	66,151,037.32		-9,838,662.33
Trademark	93,843,135.24	812,225.81	33,529,411.00	-81,810.00	61,044,140.05
Dealer network	174,475,290.00	19,099,242.00		-3,359,714.00	190,214,818.00
Others	7,324,684,378.23	303,878,725.46	5,267,619,951.00	-169,963,969.00	2,190,979,183.69
3. Provision for impairment	158,128,045.62				158,128,045.62
Software					

Item	January 1, 2019	Addition	Divestment and disposal	Translation difference	December 31, 2019
Proprietary technology	158,128,045.62				158,128,045.62
Land use rights					
Non-Patent technology					
Patent rights					
Trademark					
Dealer network					
Others					
4. Carrying amount	34,350,258,764.56				44,529,897,500.24
Software	1,783,396,613.66				2,206,973,340.28
Proprietary technology	5,226,264,546.49				7,667,599,588.05
Land use rights	5,682,865,952.75				7,067,906,023.20
Non-Patent technology	13,873,758,541.57				19,763,977,530.16
Patent rights	2,256,333,584.63				2,385,819,680.94
Trademark	2,893,162,584.17				2,891,615,446.36
Dealer network	447,414,027.00				418,969,910.00
Others	2,187,062,914.29				2,127,035,981.25

18. Development expenditure

Item	January 1, 2019	Addition	Deduction		Translation difference	December 31, 2019
			Research and development expense	Transfer to Intangible assets		
Research costs		5,754,060,348.05	5,754,060,348.05			
Development costs	26,936,176,715.57	14,975,602,701.93	605,058,755.14	11,566,172,370.02	-245,759,822.00	29,494,788,470.34
Total	26,936,176,715.57	20,729,663,049.98	6,359,119,103.19	11,566,172,370.02	-245,759,822.00	29,494,788,470.34

19. Goodwill

Item	December 31, 2019	December 31, 2018
Opening	722,977,806.77	657,704,584.65
Addition through business combination		76,602,697.00
Derecognition of disposal of subsidiaries	-94,179,135.60	
Others	1,833,287.00	1,035,757.11
Translation difference	-5,677,882.12	-12,365,231.99
Less: impairment provision	2,989,891.00	
Total	621,964,185.05	722,977,806.77

Changes in impairment provision

January 1, 2019	Addition	Deduction	December 31, 2019
0.00	3,031,597.00	41,706.00	2,989,891.00

20. Long-term deferred expenses

Item	January 1, 2019	Addition	Amortization	Deduction	Less: amount due within 1 year (refer to Note VI.9)	December 31, 2019
Renovation	139,694,408.45	151,278,399.16	108,524,818.45	15,810,346.63	1,155,090.03	165,482,552.50
Others	33,351,188.89	24,225,788.24	12,029,783.71	3,169,310.89		42,377,882.53
Total	173,045,597.34	175,504,187.40	120,554,602.16	18,979,657.52	1,155,090.03	207,860,435.03

21. Deferred tax assets/liabilities**(1) Deferred tax assets that are not offset**

Item	December 31, 2019		December 31, 2018	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	424,296,279.19	91,187,548.14	527,112,610.72	119,208,112.65
Deductible losses	14,249,473,221.19	3,186,085,132.14	11,268,691,564.22	3,028,078,430.72
Defined-benefit obligation	2,674,444,977.40	573,753,183.72	1,049,208,241.34	313,976,883.21
Accruals and contract liabilities	12,141,136,993.99	3,015,202,146.55	9,231,988,027.24	2,311,113,115.54
Provision for warranty	4,170,148,654.52	1,067,449,335.13	3,641,531,610.07	948,101,635.32

Item	December 31, 2019		December 31, 2018	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Government grants	1,562,460,041.89	234,369,006.28	1,416,355,501.15	212,453,325.18
Temporary difference arising from amortization	3,726,270,007.12	618,153,626.24	2,184,600,001.35	340,076,395.69
Temporary difference arising from depreciation	50,520,682.49	10,897,566.49	-345,386,621.29	-75,564,591.25
Employee benefit payable	24,373,143.67	4,960,000.00	6,688,068.42	2,056,801.98
Unrealized gains on financing activities	477,118,891.88	119,279,722.97	296,222,772.40	74,055,693.10
Unrealized profits from intragroup transactions	289,402,609.90	73,250,920.21	227,153,926.79	57,453,484.30
Others	-3,785,857,345.28	-951,446,447.55	-2,313,832,149.94	-807,831,286.04
Total	36,003,788,157.96	8,043,141,740.32	27,190,333,552.47	6,523,178,000.40

(2) Deferred tax liabilities that are not offset

Item	December 31, 2019		December 31, 2018	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Temporary difference arising from amortization and depreciation	2,437,786,877.28	593,550,025.97	24,124,615,478.15	5,208,000,794.35
Deductible losses			-15,463,095,315.71	-3,185,401,819.99
Defined-benefit obligation			-4,871,672,812.76	-1,003,678,302.20
Changes in fair value of financial assets			104,465,947.12	26,116,486.78
Others	1,141,094,095.02	238,098,523.55	1,402,496,488.03	354,605,342.53
Total	3,578,880,972.30	831,648,549.52	5,296,809,784.83	1,399,642,501.47

22. Other non-current assets

Item	December 31, 2019	December 31, 2018
Prepayment of construction, equipment and land	633,183,662.47	591,514,078.29
Pension plan assets	284,426,450.00	258,955,323.00
Refund of tax and levies	145,944,301.00	99,049,732.00
Traffic service	206,978,562.68	

Item	December 31, 2019	December 31, 2018
Property under financing lease	314,689,739.30	
ABS project	650,510,000.00	
Long-term financial instrument	217,076,210.00	241,082,183.00
In which: cash flow hedging instrument (Note VI.3)	117,987,047.00	198,609,678.00
Interest swap instruments	78,923,244.00	12,413,828.00
Electricity futures	15,792,170.00	30,058,677.00
Commodity futures hedging	4,373,749.00	
Others	78,298,518.53	17,534,259.00
Total	2,531,107,443.98	1,208,135,575.29

23. Short-term bank borrowings**(1) Classification**

Item	December 31, 2019	December 31, 2018
Pledged loans		2,633,724,775.43
Mortgage loans	299,632,375.00	311,131,485.00
Guaranteed loans	11,523,049,904.44	11,795,256,938.30
Credit loans	15,167,450,435.80	20,352,978,690.00
Total	26,990,132,715.24	35,093,091,888.73

(2) As at Dec 31, 2019, the Group has no overdue short-term bank borrowings.

24. Financial liabilities held for trading

Item	December 31, 2019	December 31, 2018
Foreign exchange forward contract	14,461,160.77	6,604,733.21
Total	14,461,160.77	6,604,733.21

25. Derivative financial liabilities

Item	December 31, 2019	December 31, 2018
Hedging instruments	2,579,408,771.00	1,412,955,811.00
Including: cash flows hedging instruments (Note 1)	2,415,971,075.00	1,317,611,569.00
Hedging instruments of a net investment in a foreign operation (Note 2)	163,437,696.00	95,344,242.00
Interest swap instrument		44,446.00
Cross currency swap instrument	4,294,579.00	
Electricity futures (Note 3)	1,768,754.00	1,362,799.00

Item	December 31, 2019	December 31, 2018
Total	2,585,472,104.00	1,414,363,056.00

Note 1: At the balance sheet date, Geely Zhaoyuan owns the foreign exchange forward contract with negative fair values (foreign exchange forward contract with positive values, refer to Note VI, 3), which was designated to be the highly effective hedging instruments to manage the exposure to the currency risk related to the sales and purchases denominated in foreign currency in 2019. The provisions in the foreign exchange forward contract are consistent with the prediction. The information is as follows:

Foreign exchange forward contract

<u>Nominal amount (Note①)</u> RMB	<u>Maturity date</u>	<u>Fair value</u> RMB
4,007,152,216.00	Within 1 month	-241,815,684.00
6,167,443,742.00	1 to 3 months	-459,797,544.00
17,676,660,329.00	3 to 12 months	-1,714,357,847.00
20,545,914,846.00	1 to 5 years	-1,828,281,075.00

Note①: Nominal amount is translated into RMB using the spot exchange rates on December 31, 2019. For those foreign exchange forward and option contracts, whose maturity dates are 1-5 years, refer to Note VI, 40.

Note 2: Geely Zhaoyuan uses the exchange rate swap contract and exchange rate option contract to reduce the effect of changes in the value of a net investment in a foreign operation due to changes in foreign exchange rates. The information is as follows:

Exchange rate swap contract

<u>Nominal amount (Note①)</u> RMB	<u>Maturity date</u>	<u>Fair value</u> RMB
10,738,141,321.00	Within 1 month	-138,749,569.00
1,179,988,469.00	1 to 3 months	-18,009,621.00
785,045,279.00	3 to 12 months	-705,875.00

Exchange rate option contract

<u>Nominal amount (Note①)</u> RMB	<u>Maturity date</u>	<u>Fair value</u> RMB
472,618,282.00	Within 1 month	-3,848,211.00
622,176,577.00	1 to 3 months	-2,124,420.00

Note①: Nominal amount is translated into RMB using the spot exchange rates on December 31, 2019.

Note 3: At the balance sheet date, Geely Zhaoyuan owns the following electricity forward contract with negative fair values.

<u>Nominal amount (Note①)</u> RMB	<u>Maturity date</u>	<u>Fair value</u> RMB
8,521,209.00	1 to 3 months	-1,322,148.00

<u>Nominal amount (Note①)</u> RMB	<u>Maturity date</u>	<u>Fair value</u> RMB
3,378,132.00	3 to 12 months	-446,606.00
82,781,076.00	1 to 5 years	-6,375,880.00

Note①: For those electricity forward contracts, whose maturity dates are 1 to 5 years, refer to Note VI.40.

26. Notes payable

Item	December 31, 2019	December 31, 2018
Bank acceptances	12,807,803,049.34	13,408,629,748.98
Total	12,807,803,049.34	13,408,629,748.98

Note: As at Dec 31, 2019, the Group has no overdue notes payable.

27. Accounts payable

(1) Aging

Aging	December 31, 2019	December 31, 2018
Within 1 year	54,931,253,390.39	41,366,721,892.31
1 to 2 years	1,028,281,047.55	447,039,120.02
2 to 3 years	86,169,003.49	6,034,190.53
More than 3 years	187,542,937.25	310,200,742.55
Total	56,233,246,378.68	42,129,995,945.41

Note: As at December 31, 2019, there are no accounts payable to shareholders with 5% or more shares of the Group; for details of accounts payable to related parties, refer to Note IX.6 (2).

