

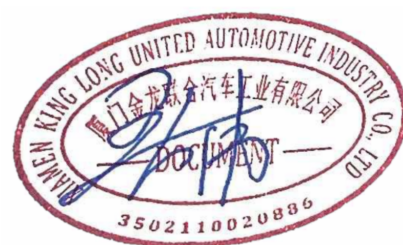
# **Auditor's Report**

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**Xiamen King Long United Automotive  
Industry Co., Ltd.**

**RSMSZ[2020] No.361F0306**

**RSM CHINA CPA LLP  
CHINA·XIAMEN**



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(English Translation for Reference Only)

## Auditor's Report

RSMSZ[2020] No.361F0306

To the Shareholders of Xiamen King Long United Automotive Industry Co., Ltd.,

We have audited the accompanying financial statements of Xiamen King Long United Automotive Industry Co., Ltd. (hereinafter "the Company"), which comprise the financial position as at 31 December 2019, their financial performance, cash flow statements and statements of changes in equity for the year ended.

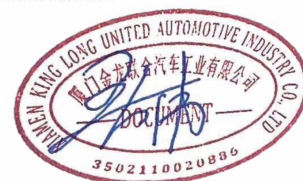
### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the company's financial position of the Company as at 31 December 2019, and their financial performance and cash flows for the year ended in accordance with the requirements of Accounting Standards for Business Enterprises.

## BASIS OF PREPARATION

We remind users of financial statements to pay attention to basis of preparation for the financial statements. The Company prepares financial statements in order to report the 2019 annual financial statements to the competent Administration of Industry and Commerce Taxation Bureau, financial institutions or agencies in accordance with relevant regulations, technology division, industrial and information technology bureau, third-party certification body for certification entrusting according to the Company's operation needs, and external bidding. Therefore, the financial statements may not be suitable for other purposes. The content of this paragraph does not affect the audit opinion that has been issued.





# Statement of Financial Position

as at 31 December 2019

Prepared by: Xiamen King Long United Automotive Industry Co., Ltd.

Unit: Yuan Currency: RMB

Items	Note	2019/12/31	2018/12/31	Items	Note	2019/12/31	2018/12/31
<b>Current assets:</b>				<b>Current liabilities</b>			
Cash and cash equivalents		1,258,972,496.56	948,087,029.30	Short-term borrowings		794,731,955.82	700,000,000.00
Held-for-trading financial assets		510,723,287.66		Held-for-trading financial liabilities			
Financial assets at fair value through profit or loss				Financial liabilities at fair value through profit or loss			
Derivative financial assets				Derivative financial liabilities			
Notes receivable			101,759,344.65	Notes payable		2,033,777,939.20	2,371,440,612.00
Accounts receivable		3,444,381,611.38	4,243,874,898.02	Accounts payable		1,516,894,125.56	1,579,114,037.16
Accounts receivable financing		250,817,522.92		Advances from customers		160,078,123.12	177,813,491.94
Advances to suppliers		56,033,243.92	10,867,999.68	Employee benefits payable		127,725,053.10	91,469,847.06
Other receivables		75,842,402.37	65,710,391.99	Taxes payable		14,216,189.53	16,519,101.20
Including: Interests receivable				Other payables		456,219,592.86	279,753,695.63
Dividend receivable				Including: Interests payables			
Inventories		321,721,011.14	451,746,876.98	Dividend payables			
Assets classified as held for sale				Liabilities classified as held for sale			
Non-current assets maturing within one year				Non-current liabilities maturing within one year		10,670,554.38	132,182.85
Other current assets		161,285,410.07	145,846,563.51	Other current liabilities			
<b>Total current assets</b>		<b>6,079,776,986.02</b>	<b>5,967,893,104.13</b>	<b>Total current liabilities</b>		<b>5,114,313,533.57</b>	<b>5,216,242,967.84</b>
<b>Non-current assets:</b>				<b>Non-current liabilities:</b>			
Debt investments				Long-term borrowings		180,000,000.00	
Available-for-sale financial assets			1,800,000.00	Bonds payable			
Other debt investments				Including: Preference share			
Held-to-maturity investments				Long-term payables		18,036,713.94	29,856,680.72
Long-term receivables				Long-term employee benefits payable			
Long-term equity investments		894,852,621.15	888,110,819.23	Estimated liabilities		320,333,270.78	356,446,579.14
Other equity instrument		1,800,000.00		Deferred income		73,846,439.03	78,090,560.83
Other non-current financial assets		51,530,000.00		Deferred tax liabilities		7,837,993.15	
Investment properties				Other non-current liabilities			
Fixed assets		545,510,251.86	555,110,238.99	<b>Total non-current liabilities</b>		<b>600,054,416.90</b>	<b>464,393,820.69</b>
Construction in progress		8,430,135.33	7,963,649.61	<b>Total liabilities</b>		<b>5,714,367,950.47</b>	<b>5,680,636,788.53</b>
Productive biological assets				<b>Owners' equity</b>			
Oil and gas assets				Share capital		928,000,000.00	928,000,000.00
Intangible assets		77,962,875.42	82,835,618.70	Other equity instruments			
Research and development expenditure				Including: Preference shares			
Goodwill				Capital reserves		11,971,149.21	11,971,149.21
Long-term deferred expenses		9,635,628.03	16,944,271.22	Less: Treasury stock			
Deferred tax assets		149,705,754.79	160,533,029.00	Other comprehensive income			475,084.97
Other non-current assets		4,545,313.44	12,489,995.21	Specific reserves		15,148,245.05	16,648,004.70
				Surplus reserves		404,855,924.90	379,626,219.75
				General risk reserves			
				Retained earnings		749,406,296.41	676,323,478.93
<b>Total non-current assets</b>		<b>1,743,972,580.02</b>	<b>1,725,787,621.96</b>	<b>Total owners' equity</b>		<b>2,109,381,615.57</b>	<b>2,013,043,937.56</b>
<b>Total assets</b>		<b>7,823,749,566.04</b>	<b>7,693,680,726.09</b>	<b>Total liabilities and owners' equity</b>		<b>7,823,749,566.04</b>	<b>7,693,680,726.09</b>