(2) Item list

Item	December 31, 2019	December 31, 2018
Procurement of material	56,233,246,378.68	42,129,995,945.41
Total	56,233,246,378.68	42,129,995,945.41

28. Advances from customers

(1) Aging

Aging	December 31, 2019	December 31, 2018
Within 1 year	5,037,559,965.48	5,778,641,778.99
1 to 2 years	2,863,575.61	2,612,782.51
2 to 3 years	1,015,634.96	430,017.60
More than 3 years	554,366.56	462,539.93
Total	5,041,993,542.61	5,782,147,119.03

(2) Item list

Item	December 31, 2019	December 31, 2018
Products payment	5,022,812,924.00	5,771,741,877.41
Others	19,180,618.61	10,405,241.62
Total	5,041,993,542.61	5,782,147,119.03

29. Contract liabilities

Item	December 31, 2019	December 31, 2018
Sales generated obligations	13,537,186,263.96	8,563,604,912.74
Extended service business	3,673,466,933.00	2,735,842,980.93
Sales with purchase commitment	689,771,975.00	188,365,004.33
Advances payment for customers	1,608,670,101.58	3,062,861,793.13
Others	41,188,239.86	
Less: non-current portions in other non-current liabilities	3,893,242,839.00	3,625,675,767.91
Total	15,657,040,674.40	10,924,998,923.22

30. Employee benefits payable

Item	December 31, 2019	December 31, 2018
Short-term employee benefits	6,581,793,572.87	5,088,806,244.59
Post-employment benefits – defined contribution plan	1,221,186,080.57	1,238,225,348.24
Termination Benefits	9,396,318.49	3,606,636.38
Total	7,812,375,971.93	6,330,638,229.21

(1) Short-term employee benefits:

Item	December 31, 2019	December 31, 2018
Salaries, bonuses, allowance and subsidies	6,278,432,737.07	4,799,698,063.80
Staff welfare	69,756,758.23	36,162,648.77
Social insurance premium	171,078,112.57	162,691,746.14
Including: Medical insurance	34,247,464.57	26,219,098.53
Work-related injury insurances	38,005,930.01	40,470,498.78
Maternity insurance	98,824,717.99	96,002,148.83
Housing funds	12,413,426.31	40,453,242.99
Labor union expenditure and employees' education expenses	27,314,206.71	27,002,210.91
Staff incentive and welfare fund	22,798,331.98	22,798,331.98
Total	6,581,793,572.87	5,088,806,244.59

(2) Defined contribution plan:

Item	December 31, 2019	December 31, 2018
Endowment insurance	781,490,206.01	846,211,905.99
Unemployment insurance	439,695,874.56	392,013,442.25
Total	1,221,186,080.57	1,238,225,348.24

(3) Termination benefits

Item	December 31, 2019	December 31, 2018
Compensation for termination of employment	9,396,318.49	3,606,636.38
Total	9,396,318.49	3,606,636.38

31. Taxes payable

Item	December 31, 2019	December 31, 2018
Value added tax	2,357,715,514.98	953,082,833.21
Consumption tax	998,982,470.80	1,269,889,165.11
Corporate income tax	1,577,714,790.35	2,821,811,427.16
Personal income tax	52,597,277.45	51,538,012.54
City maintenance and construction tax	42,222,557.99	59,407,824.32
Educational surcharges	34,543,317.36	42,391,274.16
Land value increment tax	78,381.73	7,766,017.69
Real estate tax	56,929,233.59	42,127,520.83
Land use tax	71,285,655.52	49,831,378.01
Stamp duty	22,200,588.46	22,620,435.32
Other tax	70,751,121.80	137,911,782.13
Total	5,285,020,910.03	5,458,377,670.48

32. Other payables

(1) Total items

Item	December 31, 2019	December 31, 2018
Interest payable	677,547,953.68	534,368,045.37
Dividend payable	21,975,766.73	7,168,767.12
Other payables	3,857,776,999.56	5,081,459,045.89
Total	4,557,300,719.97	5,622,995,858.38

(2) Interest payable

Item	December 31, 2019	December 31, 2018
Loan interest	391,704,875.38	392,256,915.57
Corporate bonds interest	285,843,078.30	142,111,129.80
Total	677,547,953.68	534,368,045.37

(3) Dividend payable

Item	December 31, 2019	December 31, 2018
Investment dividend	12,263,266.73	
Perpetual bonds classified as equity instruments	9,712,500.00	7,168,767.12
Total	21,975,766.73	7,168,767.12

(4) Other payables

1) Aging

Aging	December 31, 2019	December 31, 2018
Within 1 year	2,475,387,856.51	3,708,095,651.64
1 to 2 years	468,677,592.45	713,791,687.40
2 to 3 years	633,158,685.36	201,402,424.73
More than 3 years	280,552,865.24	458,169,282.12
Total	3,857,776,999.56	5,081,459,045.89

Note: As at December 31, 2019, there are no other payables to shareholders with 5% or more shares of the Group; for details of other payables to related parties, refer to Note IX.6 (2).

2) Items

Item	December 31, 2019	December 31, 2018
Current account and project equipment item	3,006,222,248.10	4,092,551,190.63
Deposits	771,177,406.51	896,220,688.04
Others	80,377,344.95	92,687,167.22
Total	3,857,776,999.56	5,081,459,045.89

33. Non-current liabilities due within one year

Item	December 31, 2019	December 31, 2018
Long-term bank borrowings due within one year	4,345,173,753.00	2,322,928,188.26
Bonds payable due within one year	1,200,000,000.00	1,499,822,465.76
Long-term payables due within one year	119,081,469.64	12,264,445.00

Item	December 31, 2019	December 31, 2018
Provisions due within one year	5,249,325,053.00	5,049,881,151.00
Total	10,913,580,275.64	8,884,896,250.02

34. Other current liabilities

Item	December 31, 2019	December 31, 2018
Accruals	7,424,780,816.92	9,333,297,345.34
Liabilities related to repurchase commitment	7,288,079,033.44	2,822,930,188.96
Short-term financing	2,000,000,000.00	
Total	16,712,859,850.36	12,156,227,534.30

35. Long-term bank borrowings

Item	December 31, 2019	December 31, 2018
Mortgaged loans		3,449,336.11
Guaranteed loans	4,398,484,796.92	4,662,367,348.14
Credit loans	41,794,396,977.00	28,776,097,675.00
Less: current portion refer to Note VI.33	4,345,173,753.00	2,322,928,188.26
Total	41,847,708,020.92	31,118,986,170.99

36. Bonds payable

Item	December 31, 2019	December 31, 2018
13 Geely Corporate Bond	1,200,000,000.00	1,200,000,000.00
15 Geely Corporate Bond 01	41,000,000.00	41,000,000.00
16 Geely MTN001		1,499,822,465.76
18 Geely MTN002	2,000,000,000.00	1,995,047,169.82
19 Geely MTN001	3,492,383,044.71	
19 Geely MTN002	2,000,000,000.00	
5 year bond, MEUR 500 with a fixed rate (Note1)	3,907,922,431.00	3,922,714,687.00
5.25 year bond, MSEK 2,500 with a floating rate and MSEK 500 with a fixed rate (Note 2)	2,235,359,812.00	2,295,535,200.00
7.2 year bond, MEUR 500 with a medium-term (Note 3)	3,887,395,588.00	3,924,820,552.00
3 year bond, MUSD 250 (Note 4)	1,731,429,890.00	1,710,307,290.00
5 year bond, MUSD 300 with a fixed rate (Note 5)	2,060,084,649.45	2,047,822,296.29

Item	December 31, 2019	December 31, 2018
5 year medium-term bond, MEUR 600 with a fixed rate (Note 6)	4,653,045,357.00	
4 year medium-term bond, MSEK 2000 with a floating rate (Note 7)	1,491,089,296.00	
5 year exchangeable bond, MEUR 400 (Note 8)	2,915,866,125.00	
Green Bond	2,763,871,304.00	2,693,166,759.00
Less: current portion refer to Note VI.33	1,200,000,000.00	1,499,822,465.76
Total	33,179,447,497.16	19,830,413,954.11

Note 1: In May 2016, Geely Zhaoyuan issued a 5 year bond, MEUR 500 (equivalent to MRMB 3,600) with a fixed rate.

Note 2: In December 2016, Geely Zhaoyuan issued a 5.25 year bond, MSEK 2,500 with a floating rate and MSEK 500 with a fixed rate (equivalent to MRMB 2,300)

Note 3: In November 2017, Geely Zhaoyuan issued a 7.2 year bond, MEUR 500 (equivalent to MRMB 3,900) with a fixed rate.

Note 4: In November 2018, Geely Zhaoyuan issued a 3 year bond, MUS\$ 250 (equivalent to MRMB 1,700) with a fixed rate.

Note 5: In January 2018, Geely Automobile Holdings Co.,Ltd. (HK.0175) issued a MUS\$ 300 bond with semi-annual interest payment since July, 2018. Net proceeds raised is MUS\$ 297 and will be matured in 2023.

Note 6: In April 2019, Geely Zhaoyuan issued a 5 year bond, MEUR 600 (equivalent to MRMB 4,700) with a fixed rate.

Note 7: In February 2019, Geely Zhaoyuan issued a 4 year bond, MSEK 2,000 (equivalent to MRMB 1,500) with a floating rate.

Note 8: In June 2019, Geely Zhaoyuan issued a 5 year bond, MEUR 400 (equivalent to MRMB 2,900) with a fixed rate. For the relative derivative financial liabilities, refer to Note VI. 40

37. Long-term payables

Item	December 31, 2019	December 31, 2018
Payables for financing lease	473,148,416.45	47,568,085.00
Loans for long-term projects	500,000,000.00	300,000,000.00
Excess loss of long-term equity investment (Note 1)	156,744,000.00	79,151,618.00
Liabilities related to repurchase commitment (Note 2)	729,928,781.00	764,538,414.20
Others	687,243,445.32	79,151,618.00
Less: current portion refer to Note VI.33	119,081,469.64	12,264,445.00
Total	2,427,983,173.13	1,258,145,290.20

Note 1: The excessive loss of long-term equity investment attributes to the equity-holding of Zenuity AB of Geely Zhaoyuan.

Note 2: Part of the sales of vehicle in Geely Zhaoyuan combined with a repurchase commitment: 1) the difference between original sales price and the repurchase price was recognized in the income statement as revenue over the contract term 2) The repurchase obligation is considered to be liability.

38. Provisions

Item	December 31, 2019	December 31, 2018
Warranty (Note)	8,703,983,318.71	9,758,833,537.48
Others	2,146,706,789.51	105,343,724.80
Less: current portion refer to Note VI.33	5,249,325,053.00	5,049,881,151.00
Total	5,601,365,055.22	4,814,296,111.28

Note: Warranty provision includes the Group's cost of satisfying the customers with specific contractual warranties as well as other cost not covered by standard contractual commitments.

39. Deferred income

Item	December 31, 2019	December 31, 2018
Subsidies for research and development, Infrastructure	11,151,898,377.85	13,208,921,723.93
Others	7,054,979.06	2,674,992.72
Total	11,158,953,356.91	13,211,596,716.65

40. Other non-current liabilities

Item	December 31, 2019	December 31, 2018
Long-term derivative financial liabilities	2,137,314,578.00	1,259,213,929.00
In which: electricity futures (refer to Note VI.25)	6,375,880.00	238,105.00
Interest swap instruments	46,342,562.00	
Cash flow hedging instruments (refer to Note VI.25)	1,828,281,075.00	1,258,975,824.00
Derivative financial liabilities related to bonds (Note)	256,315,061.00	
Provisions for post-employment benefit	9,253,597,999.60	6,480,128,777.34
Single performance obligations recognized by contract for over one year	3,548,726,709.33	3,625,675,767.91
Others	663,901,948.09	466,464,975.63
Total	15,603,541,235.02	11,831,483,449.88

Note: In June 2019, the Group issued a 5 year bond, MEUR 400 (equivalent to MRMB 2,900) with a fixed rate, refer to Note VI.36. According to the contract, the bondholders have two additional rights:

(1) The right to convert the bonds into AB Volvo shares from July 23, 2019 to June 19, 2023.

(2) The right to own a put option at the call price equal to principal in the end of the third year.

<u>Nominal amount</u> RMB	<u>Maturity date</u>	<u>Fair value</u>
187,605,772.00	1 to 5 years	-256,315,061.00

41. Share capital

Shareholder	January 1, 2019		Addition	Deduction	December 31, 2019	
	Amount	Percentage %			Amount	Percentage %
Li Shufu	847,000,000.00	91.08			847,000,000.00	91.08
Li Xingxing	83,000,000.00	8.92			83,000,000.00	8.92
Total	930,000,000.00	100.00			930,000,000.00	100.00

42. Other equity instruments

Item	December 31, 2019	December 31, 2018
Perpetual bonds	1,500,000,000.00	2,000,000,000.00
Total	1,500,000,000.00	2,000,000,000.00

43. Capital reserve

Item	January 1, 2019	Addition	Deduction	December 31, 2019
Capital premium	8,345,635,987.32			8,345,635,987.32
Other capital reserve	10,698,494,816.04	1,058,712,352.45	410,584,270.05	11,346,622,898.44
Total	19,044,130,803.36	1,058,712,352.45	410,584,270.05	19,692,258,885.76

44. Other comprehensive income		Movement					December 31, 2019
Item	January 1, 2019	Amount incurred before income tax in current year	Less: amount previously included in other comprehensive income and transferred to profit or loss in the year	Less: income tax expenses	Attributable to the owners of the Company after tax	Attributable to non-controlling interest after tax	
I. Other comprehensive income which will not be re-classified into the profit or loss	-10,552,976,808.47	2,623,057,953.09		-580,223,142.00	3,260,024,859.75	-56,743,764.66	-7,292,951,948.72
Including: Other comprehensive income that will not be reclassified to profit or loss under equity method profit or loss	-9,201,302,376.47	5,289,989,884.50			5,338,413,277.16	-48,423,392.66	-3,862,889,099.31
Changes due to re-measurement of defined benefit plans	-1,351,674,432.00	-2,666,931,931.41		-580,223,142.00	-2,078,388,417.41	-8,320,372.00	-3,430,062,849.41
II. Other comprehensive income that will be re-classified into profit or loss	-105,378,273.53	-3,669,192,228.38	-109,963.48	-636,858,230.12	-2,962,527,099.87	-69,696,934.91	-3,067,905,373.40
Including: Other comprehensive income that may be reclassified subsequently to profit or loss under equity method	-12,741,480.11	263,829.49	-109,963.48		297,414.33	76,378.64	-12,444,065.78
Changes in re-classification of financial assets into other comprehensive income	1,106,099,745.89	-798,281,542.11			-798,281,542.11		307,818,203.78
Changes in cash flow hedge recognized in other comprehensive income	-1,714,756,405.00	-2,358,836,693.39		-613,414,027.34	-1,745,422,666.05		-3,460,179,071.05
Translation differences of financial statements denominated in foreign currency	516,019,865.69	-512,337,822.37		-23,444,202.78	-419,120,306.04	-69,773,313.55	96,899,559.65

Other comprehensive income in total	-10,658,355,082.00	-1,046,134,275.29	-109,963.48	-1,217,081,372.12	297,497,759.88	-126,440,699.57	-10,360,857,322.12
-------------------------------------	--------------------	-------------------	-------------	-------------------	----------------	-----------------	--------------------

45. Surplus reserve

Item	January 1, 2019	Addition	Deduction	December 31, 2019
Statutory surplus reserve	40,734,742.89		40,734,742.89	
Total	40,734,742.89		40,734,742.89	

46. Undistributed profits

Item	December 31, 2019	December 31, 2018
Opening	46,440,199,428.28	33,685,219,032.19
Add: changes in accounting policies		-22,188,180.20
Adjusted undistributed profit	46,440,199,428.28	33,663,030,851.99
Add: net profit attributable to the owners of the Company	8,510,177,463.00	13,026,069,988.53
Less: dividend of perpetual bonds	91,612,482.88	81,900,000.00
Less: dividend of preferred shares (Note 1)	90,493,610.00	47,691,026.00
Less: appropriation to statutory surplus reserve		2,144,774.55
Less: appropriation of staff incentive bonuses and welfare funds		14,666,528.78
Less: others (Note 2)	589,633,349.11	102,499,082.91
Balance at the end of the year	54,178,637,449.29	46,440,199,428.28

Note 1: Volvo Car AB (subsidiary of Geely Zhaoyuan) allocated RMB 90,493,610.00 dividend to its preferred shareholders (Year 2018: RMB 47,691,026.00).

Note 2: The main components include: share option exercise of Geely Automobile Holding Ltd. (HK.0175); transferring the shares of Zhejiang Qianjiang Motorcycle Co., Ltd. and increasing the share of non-controlling interest in Volvo Car AB

47. Revenue and cost of sales**(1) Item**

Item	2019		2018	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary operations	323,971,611,520.40	259,021,000,944.32	321,950,461,932.71	250,567,484,914.66
Other operations	6,846,035,727.73	3,748,337,309.80	6,570,417,590.46	3,486,298,486.19
Total	330,817,647,248.13	262,769,338,254.12	328,520,879,523.17	254,053,783,400.85

(2) The revenue and cost of sales allocated by category

Item	2019	2018
Revenue-primary operations	323,971,611,520.40	321,950,461,932.71

Item	2019	2018
Including: sales of vehicles	295,431,247,090.49	293,704,109,274.17
Sales of parts and related products	25,146,374,123.72	25,040,193,233.98
Others	3,393,990,306.19	3,206,159,424.56
Costs of sales-primary operations	259,021,000,944.32	250,567,484,914.66
Including: sales of vehicles	234,706,313,885.33	224,893,171,991.19
Sales of parts and related products	21,288,146,003.15	22,861,446,606.37
Others	3,026,541,055.84	2,812,866,317.10

48. Financial expenses

Item	2019	2018
Interest expenses	3,660,159,959.45	2,152,653,292.25
Less: interest income	1,096,721,112.50	889,113,505.32
Bank charges and others	340,254,311.77	658,085,546.92
Foreign exchange gain or loss	-383,356,219.04	-107,777,473.94
Total	2,520,336,939.68	1,813,847,859.91

49. Other income

Item	2019	2018
Government grants	2,038,736,840.64	2,891,997,779.97
Total	2,038,736,840.64	2,891,997,779.97

50. Investment income

Item	2019	2018
Investment income (losses) under equity method	33,196,846.74	-225,961,818.08
The profits declared by entities under cost method	12,681,491.75	394,339.00
Dividend income from other equity investments	1,210,786,406.00	
Income from other non-current financial assets	8,225,210.68	166,090,561.93
Income from bank financial products	1,018,239.52	6,094,213.98
Income from financial assets held for trading	1,442,332.42	-2,714,721.30
Income from disposals of long-term equity investments	364,439,420.90	2,146,090.59
Others	-631,416.61	11,806,898.87

Item	2019	2018
Total	1,631,158,531.40	-42,144,435.01

51. Net exposure to hedging gains

Item	2019	2018
Net exposure to hedging gains	-2,582,346,947.00	-586,503,751.00
Total	-2,582,346,947.00	-586,503,751.00

52. Gains from the changes of the fair value

Item	2019	2018
Derivative financial instruments	-169,105,183.47	12,677,337.47
Financial assets held for trading	-41,828,277.46	-35,336,828.00
Financial liabilities held for trading	9,164,221.20	-6,564,422.66
Electricity futures		-1,578,814.00
Total	-201,769,239.73	-30,802,727.19

53. Credit impairment losses

Item	2019	2018
Accounts receivable	-108,196,887.26	-26,539,867.88
Other receivables	-11,497,555.66	-442,981.33
Long-term receivable	-138,987,880.17	17,489,498.98
Other		-5,645.88
Total	-258,682,323.09	-9,498,996.11

54. Asset impairment losses

Item	2019	2018
Provision for devaluation of inventories	-126,962,857.82	-189,431,549.88
Impairment for long-term equity investment		-6,926,147.82
Impairment for tangible assets	-1,390,934.80	-20,082,496.59
Impairment for goodwill	-3,031,597.00	
Doubtful debts for prepayment	-2,358,569.57	
Impairment for other non-current financial assets	-1,809,056.29	
Other		-212,437,511.62

Item	2019	2018
Total	-135,553,015.48	-428,877,705.91

55. Income from disposal of assets

Item	2019	2018
Income from tangible assets disposal	-498,625,892.13	-2,900,129,441.53
Income from intangible assets disposal	795,160,890.49	
Total	296,534,998.36	-2,900,129,441.53

56. Non-operating income

Item	2019	2018
Gain from non-current assets write off	1,384,194.26	288,084.60
Gain from penalty, fines, indemnity	72,513,893.50	46,829,111.62
Government grants	18,075,924.01	3,361,201.10
Unpayable amounts	13,730,494.64	8,313,225.20
Others	24,905,054.48	169,540,496.88
Total	130,609,560.89	228,332,119.40

57. Non-operating expenses

Item	2019	2018
Losses on non-current assets write off	128,070,667.43	157,918,080.11
Abnormal losses	1,443,257.30	4,090,067.78
Donations	162,903,138.90	228,171,021.16
Penalty and fines	60,650,147.10	96,198,075.26
Others	8,912,096.47	14,063,087.61
Total	361,979,307.20	500,440,331.92

58. Income tax expenses

Item	2019	2018
Current income tax	4,888,074,930.87	7,001,135,264.79
Deferred taxes	-827,752,880.16	-1,498,783,598.05
Total	4,060,322,050.71	5,502,351,666.74

59. Other comprehensive income

For details, refer to Note VI.44.

60. Supplementary information of cash flows statement**(1) Supplementary information of cash flows statement**

Supplementary materials	2019	2018
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	14,190,837,226.97	20,267,640,387.75
Add: provision for impairment of assets	135,553,015.48	428,877,705.91
Credit impairment losses	258,682,323.09	9,498,996.11
Depreciation of tangible assets	8,903,134,745.40	8,122,370,632.74
Amortization of intangible assets	8,534,583,817.67	7,446,735,125.33
Amortization of long-term deferred expenses	120,554,602.16	119,162,913.08
Income from disposal of assets	-296,534,998.36	2,900,129,441.53
Losses on non-current assets write off	126,686,473.17	157,629,995.51
Losses on the fair value change	201,769,239.73	30,802,727.19
Financial expenses	3,614,708,721.58	2,081,061,017.02
Income in investment	-1,631,158,531.40	42,144,435.01
Increase in deferred tax assets	-259,758,928.21	-2,200,847,018.18
Decrease in deferred tax liabilities	-567,993,951.95	-211,500,884.47
Decrease in inventories	113,079,222.02	-3,625,302,715.73
Increase in operating receivable	-6,332,086,249.26	3,372,690,080.84
Increase in operating payable	16,638,751,656.57	4,205,260,575.02
Net cash flows from operating activities	43,750,808,384.66	43,146,353,414.66
2. Significant investment and financing activities that do not involve cash receipts and payments:		
Amount of endorsement transfer received from sales and services		
Debts transferred into capital		
Convertible bonds due within one year		
Tangible assets acquired under financial leases		
3. Net changes in cash and cash equivalents:		
Year-end cash balance	81,599,170,145.35	64,092,956,440.57
Less: opening cash balance	64,092,956,440.57	53,767,180,335.01
Add: December 31, 2019 of cash equivalents	22,055,140,434.58	22,614,809,596.99
Less: January 1, 2019 of cash equivalents	22,614,809,596.99	21,755,997,758.05
Net increase in cash and cash equivalents	16,946,544,542.37	11,184,587,944.50

(2) Composition of cash and cash equivalents

Item	December 31, 2019	December 31, 2018
I. Cash	81,599,170,145.35	64,092,956,440.57
Including: cash on hand	36,772,980.65	2,013,560.12
Bank deposits	79,416,522,048.43	63,081,881,168.29
Other monetary fund	2,145,875,116.27	1,009,061,712.16
II. Cash equivalents	22,055,140,434.58	22,614,809,596.99
Including: bond investment due within three months		
III. Cash and cash equivalents	103,654,310,579.93	86,707,766,037.56

VII. Changes of consolidation scope

1. Disposal of subsidiaries

Single disposal of investments in subsidiaries, i.e. the loss of control

Subsidiaries Name	Equity disposal consideration	Equity disposal ratio (%)	Equity disposal approach	Time point of losing control	Determination basis for time point of losing control	The residual equity ratio at the date of losing control (%)	The book value of residual equity at the date of losing control	Fair value of residual equity at the date of losing control	The gain or loss of residual equity based on fair value measurement	The determination of fair value and the main assumptions of residual equity at the date of losing control
Zhejiang Qianjiang Motorcycle Co., Ltd.	MIRMB 1,102.95	29.77	Share transfer	In June 2019	Completion date					

2. Other reasons for changes of consolidation scope

New entities within the scope of consolidated financial statements during reporting period

Company type	Company name	Registered capital (ten thousand yuan)	Shareholding percentage (%)	Reasons for changes
Subsidiary	Zhejiang Houtong Equity Investment Management Co., Ltd	2,000.00	100.00	Newly established
Subsidiary	Zhejiang Liankong Technology Co., Ltd	5,000.00	100.00	Newly established
Subsidiary	Geely Factoring (xi 'an) Co., Ltd	10,000.00	100.00	Newly established

VIII. Interest in subsidiaries

1. Interest in subsidiaries

(1) The Group structure

1) Subsidiaries in the scope of consolidation

Subsidiary name	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Beijing Geely Kaisheng International Investment Co., Ltd.	Beijing	Beijing	Investment	100.00		Found
Zhejiang Haoqing Automobile Manufacture Co., Ltd.	Taizhou	Taizhou	Manufacture	98.50		Found
Zhejiang Geely Automobile Co., Ltd.	Ningbo	Ningbo	Manufacture	71.05		Found
Shanghai Maple Automobile Co., Ltd.	Shanghai	Shanghai	Manufacture	90.00		Found
Jining Fulin Auto Parts Co., Ltd. (Note 1)	Jining	Jining	Manufacture	90.00	10.00	Found
Geely International (US) Co., Ltd.	USA	USA	R&D	100.00		Found
Hangzhou Geely Evun Technology Co., Ltd.	Hangzhou	Hangzhou	R&D	100.00		Found
Zhejiang Geely Business Service Co., Ltd.	Hangzhou	Hangzhou	Service	100.00		Found
Proper Glory Holding Inc (Note 2)	BVI	BVI	Investment	100.00		Found
Geely International (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Investment	100.00		Found
Weirui Electric Vehicle Technology (Suzhou) Co., Ltd.	Suzhou	Suzhou	Manufacture	100.00		Found
Zhejiang Geely New Energy Commercial Vehicle Co., Ltd.	Hangzhou	Hangzhou	R&D and Service	100.00		Found

Subsidiary name	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Easy-insure Insurance Agency Co., Ltd.	Hangzhou	Hangzhou	Insurance	100.00		Found
Ningbo Yijie Equity Investments and Fund Management Partnership (LP)	Ningbo	Ningbo	Investment	70.00		Found
Geely Changxing New Energy Automobile Co., Ltd.	Changxing	Changxing	Manufacture	90.00		Found
Zhejiang Zhongjian Investment Co., Ltd.	Hangzhou	Hangzhou	Investment	100.00		Found
Geely Automobile Group Co., Ltd	Ningbo	Ningbo	Management	100.00		Found
Polestar Automotive (Shanghai) Co., Ltd. (Note 3)	Shanghai	Shanghai	Manufacture	50.00	50.00	Found
Zhejiang Houtong Equity Investment Management Co., Ltd	Hangzhou	Hangzhou	Investment	100.00		Found
Zhejiang Liankong Technology Co., Ltd	Ningbo	Ningbo	R&D	100.00		Found
Geely Factoring (Xi'an) Co., Ltd	Xi'an	Xi'an	Import and export factoring	100.00		Found

Note 1: The Company holds 90% equity of Jining Fulin Auto Parts Co., Ltd. The shareholding percentage of the subsidiary, Zhejiang Geely Automobile, is 10%, and the direct and indirect holding as well as the proportion of voting rights of the company is 97.11%.

Note 2: According to the "Shareholding Entrustment Agreement," the BVI Geely Group Limited will entrust the company with the equity of the Proper Glory Holding Inc.

Note 3: The Company holds 50% of the equity of Polestar Automotive (Shanghai) Co., Ltd., and the subsidiary, Volvo Automobile (China) Investment Co., Ltd., holds 50% of the equity of it, and the direct and indirect holding as well as the proportion of voting rights of the Company is 100.00%.

2) The scope of consolidated statements of the significant subsidiaries and shareholding ratio

Subsidiary name	Consolidated scope of the subsidiary	Business nature	Registered place	Registered capital (ten thousand yuan)	Whether control or not
Geely International (Hong Kong) Co., Ltd	Dawn Raise International Co., Ltd.	Investment	BVI	MUSD 0.05	Yes
	Geely UK Limited	Investment	UK	MGBP 97.5001	Yes
	Hangzhou Jiqiao Automobile Technology Co., Ltd.	R&D	Hangzhou	MUSD 20	Yes
	Lotus Advance Technologies Sdn.Bhd.	Investment	Malaysia	MGBP 365.580474	Yes
	Geely Research and Development UK Limited	R&D	UK	MGBP 10	Yes
	Size-up Investment Co., Ltd.	Investment	BVI	USD 100	Yes
	Symphony Lotus Limited	Marketing	Hong Kong	MUSD 23.174002	Yes
	Jinan Ruhoo Automobile Parts Co., Ltd.	Production	Jinan	1,000	Yes
	Ningbo Geely Automobile Research & Development Co., Ltd.	R&D	Ningbo	3,000	Yes
	Ningbo Huali Real Estate Co., Ltd.	Real Estate Development	Ningbo	2,100	Yes
Zhejiang Geely Automobile Co., Ltd	China-Euro Vehicle Technology AB	R&D	Sweden	MUSD 85	Yes
	Ningbo Lijing Real Estate Co., Ltd.	Real Estate Development	Ningbo	2,100	Yes
	Guizhou Geely New Energy Automobile Co., Ltd.	Manufacture	Guiyang	80,000	Yes
	Shenzhen Geely Automobile Sale Co., Ltd.	Marketing	Shenzhen	5,000	Yes
	Xiamen Geely Automobile Sale Co., Ltd.	Marketing	Xiamen	1,000	Yes
	Hangzhou Geely New Energy	Marketing	Hangzhou	1,000	Yes

Subsidiary name	Consolidated scope of the subsidiary	Business nature	Registered place	Registered capital (ten thousand yuan)	Whether control or not
	Automobile Sale Co., Ltd.				
	Hangzhou Geely Auto Parts Co., Ltd.	Manufacture	Hangzhou	20,000	Yes
	Taizhou Geely Luoyou Engine Co., Ltd.	Manufacture	Taizhou	5,000	Yes
	Guiyang Geely Engine Co., Ltd.	Manufacture	Guiyang	33,846	Yes
	Beijing Geely New Energy Automobile Sale Co., Ltd.	Marketing	Beijing	1,000	Yes
	Guangzhou Geely New Energy Automobile Sale Co., Ltd.	Marketing	Guangzhou	1,000	Yes
	Tianjin Geely Dihao New Energy Automobile Sale Co., Ltd.	Marketing	Tianjin	1,000	Yes
	Yiwu Geely Engine Co., Ltd.	Manufacture	Yiwu	5,000	Yes
	Zhejiang Jirun Meishan Geely Auto Parts Co., Ltd.	Manufacture	Ningbo	40,000	Yes
	Zhejiang Geely Automobile Parts purchasing Co., Ltd.	Marketing	Ningbo	10,000	Yes
	Fuzhou Geely Dihao New Energy Automobile Sale Co., Ltd.	Marketing	Fuzhou	1,000	Yes
	Xian Geely New Energy Automobile Sale Co., Ltd.	Marketing	Xi'an	1,000	Yes
	Changsha Geely New Energy Automobile Sale Co., Ltd.	Marketing	Changsha	1,000	Yes
	Geely Changxing Automatic Transmission Co., Ltd.	Production	Changxing	15,000	Yes
	Ningbo Hangzhou Bay Auto Parts Co., Ltd.	Production	Ningbo	40,000	Yes
	Hefei Geely Dihao Automobile Sale Co., Ltd.	Marketing	Hefei	1,000	Yes
Zhejiang Haoqing Automobile Manufacture Co., Ltd	Taizhou Haoqing Automobile Sales Service Co., Ltd.	Marketing	Taizhou	13,680	Yes
	Zhejiang Geely Automobile Technology Co., Ltd.	R&D	Hangzhou	10,000	Yes

Subsidiary name	Consolidated scope of the subsidiary	Business nature	Registered place	Registered capital (ten thousand yuan)	Whether control or not
	Linhai Haoqing Real Estate Development Co., Ltd.	Real Estate Development	Taizhou	3,100	Yes
	Baoji Geely Automobile Co., Ltd.	Production	Baoji	15,000	Yes
	Shanxi New Energy Automotive Industry Co., Ltd.	Production	Jinzhong	15,000	Yes
	Asia-Europe Auto. Manufacturing (Taizhou) Co., Ltd.	Production	Taizhou	5,000	Yes
	Chengdu Zhaoyuan New Energy Automobile Investment Co., Ltd.	Investment	Chengdu	80,500	Yes
	Sichuan Geely Auto Parts Co., Ltd	R&D and Production	Chengdu	20,000	Yes
	Xian Geely Automobile Co., Ltd.	Manufacture	Xi'an	15,000	Yes
	Zhejiang Kingkong Automobile Co., Ltd.	Production	Luqiao	41,300	Yes
	Hefei Geely New Energy Automobile Sales Co., Ltd.	Marketing	Hefei	1,000	Yes
	Putian Geely New Energy Automobile Sales Co., Ltd.	Marketing	Putian	1,000	Yes
Proper Glory Holding Inc.	Geely Automobile Holdings Ltd.	Investment	Cayman Islands	MHKD 247	Yes
Shanghai Maple Automobile Co., Ltd	Shanghai LTI Automobile Parts Co., Ltd.	Production	Shanghai	MUSD 54,29715	Yes
	Ningbo Jihong Alcohol Hydrogen Technology Co., Ltd.	R&D	Ningbo	3,508	Yes
	Shanghai Mudi Automobile Molds Co., Ltd	Production	Shanghai	4,000	Yes
Beijing Geely Kaisheng International Investment Co., Ltd	Beijing Geely Wanyuan International Investment Co., Ltd.	Investment	Beijing	710,000	Yes

Subsidiary name	Consolidated scope of the subsidiary	Business nature	Registered place	Registered capital (ten thousand yuan)	Whether control or not
Zhejiang Geely New Energy Commercial Vehicle Group Co., Ltd	Zhejiang Yinglun Automobile Co., Ltd.td.	Manufacture	Yiwu	32,000	Yes
	Jiangxi Geely New Energy Commercial Vehicle Co.,Ltd.	R&D	Shangrao	10,000	Yes
	Nanchong Geely Commercial Vehicle Research Institute Co.,Ltd.	R&D	Nanchong	73,000	Yes
Zhejiang Geely Business Service Co.,Ltd	Hangzhou Xuanyu Human Resource Co.,Ltd.	Service	Hangzhou	200	Yes
	Jizhi (Hangzhou) Cultural and Creative Co. Ltd	Service	Hangzhou	2,000	Yes
Zhejiang Zhongjian Investment Co.,Ltd	Zhejiang Zhihui Puhua Finance lease Co.,Ltd.	Rental Service	Ningbo	MUSD 105	Yes
	Zhejiang Jichuang Auto Parts Co.,Ltd	Production	Ningbo	30,000	Yes
	Wuhan Geely Auto Parts Co.,Ltd	Production	Wuhan	10,000	Yes
	Jinan Geely Automobile Co.,Ltd	Production	Jinan	36,000	Yes
	Shanghai Meihuan Trading Co.,Ltd	Marketing	Shanghai	5,000	Yes
	Wuhan Geely Automobile Industry Co.,Ltd	Manufacture	Wuhan	9,000	Yes
	Zhejiang Geely Education Technology Co. Ltd	Service	Ningbo	1,000	Yes

3) The scope of consolidated statements of the significant sub-subsidiaries

Sub-subsidiaries	Consolidated scope of sub-subsidiary	Business nature	Registered place	Registered capital (ten thousand yuan)	Whether control or not
Geely Automobile Holdings Ltd. (HK.0175)	Zhejiang Jirun Automobile Co., Ltd.	Production	Ningbo	MUSD 476.6366	Yes
	Shanghai Maple Guorun Automobile Co., Ltd.	Production	Shanghai	MUSD 121.3636	Yes
	Hunan Geely Automobile Parts Co., Ltd.	Production	Xiangtan	MUSD 88.50	Yes
	Zhejiang Ruhoo Automobile Co., Ltd.	Production	Taizhou	52,167.70	Yes
	Zhejiang Fulin Guorun Automobile Parts Co., Ltd.	Production	Taizhou	MUSD 30.8592	Yes
	Ningbo Geely Luoyou Engine Parts Co., Ltd.	Production	Ningbo	28,280	Yes
	Value Century Group Limited	Investment	BVI	USD 1	Yes
	Centurion Industries Limited	Investment	BVI	USD 1	Yes
	Geely International Ltd	Investment	Hong Kong	MHKD 235.29412	Yes
	Luckview Group Limited	Investment	BVI	USD 1	Yes
	Linkstate Overseas	Investment	BVI	USD 1	Yes
	Shanghai Geely Zhaoyuan	Investment	Shanghai	1,328,657	Yes
	International Investment Co., Ltd.				
Beijing Geely Wanyuan International Investment Co., Ltd					

(2) Companies with more than 50% of shareholding percentage that haven't been included in the scope of the consolidation and the reasons

Subsidiary name	Shareholding percentage (%)	Whether control or not	Reason of not being consolidated
Zhejiang Automobile Vocational and Technical College	100.00	No	Note 1
Genius Auto Finance Co., Ltd.	80.00	No	Note 2

Note 1: The business scope of Zhejiang Automobile Vocational and Technical College includes full-time higher education, adult higher vocational education and short-term professional training. The company's financial and operating policies will be managed by Mitime Investment and Development Group Co., Ltd. which is out of the consolidated scope and the company has no control right over it.

Note 2: Genius Auto Finance Co., Ltd., funded by Geely Automobile Holdings Co., Ltd. (HK.0175) and the third party BNP Paribas jointly, is a joint venture company and engages in auto finance business in China. The company's registered capital is MRMB 4,000, of which the Geely Automobile Holdings Co., Ltd. (HK.0175) contribution totals MRMB 3,200, owns 80% stock, but according to the joint venture agreement, the joint venture company is controlled by both investors and the company has no control right over it.

2. Equities in joint venture and associated enterprise (Amount: ten thousand yuan)

(1) Significant joint ventures and associates

Joint venture or associates	Principal place of business	Registered place	Business nature	Shareholding percentage (%)		Accounting method
				Directly	Indirectly	
Volvofinans Bank AB	Sweden	Sweden	Finance		50.00	Equity method
V2 Plug-In Hybrid Vehicle Partnership HB	Sweden	Sweden	Services		50.00	Equity method
Genius Auto Finance Co., Ltd	Shanghai	Shanghai	Finance		80.00	Equity method
Closed Joint Stock Company BELGEE	Belarus	Belarus	Manufacturing		36.28	Equity method
Mando (Ningbo) Automotive Parts Co., Ltd.	Ningbo	Ningbo	Manufacturing		35.00	Equity method

(2) Important Financial information of significant joint ventures

Unit: ten thousand yuan

Item	December 31, 2019/2019				December 31, 2018/2018		
	Volvofinans Bank AB.	V2 Plug-In Hybrid Vehicle Partnership HB	Genius Auto Finance Co., Ltd		Volvofinans Bank AB.	V2 Plug-In Hybrid Vehicle Partnership HB	Genius Auto Finance Co., Ltd
Current assets	530,281.97	33,816.39	3,440,328.69		454,807.73	27,625.80	2,123,784.15
Including: cash and cash equivalents	195,941.28	14,850.96	19,265.00		91,035.29	15,367.18	20,658.00
Non-current assets	2,777,105.21	4,514.94	92,642.93		2,873,427.20	10,213.87	61,461.37
Total assets	3,307,387.18	38,331.33	3,532,971.62		3,328,234.93	37,839.67	2,185,245.53
Current liabilities	186,543.42	2,300.18	2,146,153.68		188,497.29	1,334.16	1,355,497.89
Non-current liabilities	2,814,231.08	966.20	912,285.60		2,849,151.20	2,185.77	606,124.01
Total liabilities	3,000,774.50	3,266.38	3,058,439.28		3,037,648.49	3,519.93	1,961,621.90
Net assets	306,612.68	35,064.95	474,532.34		290,586.44	34,319.74	223,623.62
Share of net assets calculated based on the proportion of ownership interest	153,306.34	17,532.48	379,625.87		145,293.22	17,159.87	178,898.90
Adjustments							
- Goodwill	28,887.28				28,887.28		
- Other	-794.89	-196.0565				-2,072.05	
Carrying amount of investments in equity of joint ventures	181,398.73	17,336.42	379,624.13		174,180.50	15,087.82	178,897.16
Fair value of investments in equity of joint ventures in public markets							
Revenue	346,102.79	67,058.46	124,803.09		335,781.26	62,777.04	71,922.17
Net profit and total comprehensive income	23,785.88	67,031.75	50,908.72		24,239.47	62,744.97	21,665.26
Dividends from joint venture in the current year	3,608.28				18,216.99	35,656.65	

(3) Important financial information of the significant associates

Item	December 31, 2019/2019		December 31, 2018/2018	
	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co., Ltd.	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co., Ltd.
Current assets	119,037.97	244,228.48	56,341.06	238,234.55
Non-current assets	196,003.23	34,849.24	188,560.82	32,707.35
Total assets	315,041.20	279,077.72	244,901.88	270,941.90
Current liabilities	113,785.29	198,397.26	41,960.71	191,484.58
Non-current liabilities	153,660.70	785.49	170,802.45	1,093.96
Total liabilities	267,445.99	199,182.75	212,763.16	192,578.54
Net assets	47,595.21	79,894.97	32,138.72	78,363.36
Share of net assets calculated based on the proportion of ownership interest	17,269.26	27,963.24	11,598.86	27,427.18
Adjustments				
- Goodwill				
- Unrealized profit arising from internal transactions				
- Others				
Carrying amount of investments in equity of associates	19,090.50	27,807.30	13,712.75	27,323.55
Fair value invested in the associates' equity in public markets				
Revenue	179,196.77	243,232.44	85,113.69	314,144.17
Net profit	8,869.07	1,382.14	-20,839.97	3,247.45
Discontinued operating profit or loss				
Other comprehensive income	304.48			

Item	December 31, 2019/2019		December 31, 2018/2018	
	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co.,Ltd.	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co.,Ltd.
Total comprehensive income	9,173.55	1,382.14	-20,839.97	3,247.45
Dividends from associates in the current year				

IX. Related parties and transactions**1. Information of the shareholders of the Group**

Name of shareholder	Types of relationship	Equity ratio %	Proportion of votes %
Li Shufu	Investor	91.08	91.08
Li Xingxing	Investor	8.92	8.92

2. Subsidiaries of the Company

For details, refer to Note VIII.1.

3. Joint ventures and associates of the Company

For details, refer to Note VIII.2.

Other joint ventures and associates with related party transactions in current or previous year, which led to balance, are as follows:

Name of joint ventures or associates	Relationship with the Group
Geely Financials Denmark A/S	Joint venture
V2 Plug-in Hybrid Vehicle Partnership HB	Joint venture
VCFS Germany GmbH	Joint venture
VH Systems AB	Joint venture
Volvo Trademark Holding AB	Joint venture
Volvofinans Bank AB	Joint venture
Zenuity AB	Joint venture
Genius Auto Finance Co.,Ltd	Joint venture
Closed Joint Stock Company BELGEE	Associates
Göteborgs Tekniska College AB	Associates
Proton Holdings Berhad	Associates
Proton Parts Centre Sdn	Associates
China Railway Gecent Technology Co.,Ltd.	Associates
Shandong Hengyuan New Energy Technology Co.,Ltd.	Associates
Mando (Ningbo) Automotive Parts Co.,Ltd.	Associates
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Associates

4. Other related parties

Name of other related parties	Relationship with the Group
Chengdu Geely Youxing Technology Co.,Ltd	The same ultimate controller
Dongguan Youxing Technology Co.,Ltd	The same ultimate controller
Fuzhou Youxing Network Technology Co. Ltd	The same ultimate controller
Hangzhou Youxing Technology Co.,Ltd.	The same ultimate controller
Hangzhou Zhongyue Transportation Technology Co. Ltd	The same ultimate controller

Hefei Geely Youxing Technology Co.,Ltd	The same ultimate controller
Ningbo Geely Youxing Network Technology Co.,Ltd.	The same ultimate controller
Tianjin Geely Youxing Technology Co.,Ltd	The same ultimate controller
Wuhan Geely Youxing Technology Co.,Ltd	The same ultimate controller
Changsha Youxing Network Technology Co. Ltd	The same ultimate controller
Chongqing Geely Youxing Technology Co.,Ltd	The same ultimate controller
Hangzhou Fenghua Cultural and Creative Co. Ltd	The same ultimate controller
Hubei Yikatong Techonology Co.,Ltd.	The same ultimate controller
Geely Group (Ningbo) Co.,Ltd.	The same ultimate controller
Kandi Electric Vehicles (Shanghai) Co.,Ltd	The same ultimate controller
Mitime Investment and Development Co.,Ltd	The same ultimate controller
Hainan Mitime Fragrance Bay Tourism Development Co. Ltd	The same ultimate controller
Mitime Motor Racing Cars Sports Co.,Ltd	The same ultimate controller
Ningbo Mitime Investment Co.,Ltd.	The same ultimate controller
Zhejiang Maple Asset Management Co.,Ltd.	The same ultimate controller
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd	The same ultimate controller
Zhejiang Qianjiang Robot Co. Ltd	The same ultimate controller
Zhejiang Qianjiang Lithium Technology Co. Ltd	The same ultimate controller
Zhejiang Xuanfu Automatic Transmission Co., Ltd	The same ultimate controller
Microcity Electric Vehicle Service (Taizhou) Co., Ltd	The same ultimate controller
Fengsheng Automobile Technology Group Co. Ltd	Joint company which is controlled by ultimate controller
PT Geely Mobil Indonesia	Joint stock company which is controlled by ultimate controller
Corun Hybrid Technology Co.,Ltd	Joint stock company which is controlled by ultimate controller
Global Intelligent Power Technologies Co.,Ltd	Joint stock company which is controlled by ultimate controller
Gezhikong Intelligent Power Technologies (Shanghai) Co.,Ltd	Joint stock company which is controlled by ultimate controller
Lanzhou Zhidou Electric Vehicle Co.,Ltd	Joint stock company which is controlled by ultimate controller
Wenling Jirui Automobile Manufacture Co.,Ltd	Joint stock company which is controlled by ultimate controller
Wenling Xinhe Non-financing Guaranty Co.,Ltd	Joint stock company which is controlled by ultimate controller
Zhejiang Oulian Venture Capital Co.,Ltd.	Joint stock company which is controlled

	by ultimate controller
Zhidou Electric Vehicle Co.,Ltd.	Joint stock company which is controlled by ultimate controller

5. Related-party transaction (Unit: ten thousand yuan)**(1) Sales and purchase of goods/rendering and receipts of services****1) Purchase of goods/receipts of services**

Related party	Related party transaction	2019	2018
Mando (Ningbo) Automotive Parts Co.,Ltd.	Purchase of goods	255,245.37	358,495.25
Hubei Yikatong Techonology Co.,Ltd.	Purchase of goods	165,320.03	
Volvofinans Bank AB	Purchase of goods	109,806.49	44,800.32
V2 Plug-In Hybrid Vehicle Partnership HB	Purchase of goods	67,555.10	62,777.04
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Purchase of goods	15,759.01	669.63
VH Systems AB	Purchase of goods	11,935.52	13,197.82
Zhejiang Xuanfu Automatic Transmission Co., Ltd	Purchase of goods	1,560.92	
Volvo Trademark Holding AB	Purchase of goods	1,145.87	1,100.05
VCFS Germany GmbH	Purchase of goods	577.24	584.24
Zenuity AB	Purchase of goods	454.65	3,588.05
Göteborgs Tekniska College AB	Purchase of goods	400.36	11.70
Lanzhou Zhidou Electric Vehicle Co.,Ltd.	Purchase of goods		166,826.16
Zhidou Electric Vehicle Co.,Ltd	Purchase of goods		16,383.63

2) About the sale of goods/rendering services

Related party	Related party transaction	2019	2018
Hangzhou Youxing Technology Co.,Ltd.	Sales of goods	123,190.88	43,738.73
Volvofinans Bank AB	Sales of goods	82,219.70	58,293.42
VH Systems AB	Sales of goods	12,083.45	12,888.03
Hangzhou Zhongyue Transportation Technology Co. Ltd	Sales of goods	6,515.44	
Closed Joint Stock Company BELGEE	Sales of goods	3,110.98	1,090.49
Zenuity AB	Sales of goods	1,245.95	2,556.31
Microcity Electric Vehicle Service (Taizhou) Co., Ltd	Sales of goods	576.91	
VCFS Germany GmbH	Sales of goods	571.44	530.42
Göteborgs Tekniska College AB	Sales of goods	514.23	273.70
Geely Financials Denmark A/S	Sales of goods	172.30	
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd	Sales of goods	139.75	4.65
Zhejiang Hengyuan New Energy Technology Co.,Ltd	Sales of goods	52.22	
Hubei Yikatong Techonology Co.,Ltd.	Sales of goods	24.94	
Zhejiang Xuanfu Automatic Transmission Co., Ltd	Sales of goods	8.26	
Genius Auto Finance Co.,Ltd	Sales of goods	1.14	
Global Intelligent Power Technologies Co.,Ltd	Sales of goods		1,910.61
Gezhikong Intelligent Power Technologies (Shanghai) Co.,Ltd	Sales of goods		2,359.99
Lanzhou Zhidou Electric Vehicle Co.,Ltd.	Sales of goods		944.68
Corun Hybrid Technology Co.,Ltd.	Sales of goods		301.77
Proton Parts Centre Sdn	Sales of goods		11.04

(2) Other related-party transactions

Related party	Related party transaction	2019	2018
Proton Holdings Berhad	Technology development income	24,183.94	
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	Technology development income	67.93	5,905.15
Hubei Yikatong Techonology Co.,Ltd.	Technical service income	1,157.09	

Related party	Related party transaction	2019	2018
Mando (Ningbo) Automobile Parts Co.,Ltd	Technical service income		713.53
Mando (Ningbo) Automobile Parts Co.,Ltd	Quality assurance claim income	8,063.74	3,781.94
Hubei Yikatong Techonology Co.,Ltd.	Quality assurance claim income	2,445.51	
Hangzhou Youxing Technology Co.,Ltd.	Quality assurance claim income	588.52	
Zhejiang Xuanfu Automatic Transmission Co., Ltd	Quality assurance claim income	0.28	
Genius Auto Finance Co.,Ltd	Interest income	3,832.24	6,832.60
Lanzhou Zhidou Electric Vehicle Co.,Ltd.	Interest income	1,347.64	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Interest income	1,030.41	792.14
Zhidou Electric Vehicle Co.,Ltd	Interest income	632.11	3,894.23
Hangzhou Youxing Technology Co.,Ltd.	Interest income	247.37	
China Railway Gecent Technology Co.,Ltd.	Interest income	2.36	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Financial fee income		1.89
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	Rental and water & electricity incomes	407.53	42.45
Hangzhou Youxing Technology Co.,Ltd	Rental and water & electricity incomes	457.73	125.77
Corun Hybrid Technology Co.,Ltd.	Water & electricity incomes		109.41
Hubei Yikatong Techonology Co.,Ltd.	Water & electricity incomes		9.26
Genius Auto Finance Co.,Ltd	Service income	369.03	477.50
Hangzhou Youxing Technology Co.,Ltd	Service income	235.15	282.90
Hubei Yikatong Techonology Co.,Ltd.	Service income	99.90	
Mitime Investment and Development Co.,Ltd	Service income	53.49	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Service income	19.74	

Related party	Related party transaction	2019	2018
Zhejiang Xuanfu Automatic Transmission Co., Ltd	Service income	9.59	
Shandong Hengyuan New Energy Technology Co.,Ltd.	Service income	5.70	
China Railway Gecent Technology Co.,Ltd.	Service income	2.62	
Tianjin Geely Youxing Technology Co.,Ltd	Financing lease interest income	697.09	
Chengdu Geely Youxing Technology Co.,Ltd	Financing lease interest income	640.24	
Chongqing Geely Youxing Technology Co.,Ltd	Financing lease interest income	410.10	
Changsha Geely Youxing Technology Co.,Ltd	Financing lease interest income	166.10	
Mando (Ningbo) Automobile Parts Co.,Ltd	Other income	510.88	
Corun Hybrid Technology Co.,Ltd.	Other income		112.76
Hubei Yikatong Techonology Co.,Ltd.	Selling equipment	47.83	
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd	Transfer tangible assets	27.16	433.44
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Transfer tangible assets	3.87	0.26
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Purchase tangible assets	215.33	
Hubei Yikatong Techonology Co.,Ltd.	Technological development expense	6,551.40	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Technological development expense	449.59	
Hubei Yikatong Techonology Co.,Ltd.	Research and development expenditure	1,533.12	
Closed Joint Stock Company BELGEE	Quality assurance claim expenditure	364.24	
Zhejiang Qianjiang Robot Co.,Ltd	Purchase equipment		210.30
Zhejiang Qianjiang Lithium Technology Co. Ltd	Purchase equipment	21.34	
Hangzhou Youxing Technology Co.,Ltd	Other expenditure	11.92	7.32

6. Receivables and payables from related party

(1) Receivables

Item	December 31, 2019		December 31, 2018	
	Book balance	Doubtful debt provisions	Book balance	Doubtful debt provisions
Accounts receivable:				
Hangzhou Youxing Technology Co.,Ltd.	695,059,600.04		1,859,265.62	
Volvofinans Bank AB	517,062,286.00		270,751,334.00	
Proton Holdings Berhad	330,009,454.10			
Closed Joint Stock Company BELGEE	147,777,473.52		957,267.49	
Hangzhou Zhongyue Transportation Technology Co. Ltd	86,234,600.00			
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	67,232,632.45			
VH Systems AB	22,435,351.00		16,323,968.00	
Hubei Yikatong Techonology Co.,Ltd.	15,547,836.75			
Mando (Ningbo) Automobile Parts Co.,Ltd.	2,882,279.46		3,179,117.97	
Göteborgs Tekniska College AB	1,913,828.00		457,990.00	
Zenuity AB	1,598,468.00		10,298,631.00	
Zhejiang Xuanfu Automatic Transmission Co., Ltd	1,011,186.59			
VCFS Germany GmbH	218,790.00		39,393.00	
PT Geely Mobil Indonesia			42,638,754.74	
Global Intelligent Power Technologies Co.,Ltd			8,431,490.97	421,574.55
Gezhikong Intelligent Power Technologies (Shanghai) Co.,Ltd			3,831,903.72	191,595.19
Zhejiang Hengyuan New Energy Technology Co.,Ltd.			3,356,219.00	
Corun Hybrid Technology Co.,Ltd.			1,954,112.54	97,705.63
V2 Plug-In Hybrid Vehicle Partnership HB			192,110.00	
Prepayments:				
Volvofinans Bank AB	4,539,082.00		59,001,581.00	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	39,426.69			

Item	December 31, 2019		December 31, 2018	
	Book balance	Doubtful debt provisions	Book balance	Doubtful debt provisions
Hangzhou Youxing Technology Co.,Ltd.	30,000.00		10,000.00	
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.			13,214.48	
Other receivables:				
Hangzhou Youxing Technology Co.,Ltd.	1,269,937,224.84		1,054,192.80	
Geely Group (Ningbo) Co.,Ltd.	969,300,000.00		969,300,000.00	
Proton Holdings Berhad	428,716,579.95		777,091.64	
Geely Financials Denmark A/S	416,368,619.00			
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	335,462,189.44		200,207,330.70	
Mitime Investment and Development Group Co.,Ltd.	169,284,059.45		20,350,000.00	
Hubei Yikatong Techonology Co.,Ltd.	73,448,449.19			
China Railway Gecent Technology Co.,Ltd.	39,023,726.90			
Shandong Hengyuan New Energy Technology Co.,Ltd.	36,910,171.05		2,003.40	
Genius Auto Finance Co.,Ltd	14,978,347.66			
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	4,523,344.52		495,537.74	
Mitime Motor Racing Cars Sports Co.,Ltd	142,203.20		67,979.20	
Ningbo Mitime Investment Co.,Ltd.	97,989.00		66,054.00	
Hangzhou Fenghua Cultural and Creative Co. Ltd	18,594.29			
Zhejiang Xuanfu Automatic Transmission Co., Ltd	3,904.50			
Hainan Mitime Fragrance Bay Tourism Development Co. Ltd	1,156.28			
Zhidou Electric Vehicle Co.,Ltd			199,736,329.69	
Kandi Electric Vehicles (Shanghai) Co.,Ltd.			719,797.09	
Long-term receivables:				
Tianjin Geely Youxing Technology	61,479,609.90			

Item	December 31, 2019		December 31, 2018	
	Book balance	Doubtful debt provisions	Book balance	Doubtful debt provisions
Co.,Ltd				
Wuhan Geely Youxing Technology Co.,Ltd	56,070,500.00			
Dongguan Youxing Technology Co.,Ltd	56,070,500.00			
Hefei Geely Youxing Technology Co.,Ltd	56,070,500.00			
Fuzhou Youxing Network Technology Co. Ltd	56,070,500.00			
Chongqing Geely Youxing Technology Co.,Ltd	48,159,749.70			
Chengdu Geely Youxing Technology Co.,Ltd	33,224,091.66			
Changsha Geely Youxing Technology Co.,Ltd	16,513,450.00			

(2) Payables

Item	December 31, 2019	December 31, 2018
Accounts payables:		
Mando (Ningbo) Automotive Parts Co.,Ltd.	728,391,711.12	730,907,057.54
Hubei Yikatong Techonology Co.,Ltd.	262,628,567.56	
V2 Plug-In Hybrid Vehicle Partnership HB	189,654,271.00	109,518,050.00
Hangzhou Youxing Technology Co.,Ltd.	139,143,411.55	
Volvofinans Bank AB	87,425,660.00	77,372,673.00
Proton Holdings Berhad	85,901,687.10	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	75,673,735.66	8,379,558.99
VH Systems AB	23,504,733.00	13,840,370.00
Volvo Trademark Holding AB	2,510,918.00	3,995,887.00
Zenuity AB	1,396,698.00	3,384,209.00
Hangzhou Fenghua Cultural and Creative Co. Ltd	150,861.74	

Item	December 31, 2019	December 31, 2018
Zhidou Electric Vehicle Co.,Ltd.		913,782,251.11
Ningbo Geely Youxing Network Technology Co. Ltd		40,690.00
Corun Hybrid Technology Co.,Ltd.		4,186.00
Advances:		
Corun Hybrid Technology Co.,Ltd.		3,000,000.00
Kandi Electric Vehicles (Shanghai) Co.,Ltd.		61,568.99
Other payables:		
Hubei Yikatong Techonology Co.,Ltd.	128,948,294.08	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	3,328,400.00	
Zhidou Electric Vehicle Co.,Ltd.	2,375,055.56	
Genius Auto Finance Co.,Ltd.	616,393.26	56,255.95
Closed Joint Stock Company BELGEE	513,537.85	
Hangzhou Youxing Technology Co.,Ltd.	12,099.16	
Microcity Electric Vehicle Service (Taizhou) Co., Ltd	1,000.00	
Wenling Xinhe Non-financing Guaranty Co.,Ltd.		33,074,999.99
Zhejiang Oulian Venture Capital Co.,Ltd.		5,782,000.00
Wenling Jirui Automobile Manufacture Co.,Ltd.		770,000.00
Kandi Electric Vehicles (Shanghai) Co.,Ltd.		176,220.53
Corun Hybrid Technology Co.,Ltd.		12,245.40
Contact liabilities:		
Closed Joint Stock Company BELGEE	1,755,484.89	1,024,660.11
Proton Holdings Berhad		9,903.48
PT Geely Mobil Indonesia		3,802.14
Dividends payable:		
Zhejiang Maple Asset Management Co.,Ltd.	12,263,266.73	

7. Related-party guarantee (Unit: ten thousand yuan)

The Company acts as the guarantor

Warrantee	Guaranteed amount	Start date	Due date	Whether the guarantee is implemented
Fengsheng Automobile Technology Group Co. Ltd	15,000.00	2019-12-13	2020-12-13	NO
Fengsheng Automobile Technology Group Co. Ltd	25,000.00	2019-12-18	2020-12-13	NO
Fengsheng Automobile Technology Group Co. Ltd	4,999.40	2019-3-7	2020-3-7	NO
Fengsheng Automobile Technology Group Co. Ltd	15,000.00	2019-3-27	2020-3-27	NO
Hangzhou Youxing Technology Co.,Ltd.	6,000.00	2019-6-27	2020-3-29	NO
Hangzhou Youxing Technology Co.,Ltd.	14,000.00	2019-9-27	2020-3-29	NO

X. Commitments and contingencies**1. Significant commitments (Unit: ten thousand yuan)****(1) Capital commitments**

Item	December 31, 2019	December 31, 2018
Commitment for acquisition of long-term asset	326,174.06	413,775.37
Overseas investment commitment	54,000.00	49,390.38
Total	380,174.06	463,165.75

(2) Operating lease commitment

As of the balance sheet date, the irrevocable operating lease of the Group is shown as follows:

Minimum payments of irrevocable lease	December 31, 2019	December 31, 2018
No later than 1 year	80,201.00	86,673.96
Later than 1 year but no later than 5 years	227,933.80	221,112.90
Later than 5 years	145,106.40	142,007.70
Total	453,241.20	449,794.56

2. Contingencies**(1) Legal proceedings**

Geely Zhaoyuan may at times be involved in legal proceedings. The estimated legal risk associated is RMB 35,667,740.00.

(2) Pension contingent liabilities

In terms of agreement, Volvo Personvagnar AB, Volvo Bili Göteborg AB and Volvo Personbilar Sverige AB shall undertake the contingent liability of 2% pension plan with amount of RMB 122,619,485.00. Management believes that the risk is immaterial.

(3) Tax risk

The potential tax risk evaluated is RMB 316,229,095.00.

(4) Other contingent liabilities

The amount involved in other external contract related to contingent liabilities is RMB549,057,808.00.

XI. Events after the balance sheet date

1. As of the report date, the coronavirus is still spreading overseas, which has affected the overseas production and sales of the Group to some extent. The Group is taking measures to mitigate the impact of the pandemic on its employees and operations. The management in charge of corporate governance will continue to monitor this risk and assess its impact on the Group's financial position and operating results for the year 2020.

2. In March 2020, Zhejiang Jirun Automobile Co., Ltd., a subsidiary of the Company, set up a wholly-owned subsidiary, Chengdu Geely Automobile Manufacturing Co., Ltd., with a registered capital of MRMB 50.

3. In March 2020, Zhejiang Maple Asset Management Co., Ltd transferred its 1.5% of shares of Zhejiang Haoqing Automobile Manufacturing Co., Ltd. to the Company. After the transfer, Zhejiang Haoqing Automobile Manufacturing Co., Ltd became a wholly-owned subsidiary of the Company.

XII. Other important events

The directors of Geely Automobile Holdings Co., Ltd. (HK.0175) proposed a dividend of HK\$0.25 per ordinary share to the shareholders on the registered list on June 4, 2020, amounting to approximately MRMB 2,057.75.

XIII. Notes to items in finance statements of the Company**1. Other receivables****(1) Item list**

Item	December 31, 2019	December 31, 2018
Interest receivables	246,106,704.81	249,329,018.74
Dividend receivables		
Other receivables	7,844,702,924.59	9,158,505,893.97
Total	8,090,809,629.40	9,407,834,912.71

(2) Interest receivable

Item	December 31, 2019	December 31, 2018
Loans interest	246,106,704.81	249,329,018.74
Total	246,106,704.81	249,329,018.74

(3) Other receivables

1) Item list

Item	December 31, 2019			
	Book balance		Doubtful debt provisions	
	Amount	Proportion (%)	Amount	Proportion (%)
Other receivable for which doubtful debt provisions is collectively assessed by credit risk characteristics	7,847,173,625.20	100.00	2,470,700.61	100.00
Total	7,847,173,625.20	100.00	2,470,700.61	100.00
(Continued)				

Item	December 31, 2018			
	Book balance		Doubtful debt provisions	
	Amount	Proportion (%)	Amount	Proportion (%)
Other receivable for which doubtful debt provisions is collectively assessed by credit risk characteristics	9,160,976,594.58	100.00	2,470,700.61	100
Total	9,160,976,594.58	100.00	2,470,700.61	100

2) Aging

Aging	December 31, 2019			December 31, 2018		
	Book balance		Doubtful debt provisions	Book balance		Doubtful debt provisions
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	4,929,533,784.27	62.82		7,451,059,913.37	81.34	
1 to 2 years	2,129,168,514.00	27.13		1,219,464,409.29	13.31	
2 to 3 years	440,156,719.01	5.61		451,964,553.00	4.93	
More than 3 years	348,314,607.92	4.44		38,487,718.92	0.42	2,470,700.61
Total	7,847,173,625.20	100.00		9,160,976,594.58	100.00	2,470,700.61

(4) Doubtful debt provisions

Doubtful debt provisions	Phase 1	Phase 2	Phase 3	Total
	Future 12-month expected credit loss	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
January 1, 2019	2,470,700.61			2,470,700.61
January 1, 2019 for current period	—	—	—	—
--Transfer to Phase 2				
--Transfer to Phase 3				
--Return to Phase 2				
--Return to Phase 1				
Recognition for current period				
Reversal for current period				
Written-off for current period				
Verification and write-off for current period				
Others				
December 31, 2019	2,470,700.61			2,470,700.61

(5) As at December 31, 2019, there are no other receivables to shareholders with 5% or more shares of the Group.

2. Investment in joint venture & associate

Item	December 31, 2019			December 31, 2018		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiary	27,557,648,453.82	44,789,998.45	27,512,858,455.37	26,289,808,013.82	44,789,998.45	26,245,018,015.37
Invest in associated enterprises and joint ventures	3,454,366,061.73		3,454,366,061.73	3,739,186,122.37	500,000.00	3,738,686,122.37
Total	31,012,014,515.55	44,789,998.45	30,967,224,517.10	30,028,994,136.19	45,289,998.45	29,983,704,137.74

(1) Investment in subsidiaries

Investees	January 1, 2019	Addition	Deduction	December 31, 2019	December 31, 2019 of impairment provision
Proper Glory Holding Inc.	160,377,380.00			160,377,380.00	
Geely International (Hong Kong) Co., Ltd.	591,430,882.00			591,430,882.00	
Shanghai Maple Automobile Co., Ltd.	177,499,237.58			222,289,236.03	44,789,998.45
Zhejiang Haoqing Automobile Co., Ltd	3,305,726,105.26			3,305,726,105.26	
Zhejiang Geely Automobile Co., Ltd	2,264,794,493.37			2,264,794,493.37	
Jining Fulin Automobile Components Co., Ltd.	45,000,000.00			45,000,000.00	
Shanghai Meihuan Trading Co., Ltd. (Note 1)	4,500,000.00		4,500,000.00		
Beijing Geely Kaisheng International Investment Co., Ltd.	7,242,000,000.00			7,242,000,000.00	
Hangzhou Geely Evun Technology Co., Ltd.	30,000,000.00			30,000,000.00	
Zhejiang Geely Business Service Co., Ltd.	20,000,000.00			20,000,000.00	

Investees	January 1, 2019	Addition	Deduction	December 31, 2019	December 31, 2019 of impairment provision
Zhangjiakou Volvo Engine Manufacturing Co. Ltd	604,975,000.00			604,975,000.00	
Weirui Electric Vehicles(Suzhou) Co.,Ltd.	26,000,000.00			26,000,000.00	
Daqing Volvo Cars Manufacture Co.,Ltd.	833,260,000.00			833,260,000.00	
Shanghai Volvo Cars R&D Co.,Ltd.	77,342,500.00			77,342,500.00	
Zhejiang Geely New Energy Commercial Vehicle Co.,Ltd.td.	300,000,000.00	200,000,000.00		500,000,000.00	
Easy-insure Insurance Agency Co.,Ltd.	50,000,000.00			50,000,000.00	
Ningbo Yijie Equity Investments and Fund Management Partnership (LP)	2,000,000.00			2,000,000.00	
Zhejiang Qianjiang Motorcycle Co.,Ltd.(Note 2)	1,081,350,000.00		1,081,350,000.00		
Geely International (US) Co.,Ltd.	33,852,140.00	33,690,440.00		67,542,580.00	
Geely Changxing New Energy Automobile Co.,Ltd.	270,000,000.00			270,000,000.00	
Shanghai Geely Zhaoyuan International Investment Co.,Ltd.	5,186,570,000.00			5,186,570,000.00	
Zhejiang Zhongjian Investment Co.,Ltd.	300,000,000.00			300,000,000.00	
Geely Automobile Group Co. Ltd	500,000,000.00	400,000,000.00		900,000,000.00	
Geely Automobile Holdings Ltd.	382,310,347.06			382,310,347.06	
Polestar Automotive (Shanghai) Co., Ltd.(Note 3)	2,756,029,930.10	1,700,000,000.00		4,456,029,930.10	
Zhejiang Houtong Equity Investment Management Co., Ltd		20,000,000.00		20,000,000.00	
Zhejiang Liankong Technology Co., Ltd.(Note 4)					

Investees	January 1, 2019	Addition	Deduction	December 31, 2019	December 31, 2019 of impairment provision
Geely Factoring (Xi 'an) Co., Ltd.(Note 5)					
Total	26,245,018,015.37	2,353,690,440.00	1,085,850,000.00	27,557,648,453.82	44,789,998.45

Note 1: Shanghai Meihuan Trading Co., Ltd. was transferred to Geely Automobile Group Co. Ltd.

Note 2: Zhejiang Qianjiang Motorcycle Co., Ltd was transferred to Geely Technology Group Co. Ltd.

Note 3: The Company increased total capital of MRMB 1,700 to Polestar Automotive (Shanghai) Co., Ltd unilaterally, which did not change the shareholding structure.

Note 4: The share capital of Zhejiang Liankong Technology Co., Ltd is MRMB 50, and the capital contributions of the Company is MRMB 50, which is under the provisions of association within the stipulated time.

Note 5: The share capital of Geely Factoring (Xi'an) Co., Ltd is MRMB100, the capital contributions of the Company is MRMB 100, which is under the provisions of association within the stipulated time.

(2) Investment in associated enterprises and joint venture

Investees	January 1, 2019	Movement							December 31, 2019 of impairment provision
		Increase	Decrease	Profit or loss recognized under equity method	Other comprehensive income adjusted	Other equity changes	Dividend	Provision for impairment	
I. Associates									
Zhejiang Yinji Automotive Components Co.,Ltd.	23,477,061.01			-282,074.00					23,194,987.01
Corun Hybrid Technology Co., Ltd.	211,524,280.90		211,524,280.90						
China Railway Geccent Technology Co.,Ltd.	3,503,684,780.46			-72,513,705.74					3,431,171,074.72
Total	3,738,686,122.37		211,524,280.90	-72,795,779.74					3,454,366,061.73

3. Revenue and cost of sales

Item	2019		2018	
	Revenue	Costs of sales	Revenue	Costs of sales
Other operations	283,118,441.70	143,523,550.65	260,024,972.16	21,917,598.06
Total	283,118,441.70	143,523,550.65	260,024,972.16	21,917,598.06

4. Investment income**(1) Information investment income**

Item	2019	2018
Investment income (losses) under equity method	-72,795,779.74	-9,706,330.35
Income from disposals of long-term equity investments	-83,869,624.89	-9,010,057.80
Income from long-term equity investment generated	3,572,360,330.33	
Income from disposals of other non-current financial assets		51,189,784.30
Total	3,415,694,925.70	32,473,396.15

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

Item	2019	2018
Zhejiang Yinji Automotive Components Co., Ltd.	-282,074.00	-383,361.01
Geely Yinjian Investment Co., Ltd.		682.11
Corun Hybrid Technology Co., Ltd.		956,143.42
China Railway Gecent Technology Co., Ltd.	-72,513,705.74	-10,279,794.87
Total	-72,795,779.74	-9,706,330.35

Zhejiang Geely Holding Group Co., Ltd.
April 29, 2020

统一社会信用代码
911101020855463270



营业执照

(副本)
(10-1)



名称 北京兴华会计师事务所(特殊普通合伙)

类型 特殊普通合伙企业

出资人 张恩军

经营范围

成立日期 2013年11月22日
合伙期限 2013年11月22日至 2063年11月21日
主要经营场所 北京市西城区裕民路18号2206房间

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、清算等事务的审计；代理记账，出具有关报告；基本建设年度财务决算审计；法律、法规、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。(企业依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的范围开展经营活动；不得从事本市产业政策禁止和限制类项目的经营活动。)



登记机关

2019年 07月 03日

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。

<http://www.gsxt.gov.cn>

国家企业信用信息公示系统网址:

国家市场监督管理总局监制



证书序号: 000377

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，
北京兴华会计师事务所（特殊普通合伙） 执行证券、期货相关业务。

首席合伙人: 张恩军

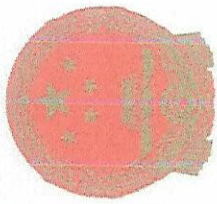


证书号: 10

发证时间: 二〇一〇年九月

证书有效期至: 二〇一二年九月

四日



会计师事务所 执业证书

名称：北京兴华会计师事务所（特殊普通合伙）
首席合伙人：张恩军
主任会计师：
经营场所：北京市西城区裕民路18号2206房间
组织形式：特殊普通合伙
执业证书编号：11000010
批准执业文号：京财会许可（2013）0060号
批准执业日期：2013年10月10日



证书序号：0011908

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

二〇一〇年八月六日

中华人民共和国财政部制



证书编号: 330280240229
注册编号: 330280240229
发证日期: 1999年12月01日
有效期至: 2013年12月01日

年度检验登记

Annual Renewal Registration

本证书经检验合格, 继续有效一年。
This certificate is valid for another year after this.



姓名: 陈利华
Full name: Chen Lihua
性别: 男
Sex: Male
出生日期: 1968-02-22
Date of birth: 1968-02-22
工作单位: 杭州合兴会计师事务所有限公司
Working unit: Hangzhou Hexiong Accounting Firm Co., Ltd.
身份证号码: 332622680221
Identity card No.: 332622680221



报告附件

注册会计师工作单位变更事项登记

Registration of the Change of Working Unit by a CPA

同意调入
Agree to be transferred to

北京兴华会计师事务所
Beijing Xinghua Accounting Firm

2013年12月26日
Stamp of the transferee Institute of CPAs



注册会计师工作单位变更事项登记

Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

同意调入
Agree the holder to be transferred to

转出协会盖章
Stamp of the transferee Institute of CPAs
2013年12月26日

转入协会盖章
Stamp of the transferee Institute of CPAs
2013年12月26日

年度检验登记

Annual Renewal Registration

本证书经检验合格, 继续有效一年。
This certificate is valid for another year after this renewal.





姓名: 张世强
Sex: 男
出生日期: 1985-10-25
工作单位: 浙江大华技术股份有限公司
身份证号: 330103198510251016

证书编号: 330002710006
批准注册协会: 浙江注册会计师协会
发证日期: 2013 年 03 月 26 日

年度检验登记

Annual Renewal Registration

本证书年检合格，继续有效一年。
This certificate is valid for another year after renewal.



注册会计师工作单位变更事项登记

Registration of the Change of Working Unit by a CPA

同意调出
After the holder to be transferred from

事务所
CPAs

同意调入
After the holder to be transferred to

转出协会盖章
年 月 日
Stamp of the transfer-out Institute of CPAs

北京大华会计师事务所
转入协会盖章
2013 年 12 月 26 日
Stamp of the transfer-in Institute of CPAs

注册会计师工作单位变更事项登记

Registration of the Change of Working Unit by a CPA

同意调出
After the holder to be transferred from

事务所
CPAs

同意调入
After the holder to be transferred to

转出协会盖章
年 月 日
Stamp of the transfer-out Institute of CPAs

转入协会盖章
年 月 日
Stamp of the transfer-in Institute of CPAs

年度检验登记

Annual Renewal Registration

本证书年检合格，继续有效一年。
This certificate is valid for another year after this renewal.