Legal Representative:

Chief Financial Officer:

Finance Manager:



# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

Prepared by: Xiamen King Long United Automotive Industry Co., Ltd.

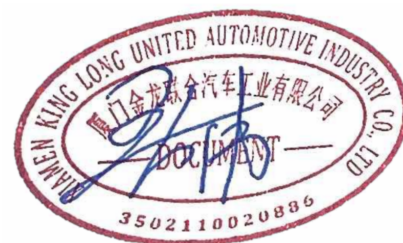
Unit: Yuan    Currency: RMB

Item	Note	2019	2018
<b>I. Revenue</b>		5,852,120,630.92	6,579,654,726.53
Including: operating revenue		5,852,120,630.92	6,579,654,726.53
<b>II. Cost of sales</b>		5,791,228,362.53	6,475,828,016.05
Including: operating cost		5,112,480,968.63	5,763,529,544.62
Taxes and surcharges		28,506,142.89	49,838,842.91
Selling and distribution expenses		294,534,836.40	329,315,528.92
General and administrative expenses		139,044,607.57	143,334,690.60
Research and development expenses		229,905,627.45	234,265,474.90
Finance costs		-13,243,820.41	-44,456,065.90
Including: Interest expense		34,341,882.69	38,099,221.91
Interest income		25,490,552.42	48,495,685.23
Add: Other income		41,569,099.93	36,485,679.29
Investment income/(losses)		-9,815,198.68	-14,831,115.66
Including: Investment income from associates and joint ventures		-81,118.08	
Gains/(losses) from derecognition of financial assets measured at amortised cost		2,186,152.26	
Income/(losses) from net exposure hedging			
Gains/(losses) from changes in fair values		-12,456,712.34	
Impairment loss of credit		17,638,211.94	
Impairment loss of asset		-31,066,351.56	-47,845,515.30
Gains/(losses) from disposal of assets		-547,188.86	-336,110.79
<b>III. Profit/(loss) from operations</b>		66,214,128.82	77,299,648.02
Add: Non-operating income		12,394,728.34	8,583,687.53
Less: Non-operating expenses		-132,211.52	-15,946,749.18
<b>IV. Profit/(loss) before tax</b>		78,741,068.68	101,830,084.73
Less: Income tax expenses		8,152,245.94	9,313,801.13
<b>V. Net profit/(loss) for the year</b>		70,588,822.74	92,516,283.60
Net profit/(loss) from continuing operation		70,588,822.74	92,516,283.60
Net profit/(loss) from discontinued operation			
<b>VI. Other comprehensive income for the year, after tax</b>			475,084.97
(i) Items that will not be reclassified subsequently to profit or loss			
(1) Remeasurement of the net defined benefit liability (asset)			
(2) Other comprehensive income using the equity method which will not be reclassified subsequently to profit and loss			
(3) Changes in fair value of other equity instrument investment			
(4) Changes in fair value of the Company's own credit risks			
(5) Others			
(ii) Items that may be reclassified subsequently to profit or loss			475,084.97
(1) Other comprehensive income using the equity method which will be reclassified subsequently to profit or loss			
(2) Changes in fair value of other debt instrument investment			
(3) Gains/(losses) arising from changes in fair value of available-for-sale financial assets			475,084.97
<b>VII. Total comprehensive income for the year</b>		70,588,822.74	92,991,368.57

Legal Representative:

Chief Financial Officer:

Finance Manager:





# Statement of Cash Flows

for the year ended 31 December 2019

Prepared by: Xiamen King Long United Automotive Industry Co., Ltd.

Unit: Yuan Currency: RMB

Items	Note	2019	2018
<b>I. Cash flows from operating activities</b>			
Cash received from the sale of goods and the rendering of services		6,313,421,388.43	8,126,499,246.67
Cash received from tax refund		196,913,532.42	234,169,764.74
Other cash received relating to operating activities		301,333,573.39	1,027,021,824.49
Subtotal of cash inflows from operating activities		6,811,668,494.24	9,387,690,835.90
Cash payments for goods purchased and services received		5,117,817,541.09	7,811,458,055.12
Cash payments to and on behalf of employees		601,533,385.72	713,461,158.15
Payments of taxes		52,884,335.79	73,542,898.58
Other cash payments relating to operating activities		586,715,945.34	953,892,708.73
Subtotal of cash outflows from operating activities		6,358,951,207.94	9,552,354,820.58
<b>Net cash flows from operating activities</b>		452,717,286.30	-164,663,984.68
<b>II. Cash flows from investing activities</b>			
Cash received from disposal and redemption of investments		140,000,000.00	260,427,500.00
Cash received from returns on investments		16,042,045.35	19,678,534.34
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		6,619.44	453,302.95
Net cash received from disposals of subsidiaries and other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		156,048,664.79	280,559,337.29
Cash payments to acquire fixed, intangible and other long-term assets		59,886,351.10	121,314,639.10
Cash payments to acquire investments		196,822,920.00	1,033,652,170.00
Net cash payments to acquire subsidiaries and other business units			
Other cash payments relating to investing activities		15,051,100.00	34,509,650.00
Subtotal of cash outflows from investing activities		271,760,371.10	1,189,476,459.10
<b>Net cash flows from investing activities</b>		-115,711,706.31	-908,917,121.81
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions			
Cash received from borrowings		1,174,000,000.00	763,294,000.00
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		1,174,000,000.00	763,294,000.00
Cash repayments of debts		700,000,000.00	358,294,000.00
Cash payments for dividends, distribution of profit and interest expenses		61,151,061.95	236,585,938.17
Other cash payments relating to financing activities			
Subtotal of cash outflows from financing activities		761,151,061.95	594,879,938.17
<b>Net cash flows from financing activities</b>		412,848,938.05	168,414,061.83
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		45,472,129.98	35,629,693.30
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		795,326,648.02	-869,537,351.36
Plus: Cash and cash equivalents at the beginning of the period		879,410,352.13	1,748,947,703.49
<b>VI. Cash and cash equivalents at the end of the period</b>		1,674,737,000.15	879,410,352.13

Legal Representative:

Chief Financial Officer:

Finance Manager:



## for the year ended 31 December 2019

Unit: Yuan      Currency: RMB

Item		2019										Unit: Yuan	Currency: RMB
		Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others									
I. Balance at the ending of the prior year	928,000,000.00				11,971,149.21		475,084.97	16,648,004.70	379,626,219.75		676,323,478.93	2,013,043,937.56	
Add: Changes in accounting policy													
Correction of prior period errors							-475,084.97		11,095,716.99		44,382,867.98	55,003,500.00	
Others													
II. Balance at the beginning of the year	928,000,000.00				11,971,149.21			16,648,004.70	390,721,936.74		720,706,346.91	2,068,047,437.56	
III. Changes in equity during the year( "+ "(for decrease)								-1,499,759.65	14,133,988.16		28,699,949.50	41,334,178.01	
(i) Total comprehensive income											70,588,822.74	70,588,822.74	
(ii) Capital contributions or withdrawals by owners													
1. Ordinary shares contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Share-based payments recognised in owners' equity													
4. Others													
(iii) Profit distribution													
1. Withdrawal of surplus reserves									14,133,988.16		-41,888,873.24	-27,754,885.08	
2. Withdrawal of general risk reserves									14,133,988.16		-14,133,988.16		
3. Profit distribution to owners (or shareholders)													
4. Others											-27,754,885.08	-27,754,885.08	
(iv) Transfer between owners' equity													
1. Capital reserves transfer to share capital													
2. Surplus reserves transfer to share capital													
3. Surplus reserves used to cover accumulated deficits													
4. Defined benefit plan transfer to retained earnings													
5. Other comprehensive income transfer to retained earnings													
6. Others													
(v) Specific reserves								-1,499,759.65				-1,499,759.65	
1. Withdrawal during the reporting period								7,689,827.36				7,689,827.36	
2. Usage during the reporting period								-9,189,587.01				-9,189,587.01	
(vi) Others													
IV. Balance at the ending of the year	928,000,000.00				11,971,149.21			15,148,245.05	404,855,924.90		749,406,296.41	2,109,381,615.57	

**Chief Financial Officer:**

Finance Manager:





# Statement of Changes in Owners' Equity (Cont.)

for the year ended 31 December 2019

Prepared by: Xiamen King Long United Automotive Indu

Unit: Yuan Currency: RMB

Item	2018					Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity
	Share capital	Preference shares	Perpetual capital securities	Others	Capital reserves							
I. Balance at the ending of the prior year	928,000,000.00				11,971,149.21			14,731,951.74	361,122,963.03		602,310,452.05	1,918,136,516.03
Add: Changes in accounting policy												
Correction of prior period errors												
Others												
II. Balance at the beginning of the year	928,000,000.00				11,971,149.21			14,731,951.74	361,122,963.03		602,310,452.05	1,918,136,516.03
III. Changes in equity during the year ("for decrease")							475,084.97	1,916,052.96	18,503,256.72		74,013,026.88	94,907,421.53
(i) Total comprehensive income							475,084.97				92,516,283.60	92,991,368.57
(ii) Capital contributions or withdrawals by owners												
1. Ordinary shares contributed by shareholders												
2. Capital contributed by holders of other equity instruments												
3. Share-based payments recognised in owners' equity												
4. Others												
(iii) Profit distribution									18,503,256.72		-18,503,256.72	
1. Withdrawal of surplus reserves									18,503,256.72		-18,503,256.72	
2. Withdrawal of general risk reserves												
3. Profit distribution to owners (or shareholders)												
4. Others												
(iv) Transfer between owners' equity												
1. Capital reserves transfer to share capital												
2. Surplus reserves transfer to share capital												
3. Surplus reserves used to cover accumulated deficits												
4. Defined benefit plan transfer to retained earnings												
5. Other comprehensive income transfer to retained earnings												
6. Others												
(v) Specific reserves								1,916,052.96				1,916,052.96
1. Withdrawal during the reporting period								7,838,398.44				7,838,398.44
2. Usage during the reporting period								-5,922,345.48				-5,922,345.48
(vi) Others												
IV. Balance at the ending of the year	928,000,000.00				11,971,149.21		475,084.97	16,648,004.70	379,626,219.75		676,323,478.93	2,013,043,937.56

Legal Representative:

Chief Financial Officer:

Finance Manager:

