



Chongqing Changan Automobile

Company Limited

2012 Annual Report

April, 2013

Chapter 1 Important Notice, Contents, and Definitions

The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Executives of our company hereby guarantee that no false or misleading statement or major omission was made to the materials in this report and that they will assume all the responsibilities, individually and jointly, for the trueness, accuracy and completeness of the contents of this report.

Chairman of the Board Xu Liuping, the Chief Financial Officer Cui Yunjiang and the responsible person of the accounting institution (Accountant in charge) Hua Zhanbiao hereby declare that the Financial Statements enclosed in this annual report are true, accurate and complete.

Other directors attended the board meeting on auditing the report except for the following directors:

Name of the Director	Reasons for the absence	Name of the consignee
Ouyang minggao	On Business	Dong Yang

The preplan profit distribution of the Company deliberated and approved by the Board is: taking the total shares as of Dec. 31, 2012 as the radix, sending cash dividends of RMB 0.5 Yuan (tax included) per every 10 shares to its all shareholders, and not converting capital reserve into share capital.

The prospective description regarding future business plan and development strategy in this report does not constitute virtual commitment. The investors shall pay attention to the risk.

The report shall be presented in both Chinese and English, and should there be any conflicting understanding of the text, the Chinese version shall prevail.

CONTENTS

Chapter 1	Important Notice, Contents, and Definitions.....	1
Chapter 2	Company Profile	4
Chapter 3	Summary of Accounting Data and Financial Indexes	7
Chapter 4	Report of the Board of Directors	9
Chapter 5	Important Matters	23
Chapter 6	Changes in the shareholding of the company and shareholders.....	29
Chapter 7	Information about Directors, Supervisors, Senior Management and Employees	36
Chapter 8	Corporate Governance	46
Chapter 9	Corporate Governance	50
Chapter 10.	Audited Financial Statements	52
Chapter 11.	Documents for Future Reference.....	213

Definitions

Changan Auto., the Company	Refers to	Chongqing Changan Automobile Company Limited
South Industries	Refers to	China South Industries Group Corp. Company's actual controller
China Changan	Refers to	China Changan Automobile Group Corporation, old name: China South Industries automobile Co., Ltd., a subsidiary company of South Industries
Changan Industry	Refers to	Chongqing Changan Industry (Group) Co., Ltd., old name: Changan Automobile Co., Ltd., Changan Automobile (Group) Co., Ltd., a subsidiary company of South Industries, the controlling shareholder of the Company before December, 2005
Nanjing Changan	Refers to	Nanjing Changan Automobile Co., Ltd., a subsidiary company of the Company
Hebei Changan	Refers to	Hebei Changan Automobile Co., Ltd., a subsidiary company of the Company
Baoding Changan Bus	Refers to	Baoding Changan Bus Co., Ltd., a subsidiary company of the Company
International Company	Refers to	Chongqing Changan Automobile International Sale Service Co., Ltd.
CFMA	Refers to	Changan Ford Mazda Automobile Co., a JV of the Company
CFME	Refers to	Changan Ford Mazda Engine Co., a JV of the Company
Changan Suzuki	Refers to	Chongqing Changan Suzuki Auto. Co.Ltd., a JV of the Company
Jiangling holding	Refers to	Jiangling Holding Co., a JV of the Company
Hafei Group	Refers to	Harbin Hafei Automobile Industry Group Co., Ltd., a subsidiary company of China Changan
Changhe Auto.	Refers to	Changhe Automobile Co., Ltd. , a subsidiary company of China Changan
CMAL	Refers to	Chongqing Changan Minsheng APLL Logistics Co., Ltd, a subsidiary company of Changan Industry
Financial Co. of CSGC	Refers to	Financial Co. of China South Industries Group Corporation
Zhonghuifutong	Refers to	Zhonghui Fortis Investment Co., Ltd. a subsidiary company of China Changan
CAPSA	Refers to	Changan PSA Automobiles Co., Ltd

Chapter 2 Company Profile

1. Basic Information

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

2. Contact Information

	Secretary of the Board of Directors	Securities affairs representative
Name	Cui Yunjiang, Lijun	
Contact address	No. 260, East Jianxin Road, Jiangbei District, Chongqing	
TEL:	023-67594008, 67594009	
FAX:	023-67866055	
E-mail address	cazqc@changan.com.cn	

3. Information Disclosure and Filing Site

Newspaper selected by the Company for information disclosure	China Securities Journal, Securities Daily and Hong Kong Commercial Daily
Website selected by CSRC for publishing this annual report	www.cninfo.com.cn
The place where this annual report is prepared and kept	Secretary's Office of Board of Directors

4. Changes of Registration Information

	Registration date	Registered address	Registered number of the corporation legal person's business license	Tax registration No.	Organization code
First registration	Oct. 31, 1996	No.309,Nanchengdao,Nan'an District, Chongqing	5000001805570	Guoshuichongzi 51021120286320X	Yujing 28546236-3
Registration at the end of reporting period	Aug. 24, 2012	No. 260, East Jianxin Road Jiangbei District, Chongqing	Yuzhi 500000000005061	Yuguoshuizi 50010520286320XY udishuizi 50010520286320X	20286320-X
All previous changes of dominant stockholders	<p>1. In Oct. 2005, according to the restructuring program on automobile business, the Company's actual controller, China South Industries Group Corporation made transferring of all state-owned shares of the Company as part of funding for China South Industries Automobile Company Limited. In March 2006, all shares held by Changan Group have been transferred to China South Industries Automobile Company Limited. China South Industries Automobile Company Limited became the majority shareholder of the Company, and Changan Group holds zero share since then.</p> <p>2. In July 2009, with the approval of State Administration for Industry and Commerce, "China South Industries Automobile Company Limited", changed its name to "China Changan Automobile Group Co., Ltd.". After change of its name, its property, ownership, control proportion of the Company's equity and control relation are without change.</p>				

5. Other Relevant Information

The accounting firm employed by the Company:

Name of the accounting firm	ERNST&YOUNG Hua Ming
Address of the accounting firm	Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing, China
Name of the certified public accountant for signature	Qiao Chun, Ai Wei

The sponsor institution employed by the Company for fulfilling the duties of continuous supervision in this reporting period:

Name of sponsor institution	Office Address	Name of sponsor representative	Duration of supervision
China Securities Co., Ltd.	No.188,Chaonei Avenue, Dong Cheng District, Beijing	Xu Jiongwei, Wang Dongmei	2011.1.28-2012.12.31

Chapter 3 Summary of Accounting Data and Financial Indexes

1. Major Accounting Data and Financial Indexes

Unit: Yuan

	2012	2011	Increase/decrease on a year-on-year basis (%)	2010
Operating revenue (Yuan)	29,462,588,753.56	26,551,846,548.17	10.96%	33,526,453,241.35
Net profit belonging to shareholders of the listed company (Yuan)	1,446,409,591.28	967,940,639.48	49.43%	2,035,000,737.81
Net profit belonging to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan)	1,071,948,748.07	794,691,915.61	34.89%	2,054,183,053.97
Net cash flow arising from operating activities (Yuan)	511,885,673.38	207,217,572.62	147.03%	2,818,068,922.49
Basic earnings per share (Yuan/Share)	0.31	0.20	55%	0.46
Diluted earnings per share (Yuan/Share)	0.31	0.20	55%	0.46
Return on equity (ROE) (%)	9.66%	6.86%	2.8%	20.39%
	End of 2012	End of 2011	Increase/decrease of the end of current year compared with that of the previous year (%)	End of 2010
Total assets (Yuan)	46,117,604,792.27	36,532,118,115.54	26.24%	30,992,159,735.89
Net assets belonging to shareholders of the listed company (Owner's equity belonging to shareholders of the listed company) (Yuan)	15,512,935,348.26	14,739,231,462.02	5.25%	10,800,753,383.18

2. Items of non-recurring profit and loss and related amounts:

Unit: Yuan

Item	Amount of	Amount of	Amount of	Remarks
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	2012	2011	2010	
Profit and loss from disposal of non-current assets (including the write-off of assets depreciation reserves)	-2,659,276.68	11,722,827.07	-50,158,601.93	
Government subsidiaries included in current profit and loss (except those closely related with the Company, which are enjoyed by rating or quotas according to uniform standards of the State)	402,264,192.28	184,906,144.09	55,751,511.60	
Current net gains/losses of the subsidiaries from period-begin to consolidated date occurred from enterprise merger under the common control		12,050,340.92	-27,661,628.30	
Profit and loss from contingency items irrelevant with normal business of the Company profit and loss from fair value changes by holding of transaction financial assets and liabilities, except effective hedging business related to normal business of the Company, and investment income from disposal of transaction financial assets and liabilities as well as financial assets available for sale	-1,193,392.63	1,525,799.63	4,563,744.00	
Other non-operating revenue and expenses except the above-mentioned items	5,351,829.85	-1,879,032.47	-2,387,887.43	
Capital occupied income from non-financial entities	66,458,214.91			
Influenced amount of income tax	94,185,371.56	32,404,127.47	-990,803.09	
Amount of influence of minority shareholders' equity (after tax)	1,575,352.96	2,673,227.90	280,257.19	
Total	374,460,843.21	173,248,723.87	-19,182,316.16	--

Chapter 4 Report of the Board of Directors

I . Overview

In year 2012, facing fierce competitions in the industry, the Company had sped up the adjustment of product, marketing and management system deeply, the overall operation is in constant improving, and the profit growth becoming higher than the income and sales growth had been realized.

In this reporting period, the Company, and its subordinate joint enterprises and associated enterprises had produced 1.741 million vehicles and sold 1.756 million vehicles, up by 2.55% and 3.32% compared with the same period of last year. The sale of indigenous brand vehicles is 231,000 vehicles in total, up by 12.87% compared with the same period of last year. In the car market of China, the Company gained about 9.1% market share, down by 0.09 percentage points compared with last year, sales continues to rank the top four in China's auto industry. (The above analysis data source: China's Auto Industry Association.)

During the reporting period, the Company achieved progress in transition and upgrading of indigenous brand business, and it's the year the Company launched lots of independent innovation products. Lots of new products such as Honor, Eado, Alsvin V3, Alsvin V5, and CS35 have been launched into the market, product structure has been constantly optimized, product gross margin was increasing steadily, and product profitability has been further enhanced. The joint venture Changan Ford has been developed strongly, the strategy of Focus series "Double vehicles" started to show its effect, and profit contribution ability has greatly increased.

II . Analysis of Main Business

1、 Income

Unit: Ten Thousand Yuan

Item	2012	2011	Increase/decrease on a year-on-year basis (%)
Main Business	2, 886, 887	2, 571, 264	12. 27%
Operating profit	92, 248	75, 275	22. 55%
Net profit belonging to shareholders of the listed company	144, 641	96, 794	49. 43%

During the reporting period, the total sales amount from top five suppliers is RMB 2,893,130,000 Yuan and the proportion in the total annual sales amount is 9.82%.

2、 Cost

Unit: Ten Thousand Yuan

Industry	Item	2012	2011	Increase/decrease
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classification		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	on a year-on-year basis (%)
Automobile	Prodcut Sale	2,309,625.45	99.09%	2,136,762.42	98.02%	8.09%
Production	Outsourcing	21,269.75	0.91%	43,142.82	1.98%	-50.70%
Total		2,330,895.20	100.00%	2,179,905.24	100.00%	6.93%

During the reporting period, the total purchase amount from top five suppliers is RMB 4,517,700,000 Yuan and the proportion in the total annual purchase amount is 18.79%.

3、Expenses

Unit: Ten Thousand Yuan

Item	2012	2011	increase/decrease
Business tax and additional tax	75,963	53,773	41.27%
Sales expenses	262,984	214,233	22.76%
Administrative expenses	269,025	233,265	15.33%
Financial expenses	2,894	-18,403	115.72%
Assets devaluation	25,872	4,814	437.48%
Income tax expense	-8,757	2,298	-481.05%

- (1) The growth of business tax and additional tax, mainly due to the growth of the consumption tax resulted from the expansion in sales scale and the increase of the proportion of high consumption tax vehicles;
- (2) The growth of sales expenses, mainly due to the increase of the Company advertising investment for new models;
- (3) The growth of administrative expenses, mainly due to the increase of staff salary and the increase of the newly added management costs for Beijing factory;
- (4) A substantial increase in financial expenses, mainly due to the increase of the interest the Company should take for corporate bonds distribution and bank loan.
- (5) A substantial increase in assets devaluation, mainly due to withdrawing of fixed assets depreciation from the productive facilities for CV6 (Benny), C116 (CX30 hatchback) and CM9, and due to the cost of models produced in Beijing is lower than the net realizable value of inventories.
- (6) A substantial decrease of income tax expense, mainly due to the decrease of the current deferred income tax expense caused by the growth of deferred income tax assets resulted from the growth of temporary differences such as deferred revenue of 2012.

4、Research and Development Expenditure

The Company research and development expenditure is classified as the expenditure on research phase and the expenditure on development phase, and research expenditures will be included in the current profits and losses. In 2012, the expenditure for research and development project of the Company was 1.694 Billion Yuan, of which 1.163 Billion Yuan for research expenditure, 0.531 Billion Yuan for development phase. In 2011, the expenditure for research and development project of the Company was 1.611 Billion Yuan, of which 1.189 Billion Yuan for research expenditure, 0.422 Billion Yuan for development phase.

5、Cash Flow

Unit: Ten Thousand Yuan

Item	2012	2011	Increase/decrease
Subtotal of cash inflow from operating activities	51,189	20,722	147.03%
Subtotal of cash flow from investment activities	-367,973	-376,054	2.15%
Subtotal of cash flow from financing activity	251,468	357,850	-29.73%
Net increase in cash and cash equivalents	-65,322	2,453	-2762.53%
Cash and cash equivalents at end of year	358,550	423,871	-15.41%

In 2012, the net cash flow generated from operating activities was 512,000,000 RMB Yuan, a year-on-year increase of RMB 305,000,000 Yuan, mainly due to the growth of gross profit caused by the increase of sales and the adjustment of product structure; The inflow of the net cash flow generated from financing activities was RMB 2,515,000,000 Yuan, a year-on-year decrease of 1,064,000,000 RMB Yuan, mainly because the amount of corporate bonds was less than that of financing from issuing additional A share.

III、Composition of Main Business

Unit: Ten Thousand Yuan

Classified by industry						
Industry/product	Operating revenue		Operating cost		Gross profit rate	
	Amount	Increase/decrease on a year-on-year basis (%)	Amount	Increase/decrease on a year-on-year basis (%)	Rate (%)	Increase/decrease on a year-on-year basis
Automobile Production	2,886,887	12.27%	2,330,895	6.93%	19.26%	Up 4.04%
Classified by product						
(一) Vehicles	2,863,938	13.32%	2,309,625	8.09%	19.35%	Up 3.90%
Passenger Vehicle	953,690	24.18%	801,004	11.45%	16.01%	Up 9.59%
Mini Vehicle	1,755,520	8.94%	1,404,537	7.02%	19.99%	Up 1.44%
(二) Outsourcing	22,949	-47.88%	21,270	-50.70%	7.32%	Up 5.30%

During the reporting period, the growth of gross profit mainly came from product structure optimization and continuous cost control.

IV、Assets and liability analysis

Unit: Ten Thousand Yuan

Item	Dec.31,2012	Dec.31,2011	Increase/decrease
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	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)	(%)
Monetary fund	419, 976	9. 11%	487, 120	13. 33%	-4. 23
Accounts receivable	936, 434	20. 31%	569, 152	15. 58%	4. 73
Fixed assets:	1, 162, 707	25. 21%	754, 214	20. 65%	4. 57
Other non-current assets	92, 340	2. 00%	0	0. 00%	2. 00
Advance payments	425, 136	9. 22%	310, 563	8. 50%	0. 72
Long-term loans	99, 200	2. 15%	0	0. 00%	2. 15
Bond payable	196, 335	4. 26%	0	0. 00%	4. 26
Non-current liabilities	240, 419	5. 21%	138, 011	3. 78%	1. 44

By the end of 2012, the Company's total assets are 46.118 billion yuan, increased by 26.24% than the beginning of the year, and the total liabilities is 30.727 billion yuan, increased by 40.41% than the beginning of the year, and the asset-liability ratio is 66.63%, up by 6.72% than the beginning of the year, The main reason is the payment of capital expenditure for 1.98 billion yuan corporate bonds distribution and the increase of bank loan balance of 1.26 billion yuan in the reporting period. Reasons for the main statements items are as follows:

- (1) Monetary capital proportion decreased, mainly because of the decrease of the net cash flow generated from financing activities during the reporting period;
- (2) Notes receivable proportion increased, mainly because the dealers use more bank notes in the form of payment in advance, for capital turnover considerations;
- (4) Fixed assets proportion increased, mainly caused by the completion and putting into use of Yuzui engine project and Beijing PV project;
- (4) Other non-current assets increased by 923,000,000 yuan, was used for the prepayment to buy 50% equity of Changan Peugeot Citroen Automobile Limited company held by China Changan and to buy the permanent vehicle distribution center construction land in Yuzui Automobile City;
- (5) Advance payments proportion increasing is because of more paid-in-advance payment from the dealers for their good sales period during 2013 Spring Festival;
- (5) Long-term loans and bonds payable increased by 992,000,000 yuan and 1,960,000,000 yuan respectively, is because of the financing needs for company capital expenditure;
- (6) Other non-current liabilities proportion increased, which is because of the increase of the government grants related to assets in this year.

3、Assets and liabilities measured by fair value

Please see Note nine in Financial Statements.

V、Analysis of Core Competence

The Company's main business is the development, manufacturing and sales of passenger vehicles and commercial vehicles. Changan Automobile always insists on a mode of "Self-reliant and independent innovation". Currently a global R & D system of "Nine

locations in five countries" has been established, with domestic leading research and development capabilities such as automobile styling & layout designing, structure design & performance development, simulation analysis, prototype construction, test and evaluation, project management and etc., 24-hour global collaborative designing has been realized. Totally 12 international approved testing capabilities including laboratories such as hybrid test lab, spare part impact testing lab, with more than 90 sets of key and fine equipment for strength, chassis, electrical appliances, engine testing. After the development of practice for many years, the Company has gradually built core competences in styling, general layout, structural design and performance development, simulation analysis, prototype building and process, testing evaluation, new energy and etc for supporting product development.

By the end of 2012, the Company has professional R & D personnel of more than 6000 people, more than 200 senior experts, more than 300 foreign personnel and 9 state "One thousand Elite Talents plan" experts, ranking first in domestic automobile industry.

In 2012, the Company mainly focused on technology upgrading innovation for its main business, new energy vehicles and existing products. Over the year, the Company has completed new automobile product development and won 182 (vehicles) National Product Bulletin, of which more than 60 are energy-saving benefiting models; 175 are in new declared national environmental protection product directory models, 65 are Beijing environmental protection models, 25 are Beijing's state level five models which can fully meet state level five upgrading requirements which will be started in 2013 March in Beijing, in the year, the Company has applied a total of 75 models for new product 3C mandatory certification, 407 copies of COC certification have been put on files, the coverage of products including Chongqing, Beijing, Nanjing, and Hebei bases, etc.

The company has applied for 828 patents in the reporting period, including 356 invention patents; 514 authorized patents, including 107 invention patents, in the forefront of China automobile industry.

The Company paid special attention to upgrade business capability, promote company development, and upgrade the Company's brand value by improving lean management. During the reporting period, there are 9 management innovation achievements of the Company achieved national, provincial and ministerial awards, including one nation-level management innovation achievement, four Chongqing city management innovation achievements, and four national defense science and technology enterprise management innovation achievements.

The Company will continue to improve the core competitive advantages, adheres to taking "Scientific and technological innovation with care" as the core value, "World-wide recognition and value creation" as the brand concept, strives to provide a pleasant surprise and exciting products and service for customers.

六、 Analysis of Investment

1、 Equity Investment

(1) Situation of investments in external parties

In this reporting period, the investment in external parties is mainly an increase of capital by RMB 117,000,000 Yuan for Changan Ford Mazda Engine Co., Ltd.

(2) Equity-holdings in financial enterprises

Company name	Company variety	Initial investment cost (RMB Yuan)	Opening equity Holdings (share)	Opening equity holding ratio (%)	Closing equity holdings (share)	Closing equity Holdings (%)	Closing book value (RMB Yuan)	Gain/loss in the reporting period (RMB Yuan)	Accounting title	Equity source
Southwest Securities	Securities Firm	50,000,000	17,750,000	0.76%	17,750,000	0.76%	158,507,500		Tradable financial assets	Initial investment
Hua Xia Bank	Commercial bank	8,149,714	7,276,000	0.11%	7,276,000	0.11%	75,306,600	1,819,000	Tradable financial assets Financial assets for trade	2011 年合并长安客车所投
Financial Co. of China South Industries Group Corporation	Other	80,000,000		5.33%		5.33%	80,000,000	6,000,000	Long term equity investment	Initial investment
Total		138,149,714					313,814,100	7,819,000		

(3) Securities investments

There's no securities investment during the reporting period

2、Entrusted finance, derivative investments and entrusted loans

There's no entrusted finance, derivative investments or entrusted loans during the reporting period

3、Use of raised funds

(1) Overview of the use of raised funds

Unit: Ten Thousand Yuan

Total amount of raised funds	344,558.69
Total raised capital input in the reporting period	82,368.85
Accumulative raised capital input	344,616.19
Total raised capital of which the use was changed in the	0

reporting period	
Accumulative raised capital of which the use was changed	0
Proportion of accumulative raised capital of which the use was changed (%)	0%
Overview of the use of raised funds	
The board of directors of the Company state that the Company had followed the <i>Guidelines of Normative Operation of Listed Companies</i> issued by Shenzhen Stock Exchange and relevant provisions, and disclosed the deposit and the actual use of the raised fund timely, truly, accurately and completely, there's no violation in raised funds management. The Company fulfilled the obligation of disclosure of the investment and progress of the raised funds faithfully.	

(2) Projects promised to be invested with raised funds

Unit: Ten Thousand Yuan

Projects invested with raised capital as promised and investments with over-raised capital	Project changed or not	Raised capital input as promised	Investment after adjustment(1)	Input in the reporting year	Accumulative input up to the period end (2)	Investment progress up to the period-end (%) (3) = (2)/(1)	Date when the project reaches the expected usable condition	Profit generated in the reporting period	Reach the expected profit or not	Material change in the project feasibility or not
Projects invested with raised capital as promised										
Capacity expanding project of auto production lines	no	164,319	164,319	32,302.89	164,550.94	100%	2012.1.31	41,347.81	no note2	no
Industry upgrade project of small-displacement engine	no	197,911	197,911	50,065.96	180,065.25	90.98%	2012.6.30	18,209.54	no note3	no
Subtotal of promised investment projects	--	362,230	362,230	82,368.85	344,616.19	--	--	59,557.35	--	--
Investments of over-raised capital										
								59,557.35		
Total	--	362,230	362,230	82,368.85	344,616.19	--	--	59,557.35	--	--
Reason for failing to reach scheduled progress projected income	Note 2: The Company had mentioned in the letter of intent for public issuance, after the completion of the capacity expanding project of auto production lines, totally 220 thousand mini buses CM9,F202 and G401 can be produced per year, annual sales income of RMB 11,314,220,000 Yuan can be realized, and the total profit will be 339,760,000 RMB Yuan. In 2012, the Company has produced totally 187,654 units of F202 and G401,									

(explain project by one project)	<p>operating income of 6.8743 Billion RMB Yuan has been achieved, and profit of 0.41348 Billion RMB Yuan has been realized, anyway operating income target has not yet been achieved but total profit target has been achieved, mainly because the production line has been put into production less than one year only since 2012.</p> <p>Note 3; The Company had mentioned in the letter of intent for public issuance, after the completion of small displacement engine industry upgrade project, CC series engine can add annual comprehensive production capacity of 120000 units, the new CB series engine comprehensive production capacity of 300000 units, can realize annual sales income 4034760000 RMB Yuan and a total profit of 262080000 yuan. In 2012, the Company has produced 99,836 units of CC series engine and 86,92 units of CB series engine, totally operating income of 1.76693 Billion Yuan and total profit of 0.1821 Billion Yuan have been achieved, anyway targets have not yet been achieved, mainly because the production line for CB series engine has put into production less than one year only since June 2012. Because the large engines will not be sold externally, so the income and total profit for large engines will be calculated by simulating the market price which has been mentioned in the letter of intent for public issuance, the project benefit will be finally reflected in the production and sale of the Company's vehicle.</p>
Explanation on significant changes in feasibility of projects	No such case during report period.
Amount, usage and usage progress of over-raised capital	N/A
Change of the implementation location of any raised funds investment project	N/A
Adjustment of the implementation method of any raised funds investment project	N/A
Advance input and exchange of any raised funds investment project	<p>Yes</p> <p>By January 31, 2011, the fund raised by the company itself to invest raised-fund project in advance was 608.7494 million yuan, validated by &young Huaming Accounting Firm which issued Ernst&Young Huaming (2011) No. 60662431 _B01 special verification report. On 28 February 2011, the company's 18th meeting of the fifth board of directors passed that, the company raises capital 608.7494 million yuan to replace self-raised funds of projects which were invested raised fund in advance. The above-mentioned funds had been replaced by March 2011.</p>
Idle raised capital	N/A

for temporarily supplementing working capital	
Outstanding raised funds in project implementation and reasons	N/A
Use and whereabouts of unused raised fund	The entire unused raised fund has been stored in company's special account of raised fund.
Problems or other cases existing in raised-fund use and disclosure	No such case during report period.

(3) The situation of raising funds to change the project

During the reporting period, the project to raise funds had not changed

4、(1) Analysis of main holding companies and equity companies

(1) Basic information of main subsidiary companies and equity companies

Unit: ten thousand yuan

Name	Registered capital	Equity held	Main businesses	Total assets(ten thousand yuan)	Main operating income(ten thousand yuan)	Net profit (ten thousand yuan)
Hebei Changan Automobile Co., Ltd.	46,469	94.07%	Produce and sell auto and parts	357,852	402,077	6,454
Nanjing Changan Automobile Co., Ltd.	60,181	82.47%	Produce and sell auto and parts	169,034	323,163	-24,897
Changan Ford Motor Co., Ltd	24,047 US DOLLAR	50%	Produce and sell auto and parts	2,151,462	5,479,078	320,705
Changan Mazda Co., Ltd	35,144 US DOLLAR	50%	Produce and sell auto and parts	490,108	9,068	3,494
Changan Ford Mazda Engine	17,270 US	50%	Produce and sell engine	290,317	286,938	3,910

Co., Ltd	DOLLAR		parts			
Chongqing Changan Suzuki Automobile Co., Ltd	19,000 US DOLLAR	51%	Produce and sell auto and parts	562,032	950,256	11,203
JMC Holding Co., Ltd.	200,000	50%	Produce and sell auto and parts	558,705	126,554	42,350
Baoding Changan Bus Manufacture Co., Ltd.	3,000	100%	Produce and sell auto and parts	74,049	75,123	-420
Chongqing Changan Kuayue Vehicle Co., Ltd	6,533	34.30%	Produce and sell auto and parts	78,558	129,962	603
Chongqing Changan Auto. sales subsidiary companies	850	100%	Produce and sell auto and parts	39,309	818,551	-989
Chongqing Changan Auto. International Sale Service Company	1,376	95%	car export, import and export agent	7,245	26,741	-2,928
Chongqing Chang Automobile Sales Co.,Ltd.	4,850	100%	Produce and sell auto and parts	4,867	125	-1
Chongqing Changan Auto. Customer Service Co., Ltd.	3,000	99%	roduce and sell auto and parts	26,420	74,938	2,050
Chongqing Changan New Engergy Automobile Co., Ltd.	2,900	65%	NEV production and sales	4,517	7,822	-462
Chongqing Changan Special Automobile Sales Co., Ltd.	500	50%	Special vehicle and spare parts sales, car maintenance	18,302	61,233	549

Performance statement of subsidiary or shareholding company which have a significant impact on business performance of company

(unit: ten thousand yuan)

Name	Net Asset at the end of 2012	Net Asset at the end of 2011	Change situation (%)
Changan Ford Automobile Co., Ltd.	320,705	263,232	21.83%
Chongqing Changan Suzuki Automobile Co., Ltd	11,203	18,757	-40.27%
JMC Holding Co., Ltd.	42,350	56,804	-25.45%

5、Major projects with non-raised capital investment

(unit: ten thousand yuan)

Name	total investment	The annual investment amount	final cumulative actual investment amount	The progress of the project	Project progress
Dianjiang automobile proving ground project	130,000.00	27,116.03	68,877.60	60%	The project has not yet completed
Beijing passenger car construction project phase	191,943.00	78,418.59	144,050.56	93%	The project has not yet completed
Major projects with non-raised capital investment					
Dianjiang automobile proving ground project, 85% of the total project has been completed, high ring, intensifying test, dynamic square, Central Road and entered the stage of completion, expected the first half of 2013 put into use. Beijing passenger car construction project phase has been completed and put into production					

七、 Special purpose vehicle under the company control

The company does not have special purpose vehicle.

八、 Looking into the future development of the company

1. Competition pattern and development trend of the industry

On 2012, Chinese auto industry shows tiny growth trend, production and sales are more than 19,000,000 cars, volume continued to keep the first in the world, Industry concentration is increased, the passenger car is higher than the growth rate of commercial vehicle.

On 2013, Benefited from the new administration to promote in-depth the new industrialization, informatization, urbanization, agricultural modernization, and continuing to expand domestic demand as the goal, China auto industry will continue to maintain a steady, healthy development, the passenger car market maintain recovery, but the car enterprise competition, differentiation acceleration, "Indigenous and Indigenous ", "the indigenous and joint venture" more intense competition in the market, market share continue to the advantage of enterprises

After two consecutive years of slow growth of the industry, with income rising, the two or three line City auto demand will show a rapid growth. We expect in 2013 China automobile industry market growth will be around 7%, reached 21,000,000 units, among which, the mini-car increase of more than 5%, to 2,850,000 vehicles, passenger car growth of 10%, to 14,550,000 vehicles. After years of efforts, the company development continue to gather, the results of reform and restructuring and upgrading show, whether independent or joint venture products, have begun to enter the outbreak period. We believe that, in 2013, the opportunities and challenges will exist, the opportunities outweigh the challenges.

2.The company's development strategy

With "profit, growth, innovation" as the focus, forge ahead to a world-class auto enterprises. Adhere to the independent and joint venture to pay equal attention to, adhere to the commercial vehicle and passenger car. Insist on equal emphasis

on speed ,adhere to the Chinese market and overseas market efficiency, adhere to the profit growth higher than income growth, income growth is higher than sales growth ,to accelerate human ascension; to improve management, organization; Focus on suppliers, dealers and car enterprises strategic synergy, To enhance the comprehensive competitiveness of the value chain.

3. Business plan

In 2013, the company will strive to realize auto production and sales exceeded 1,970,000 vehicles, sales income over 131.5billion yuan (including combined statements of income of about 35billion yuan), to achieve the above goals, the company focus on the work of this year as: the first is to enhance the channel capacity, innovation, customer management, marketing campaign, the second is deepening reform and adjustment, to stimulate full employees vitality, the third is Pay close attention to research and development capabilities, to ensure that the key products in full force; the forth is do a good job of lowering the efficiency, improve operation quality, greatly enhanced the value creation ability; the fifth is strengthening the market force, promote the upgrading of product quality; the sixth is Innovation and brand marketing, enhance company image, boost sales; the seventh is strict management and assistance, to enhance the capability of supply chain system; the eighth is deepen cooperation, accelerate the development of the joint venture; the ninth is advancing the management improvement, efficiency multiplier, vigorously enhance the system capacity

4.in 2013 Company capital need an use plans

In order to achieve the strategic objectives of the company, expected capital expenditures in 2013 for the company of the year 42.44 billion yuan, equity investment of 15 billion yuan, fixed assets investment mainly focus on structural adjustment, product upgrading of vehicle / engine and R & D capacity building, which construction projects 22.29 billion yuan, accounting for 81.24%, the equity investment is mainly paid to acquire the Changan Peugeot Citroen company 50% equity remaining funds. The company will implement the relevant provisions of the planning and the listing rules according to the new project to perform the corresponding specific project approval procedures and disclosure. Capital requirements will be based on the project progress, combined with the company's management and financing environment, the main rely on its own funds and bank loans and other ways to solve.

5.Potential risks

The first is the global economic recovery is slow, the domestic economy is facing the transformation of industrial structure, all kinds of potential risks and conflict increased, future car consumption demand uncertainty; the second is that major automobile manufacturers have established the strategic goal of very high, industry competition will be more intense; the third is International auto giants to open up the Chinese market, the indigenous brand car enterprises subject to further squeeze; the forth is along with the automobile recall regulations, car three packs of provisions promulgated , and in order to win the market competition to improve customer satisfaction, put forward higher requirements on the quality of products and services of the company.

Facing the above risk, company will adhere to "strict management, improve system, pay close attention to marketing, be enthusiastic and press on" as the principle of work, do a good job of system construction, pay more attention to the incentive and restraint mechanisms, grasp the nettle, enhance the comprehensive competitive power company and profit ability, resolve potential risks.

九、The BOD explains for the accounting firm in this report period "non-standard audit report"

Non-applicable

十、 Compared with the annual financial report, Note accounting policies, accounting estimates and accounting methods to change the situation

Non-available

十一、 Corrections to the retrospective restatement situation shows significant accounting errors occurring in the report period

Non-applicable

十二、 Explanations to those changes in the scope of consolidated financial statements compared with the last annual financial report

Non-applicable

十三、 The distribution of company profits and dividends

Profit distribution policy during the reporting period, especially making, execution or adjustment of cash dividend policy

During report period, according to the China Securities Regulatory Commission requirements "Notice on further implementing the relevant matters listing Corporation cash dividends" (the [2012]37), combined with the actual situation of the company, on "about dividend provisions in the articles of association of the company" was further refined, the principle of distribution of profits can be forms of dividend distribution, diameter, form, cash dividend, stock dividend ratio conditions and conditions, plan and review procedures, implementation of the program, allocation policy and decision-making procedures etc. strengthen the independent director in the profit distribution plan decision, role of supervision policy in the adjustment process, enhance the system guarantee of investor dividends returns. The revised articles has been completed on the sixth session of the third BOD and the 2012 third provisional shareholders session .

For the detail of the content of the revision, see July 28th, 2012 in the "China Securities News", "Securities Times" and "Hongkong daily" published on the company's board of directors resolution announcement

Company during report period profit distribution plan and capital fund increasing capital plans in accordance with the relevant provisions of the articles of association of the company

The company nearly 3 years (including the report period) the profit distribution plan or program and capital fund increasing capital plans or schemes

The 2010 annual profit distribution or capital reserve increase capital scheme is : on the base of the company's existing share capital of 2685823637 shares(In December 31, 2010, the total share capital of 2325657615 shares plus the 2011 January issue of new shares 360166022 shares, a total of 2685823637 shares), for each 10 shares of all the shareholders 4 shares of stock dividends, cash dividends 0.80 yuan (including tax), the actual distribution of profit of 1289195345.76 yuan. Suggest the company 2010 annual capital fund increase capital plans is: The existing total share capital of 2685823637 shares as the base, In order to equity shares, 10 shares for every 4 shares, A total share capital of 1074329455 shares

The 2011 annual profit distribution plan is : Based on the existing total share capital of 4662886108 shares as the base, to all shareholders 10 per share cash delivery 0.40 yuan, total cash delivery 186515444.32 yuan (including tax)

The 2012 annual profit distribution plan is: Based on the existing total share capital of 4662886108 shares as the base, to all shareholders 10 per share cash delivery 0.50 yuan (including tax)

Company cash dividends in the past three years table. unit:Yuan

The annual dividend	The cash dividend amount (including tax)	The annual consolidated statements profit attributable to shareholders of the listing Corporation's net profit	Ratio of consolidated statements attributable to shareholders of the listing Corporation's net profit(%)
2012	233,144,305.00	1,446,409,591.28	16.12%
2011	186,515,444.00	967,940,639.48	19.27%
2010	214,865,890.96	2,035,000,737.81	10.56%

十四、Social responsibility

The 2012 annual social responsibility report released in electronic form, Can land our company website to download <http://www.changan.com.cn/> or www.cninfo.com.cn

Chapter 5 Important Matters

一、 There are no major litigations , arbitrations, and media questioned during the reporting year.

二、 During the reporting period, no occurrence of the controlling shareholder and its related parties not occupy the funds of the company

三、 No occurrence of bankruptcy and reorganization matters during the reporting period

四、 Asset transactions

1、 Acquisition of assets

The dealing party or the ultimate controlling party	Acquired by or into assets	The transaction price (ten thousand)	status	Whether the related transactions	Relationship and counterparty (for related party transactions situation)	The date of disclosure	Disclosure index
China Changan automobile group Co.Ltd	Changan Peugeot Citroen Automobile Limited company 50% stockholder's rights	200,742.46	By the 31st .Dec.2012, Company paid mother company China Changan Auto.Group Co. Ltd purchased of its holding of Changan Peugeot Citroen Automobile Limited company 50% stockholder's rights prepaid 0.7030157 billion yuan	Yes	majority shareholder	11st , Dec,2012	www.cninfo.com.cn and China Securities News ", " Securities Times ", " Hongkong daily ". "The acquisition of Changan Peugeot Citroen Automobile Limited company 50% stockholder's rights special connected transaction announcement" (Bulletin No. 2012-74)

2、 sales of assets

No

3、 Enterprise merger

This year the scope of consolidated financial statements and the annual agreement

五、 The implementation and the effect of corporate equity incentive

Not applicable

六、 Significant related party transactions

1、 Related party transactions related to daily operation

For the detail, see China Securities News ", " Securities Times ", " Hongkong daily and <http://www.cninfo.com.cn> concerned "Chongqing Changan automobile Limited by Share Ltd connected transaction announcement"

2、 Asset acquisition, sale transaction

For the detail, see "China Securities News ", " Securities Times ", " Hongkong daily and <http://www.cninfo.com.cn> "concerned purchased of its holding of Changan Peugeot Citroen Automobile Limited company 50% stockholder's rights "

3、 Joint investment of significant related party transactions

No

4、 Related credits and liabilities

The existence of non-operating related credits and liabilities

Yes No

5、 Other significant related party transactions

Web Query disclose interim report significant related party transactions

Interim announcement name	Temporary disclosure notice date	Temporary disclosure notice the name of the web site
On the China South Group finance to provide financial services for the company's related party transactions notice	2012.4.26	http://www.cninfo.com.cn

On the renewal of “Daily related transactions “framework agreement” “Comprehensive service agreement property leasing framework agreement”, “the connected transaction announcement”	2012.4.26	http://www.cninfo.com.cn
Regarding the development of trade finance transactions associated with the announcement of Fortis	2012.7.28	http://www.cninfo.com.cn
The proposed acquisition of Changan Peugeot Citroen company 50% equity structure suggestive announcement of related party transactions	2012.12.8	http://www.cninfo.com.cn
The acquisition of Changan Peugeot Citroen Automobile Limited company 50% stockholder's rights special connected transaction announcement	2012.12.11	http://www.cninfo.com.cn

七、 Significant contract and its implementation

1、 Trusteeship, contracting, leasing items

(1) Trusteeship

Explain

During report period, the company has not significant trusteeship, no previous period but continued to the significant trusteeship report period.

Bring profit to the company profit in the report period of more than 10% of the total project

Applicable non-applicable

(2) Contract

Explanation

During report period, the company has not a major contract, no previous period but continued to the major contracting in the report period.

Bring profit to the company profit in the report period of more than 10% of the total project

Applicable non-applicable

(3) Leasing

Explain

During the reporting period, the company did not produce significant leasing matters, no previous period but continued to the major lease transactions during the report period.

Bring profit to the company profit in the report period of more than 10% of the total project

□Applicable √non-applicable

2、Guarantee situation

During the reporting period, the company has not guarantee matters.

3、Other important contracts

No

八、Commitments fulfillment condition

The company or the shareholders holding 5% or more shareholders during the reporting period or lasting to the report period commitments

Commitment Item	Promisee	Promise content	Promise time	Pormise time limit	Performance
The commitments of stock reform	China Changan	1. Will abide by the laws, regulations and rules, to perform the legal obligations. 2. Held by the original non-tradable shares from obtaining the right to list and trade date, At least 24 months is not publicly traded or transferred, The 24 months after the expiration of the term of, Non-tradable shareholders stock exchange through the sale of shares, The sale of shares of the company accounted for the proportion of the total number of within 12 months and not more than five percent, In 24 months of no more than ten percent, 3. Company in the shares changed after the completion of According to the national related management systems and methods for implementing the management equity incentive plan			By the end of reporting term, Limited conditions of the sale of shares of the company held by the shareholders of China Changan 2094817480 shares, The 1721459138 conditions for the unlimited sale of shares, The remaining 373358342 shares for the limited conditions of the sale of shares, According to the commitments to the management equity incentive plan implemented after the lifting of restrictions on sale

Other small shareholders commitment	China Changan	<p>In order to avoid and eventually solve the possible competition or potential competitors, Better maintain the interests of investors, the company controlling shareholder China Changan commitment:1 In two consecutive years profit of Jiangxi Changhe Auto.CO.Ltd and Harbin Hf Automobile Industry Group Co, With the continuous development ability and management level is improved significantly under the condition of, Proposed that two enterprises into the company,2.]In Changan Peugeot Citroen Automobile Company Limited built and put into operation, Proposal will hold its joint venture company equity in all transferred to the company.</p>			<p>Commitment Item1.Y et to fulfill the conditions 2.It is fulfilling</p>
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九、 The appointment, dismissal of the accounting firm

The appointment of the accounting firm

The name of the domestic accounting firm	Ernst &Young Huaming accounting firm
Domestic accounting firms pay (ten thousand Yuan)	380
A continuous years of domestic accounting firms audit service	6
Domestic accounting firm of Certified Public Accountants name	Qiao Chun, Ai Wei

Whether the accounting firms to hire

Yes non-available

Employ audit of internal control accounting firms, financial adviser or sponsor

Yes non-available

The company in 2012 fourth provisional shareholders' session, the company hired Ernst&Young Hua Ming accounting firm appointed as auditor of internal controls of the company's 2012 annual.

十、 The board of supervisors, independent directors (if applicable) explain for the accounting firm in this report period "non-standard audit report" shows

non-applicable

十一、 Punishment and rectification

During report period, Company , BOD and Directors are not punished, criticised by the China Securities

Regulatory Commission, China Securities Regulatory Commission inspection of administrative , publicly condemned by the stock exchange

Directors, supervisors, and senior management personnel, holding 5% or more shareholders alleged irregularities in the sale of shares and the company has disclosed will recover the suspected illegal proceeds.

Available Non available

十二、Annual report after disclosure of listing suspension and termination of listing after facing situation

Non available

十三、Other important matters Explain

No

十四、Important matters of subsidiaries of the company

No

十五、Company distribution firm bonds

During report period, Company distribution firm bonds 19.8 billion yuan,the detail information please refer to the company in 2012 May 31 published in the Juchao information network(website: <http://www.cninfo.com.cn>) "Chongqing Changan automobile Limited by Share Ltd in 2012, Ltd." (Bulletin No.: 2012-38)

Chapter 6 Changes in the shareholding of the company and shareholders

一、Change in shareholdings

	Balance before current change		Addition and deduction (+, -) during change					after current change	
	Quantity	Ratio(%)	Additional issued	Stock dividend	Provident fund transfer	Stock dividend	Total	Quantity	Ratio(%)
一、Non-circulated shares	373,375,588	7.72%						373,375,588	8.01%
2、State-owned legal person shares	373,358,342	7.72%						373,358,342	8.01%
5、Senior management personnel shares	17,246	0%						17,246	0%
二、Circulated shares	4,461,106,958	92.28%				-171,596,438	-171,596,438	4,289,510,520	91.99%
1、Domestic listed RMB shares	3,387,524,378	70.07%						3,387,524,378	72.65%
2、Domestic listed foreign shares	1,073,582,580	22.21%				-171,596,438	-171,596,438	901,986,142	19.34%
三、Total shares	4,834,482,546	100%				-171,596,438	-171,596,438	4,662,886,108	100%

The reason of shareholding change

公司于 2012 年度实施了回购 B 股。The company implemented a repurchase B shares in 2012.

Approval of changes in the shareholding of the company

√Available □Non available

In December 21, 2011, the company held in 2011 the first provisional shareholders meeting, considered and adopted by foreign capital stocks listed in China by repurchase part (b) of shares related matters: Agree with the company since the general meeting of shareholders within 6 months from the share buyback resolution on, with no more than HK \$0.61billion of its own funds, the repurchase price is not higher than 3.76 Hong Kong dollars / share, repurchase up to not more than 269859000 shares of domestic listed foreign shares (B-shares), repurchase shares will be canceled in accordance with the law.

In March 2, 2012, the company apply for purchasing less than HK \$0.61billion for repurchase part of foreign capital stocks listed in China to approved by the State Administration of foreign exchange, foreign exchange management department of Chongqing.

The transfer of shares to change

On March 30, 2012, the company completed the share buyback cancellation in the Shenzhen Branch of China Securities Depository and Clearing Co., LTD. The company's total share capital became 4662886108 shares.

The effect of change of the shares on the recent year and the latest period of basic earnings per share and the diluted earnings per share., net assets per share and other financial indicators attributable to shareholders of ordinary shares of the company.

√Available □Non available

Due to the number of the total capital ratio of smaller repurchase, Therefore, the small effect of changes in the shares of the recent year and the latest period of basic earnings per share and the diluted earnings per share., net assets per share and other financial indicators attributable to shareholders of ordinary shares of the company.

二、 Issuing and Listing of Shares coupons

1、 By the end of report period securities issuance in the late three years

Stock and its derivative securities name	Issuing date	Issuing price(or ratio)	Amount	Launch Date	Amount allowed to listed transactions	trade expiry date
股票类 Share type						
A share	2011.1.11	9.74	360,166,022	2011.01.28	360,166,022	
可转换公司债券、分离交易可转债、公司债类 Company convertible bonds, separation trading convertible bonds, corporate bonds class						
corporate debt	2012.04.23	5.30%	1,980,000,000	2012.06.01	1,980,000,000	

All the securities issuance instructions for the first three years

(1) the issuance of A shares

Approved by the China Securities Regulatory Commission CSRC approval No. [2010]1819., on January 11, 2011, the company to the public issuance of 360166022 shares of A shares, issue price of 9.74 yuan / share. on January 28, 2011, public offering of A shares listed on the Shenzhen stock exchange

(2) distribution firm bonds.

After the discussion on January 16, 2012 meeting of the fifth meeting of the twenty-six board of directors deliberation and In 2012 the first provisional shareholders meeting held on February 3, 2012, pass through the relevant bill about distribution firm bonds. On March 26, 2012, the company received the China Securities Regulatory Commission "Reply on Approving the Chongqing Changan automobile Limited by Share Ltd open corporation bonds"(zhenjianxuke 【2012】388号), former permitted company issued to the public value of not more than 19.8 billion yuan of corporate bonds.

By April 26, 2012, the company has completed the work associated with the issuance of bonds, raised 19.8 billion yuan of funds. The bonds are fixed-rate variety period of 5 years. Bond coupon interest rate of 5.30%

2、 Total number of the corporate shares, the structure change, and the liabilities structure changes of corporate assets.

During the reporting period, the company distribution firm bond, reduce the proportion of short-term debt.

Optimize the debt structure

三、Shareholders and actual controllers situation

1、公司股东数量及持股情况 The number of shareholders of the company and the stock

During the report period, the total number of shareholders	172,908		Fifth trading days before the end of the disclosure of the annual report of the total number of shareholders					
Holding more than 5% of the shareholders								
Name of shareholders	Nature of Shareholders	Percentage of total shares (%)	Shares held at the year-end	+-	Non-circulat ed shares held at the year-end	Circulated shares held at the year-end	Pledged/ Frozen cases	
							Share status	Amount
China Changan Automobile Co., Ltd.	State-own ed legal person shares	44.93 %	2,094,817,480		373,358,342	1,721,459,138	No pledge or frozen	0
ZhongHui Fortis Investment Co., Ltd	foreign legal person shares	1.78%	82,849,911	82,849,911			No pledge or frozen	0
Beijing North Jingji Investment Consultant Company Limited	State-own ed legal person shares	1.58%	73,800,000				No pledge or frozen	0
China South Industries Group Finance Company Limited	State-own ed legal person shares	1.35%	63,000,000				No pledge or frozen	0
Agricultural Bank of China- Fullgoal Tianrui Strong Area Hybrid Fund	domestic non-state legal person shares	1.08%	50,385,352				No pledge or frozen	0
BONJOUR CHINA FUND 2	foreign legal person shares	0.64%	29,822,717				No pledge or frozen	0
China Life Insurance Limited	domestic	0.59%	27,382,662				No pledge or	0

Dividends dividends - Personal	non-state legal person shares							frozen	
Industrial and Commercial Bank of China — securities investment fund of Chinese bank sustained growth stock type	domestic non-state legal person share	0.56%	26,039,212					No pledge or frozen	0
Bank Of China — E Fund SSE100ETF Fund	domestic non-state legal person share	0.55%	25,744,716					No pledge or frozen	0
Industrial and Commercial Bank of China-Accommodation Shenzhen 100 index securities investment fund	domestic non-state legal person share	0.52%	24,148,607					No pledge or frozen	0
Explanation on the relationship and the action alike of above shareholders	Among the largest ten share holders, CHINA CHANGAN AUTOMOBILE COMPANY LIMITED, Beijing North Jingji Investment Consultant Company Limited and China South Industries Group Finance Company Limited are controlled by one final controlling shareholder China South Industries Group, who agreed to act alike as stipulated in Administrative Measures on Information Disclosure Concerning Changes in Shareholdings of Listed Companies.								
The ten largest circulated shareholders									
Names of shareholders	Shares at the year end	Type and amount of shares							
		type	amount						
Type and amount of shares	1,721,459,138	RMB ordinary shares	1,721,459,138						
ZhongHui Fortis Investment Co., Ltd	82,849,911	Domestic listed foreign shares	82,849,911						
Beijing North Jingji Investment Consultant Company Limited	73,800,000	RMB ordinary shares	73,800,000						
China South Industries Group Finance Company Limited	63,000,000	RMB ordinary shares	63,000,000						
gricultural Bank of China- Fullgoal Tianrui Strong Area Hybrid Fund	50,385,352	RMB ordinary shares	50,385,352						

BONJOUR CHINA FUND 2	29,822,717	Domestic listed foreign shares	29,822,717
China Life Insurance Limited Dividends dividends - Personal	27,382,662	RMB ordinary shares	27,382,662
Industrial and Commercial Bank of China — securities investment fund of Chinese bank sustained growth stock type	26,039,212	RMB ordinary shares	26,039,212
Bank Of China—E Fund SSE100ETF Fund	25,744,716	RMB ordinary shares	25,744,716
Industrial and Commercial Bank of China-Accommodation Shenzhen 100 index securities investment fund	24,148,607	RMB ordinary shares	24,148,607
The top 10 shareholders to sell circulated shares, and the infinite tradable relationship between shareholders and top 10 shareholders or concerted action	Among the largest ten share holders, CHINA CHANGAN AUTOMOBILE COMPANY LIMITED, Beijing North Jingji Investment Consultant Company Limited and China South Industries Group Finance Company Limited are controlled by one final controlling shareholder China South Industries Group, who agreed to act alike as stipulated in Administrative Measures on Information Disclosure Concerning Changes in Shareholdings of Listed Companies.		

2、The controlling shareholder of the company.

Name	Legal /Representative	Date of establishment	Organization code	Registered capita	Business scope and major products:
CHINA CHANGAN AUTOMOBILE GROUP CO., LTD.	Xu Liuping	Dec 26th, 2005	71093394-8	4,582,373,700	design, development, manufacture and sales of automobile & motorcycle, automobile & motorcycle engine, automotive and motor cycle components & parts; sales of optical products, electronic and photoelectron products, night-time vision device, information and communication equipment; technical development, technical transfer, technical consultation, technical training, and other technical service relative with the operation mentioned above; imports and exports; merge and acquisition and consultation of assets restructuring.

During the report period the change of controlling shareholders

Available Non available

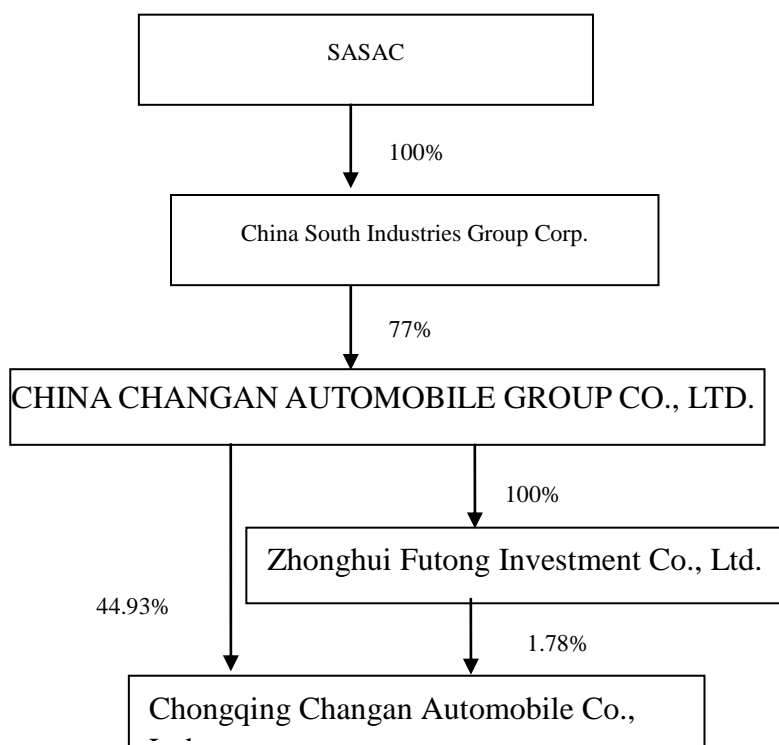
3. The controlling shareholder of the Company

Name	Legal /Represent ative	Date of establishme nt	Organization code	Registered capita	Business scope and major products:
China South Industries Group Corp.	Tang Dengjie	South Industries Group Corp.	71092492-9	12,645,210,000	investment and management of state-owned assets; manufacturing of guns and firearms; engineering prospecting, designing, construction, contracting, construction supervision; equipment installation, etc

Changing the actual controllers during the report period

Available Non available

Relationship among the Company and its controlling shareholders:



Actual control people control the company through trust or other asset management method.

applied not applied

四、The shareholders of a company and its concerted-action people put forward or implement stake-increase scheme during the report period.

Shareholders' name/consistent-action persons' name	stake number planed to be increased	stake proportion planed to be increased (%)	Actual increased stake quantity	Actual increased stake proportion (%)	first disclosure date of stake increase plan	Implementation end disclosure date of stake increase plan
Zhonghui Futong Investment Co., Ltd.	93,257,722	2%	82,849,911	1.78%	2012.05.31	2012.05.31

Other statement

On May 29 of 2012 the company received the notice that the company' s controlling shareholder China Changan and its wholly-owned overseas subsidiary Zhonghui Futong hold more stakes. The notice is as follows:

1. The people who hold more stakes: Zhonghui Futong Investment Co., LTD is the wholly-owned overseas subsidiary established in Hong Kong by China Changan.

2. Its purpose and plan of holding more stakes: the purpose that China Changan agreed Zhonghui Futong to hold its shares is based on the confidence that the company will stably and continuously develop, and plans to share revenue by increasing its shares. Within 12 months from the first date of share increase, China Changan plans to increase its own shares which are less than 2% of the total shares of the company through Zhonghui Futong.

3. The implementation of the plan of holding more shares: since March 26 of 2012, China Changan held its more B shares through Zhonghui Futong; On May 29 of 2012 Zhonghui Futong cumulated its shares whose percentage achieved 1% of its issued shares. On the same day Zhonghui Futong continued to hold more shares whose proportion achieved 1.78% of its issued shares. Between March 26 of 2012 and May 29 of 2012, China Changan increased its B share of 82,849,911 through Zhonghui Futong via the trading system of Shenzhen Stock Exchange by way of centralized competitive bidding, and the increased proportion is 1.78%.

Before holding more shares this time, China Changan holds 2,094,817,480 shares of the company, which account for 44.93% of the company' s issued shares, and Zhonghui Huitong does not hold shares of the company; after holding more shares this time, China changan and the concerted-action Zhonghui Huitong jointly held 2,177,667,391 shares of the company, accounting for 46.70% of the company' s issued shares. China Changan and Zhonghui Huitong promise that they did not decrease the company shares during holding more shares.

4. By May 29 of 2012, Zhonghui Futong has increased its B share of 82,849,911 in total, accounting for 1.78% of the company' s issued shares. China Changan has completed this share-increase plan.

5. China Changan and Zhonghui Futong promised not to decrease the company' s shares within statutory time limit.

Chapter 7 Information about Directors, Supervisors, Senior Management and Employees

一、Share ownership changes of directors, supervisors and senior management

Name	Position	As state	G	Age	Term start date	Term Termination date	Shares held at beginning (stock)	increased share number in this issue (stock)	decreased share number in this issue (stock)	share number at the end (stock)
Xu Liuping	Chairman	present	M	48	2012. 5. 24	2015. 5. 24				
Zhang Baolin	Director, president	present	M	50	2012. 5. 24	2015. 5. 24				
Zou Wenchao	Director	present	M	49	2012. 5. 24	2015. 5. 24				
Zhu Huarong	Director, secretary of the party committee, vice President	present	M	47	2012. 5. 24	2015. 5. 24				
Lian Gang	Director	present	M	52	2012. 5. 24	2015. 5. 24				
Wang Kun	Director	present	M	37	2012. 5. 24	2015. 5. 24				
Wang Chongsheng	Director, vice secretary of the party committee, vice President	present	M	54	2012. 5. 24	2015. 5. 24	17,246			17,246
Ma Jun	Director, vice president	present	M	53	2012. 5. 24	2015. 5. 24				
Cui Yunjiang	Directors, vice president, secretary of the board	present	M	49	2012. 5. 24	2015. 5. 24				
Ma Junpo	director	present	M	46	2012. 5. 24	2015. 5. 24				
Ouyang Minggao	independent director	present	M	54	2012. 5. 24	2015. 5. 24				
Dong Yang	independent director	present	M	56	2012. 5. 24	2015. 5. 24				
Chen	independent director	present	M	56	2012. 5. 24	2015. 5. 24				

Zhong										
Wang Zhixiong	independent director	present	M	54	2012. 5. 24	2015. 5. 24				
Peng Shaobing	independent director	present	M	48	2012. 5. 24	2015. 5. 24				
Yang Jian	Chairman of the supervisory board	present	M	48	2012. 5. 24	2015. 5. 24				
Cai Yong	Supervisor	present	M	39	2012. 5. 24	2015. 5. 24				
Liang Guangzhong	Supervisor	present	M	40	2012. 5. 24	2015. 5. 24				
Yuan Xueming	Supervisor	present	M	44	2012. 5. 24	2015. 5. 24				
Chen Lingtao	Supervisor	present	F	43	2012. 5. 24	2015. 5. 24				
Liu Hong	Supervisor	present	M	43	2012. 5. 24	2015. 5. 24				
Wang Lijun	Supervisor	present	F	42	2012. 5. 24	2015. 5. 24				
Huang Zhongqian	Vice president	present	M	44	2012. 5. 24	2015. 5. 24				
Song Jia	Vice president	present	M	47	2012. 5. 24	2015. 5. 24				
Ren Qiang	Vice president	present	M	52	2012. 5. 24	2015. 5. 24	5,749			5,749
Luo Minggang	Vice president	present	M	49	2012. 5. 24	2015. 5. 24				
Du Yi	Vice president	present	M	45	2012. 5. 24	2015. 5. 24				
Gong Bing	Vice president	present	M	43	2012. 5. 24	2015. 5. 24				
Wang Jun	Vice president	present	M	40	2012. 5. 24	2015. 5. 24				
Liu Bo	Vice president	present	M	46	2012. 5. 24	2015. 5. 24				
Li Jun	Secretary of the board	present	F	43	2012. 5. 24	2015. 5. 24				
Zhang Jingjing	Supervisor	Leave office	F	46	2009. 5. 15	2012. 5. 24				
Shi Jinggang	Supervisor	Leave office	M	45	2009. 5. 15	2012. 5. 24				
Total	--	--	--	--	--	--	22,995	0	0	22,995

二、Employment

Main working experience of present directors, supervisors and senior managers of the last five years

(1) Directors

Mr. Xu Liuping, Board Chairman, born in 1964. With a doctor's degree, he is a senior researcher-level engineer. He currently holds the positions of Deputy General Manager, Member of the Party Committee of China South Group Corp, and Chairman and Secretary of the Party Committee of China Changan Automobile Group Co, Ltd. He used to be the Vice Director of Planning department, Director of Automobile department and Assistant to the General Manager of China South Industries Group Corp, the Chairman, President and Secretary of the Party Committee of Changan Automobile (Group) Co., Ltd., the Secretary of the Party Committee of Changan Automobile.

Mr. Zhang Baolin, Director and the President, born in 1962, he has obtained a postgraduate degree, a senior economist and senior political & ideological worker. He currently holds the positions of the assistant to the General Manager of China South Group Corp, Director of China Changan Automobile Co, Ltd. He used to work as Vice Secretary and Secretary of the League Committee of the South-west Industries Bureau in China Industries Company, Secretary of the Party Committee of Chongqing Changfeng Machinery Factory, Senior Deputy General Manager and General Manager of Chengdu Wanyou Company, Director, Vice President and Deputy General Manager of Changan Automobile (Group) Co., Ltd., Deputy Executive General Manager of the Company, the vice secretary of the Party Committee of China Changan.

Mr. Zou Wenchao, Director, born in 1963. He has a Master's Degree in Engineering, is a senior engineer. Now he is one of the directors and president of China Changan Automobile Co., Ltd., he used to serve as Vice Director of Workshop No.22 and Vice Director of Vehicle Development Institute in Jiangling Machinery Factory, Vice Director of Planning Department of Automobile Bureau in China South Industries Company, Section Chief and Vice Director of Planning Department, Assistant to the President, Vice President of Changan Automobile (Group) Co., Ltd., the executive vice president of Changan Ford Mazda Automobile Co.

Mr. Zhu Huarong, Director, CPC Secretary, He was born in 1965, master graduate student, researcher-level senior engineer. Currently he is vice secretary of party committee of China Changan Automobile Group. He was deputy director of engine research institute of Jiangling Machinery, Factory, vice director of Changan Technology Department, chief engineer of Changan Automobile Manufacture Factory, president assistant of Changan Automobile (Group) Co., Ltd. and director of technical center, director of science and technology committee, vice President.

Mr. Lian Gang, director, born in 1960, he has obtained a master degree and senior engineer of researcher's grade. He is now the vice president of China Changan Automobile Co., Ltd... He was a deputy general manager of Dongan Auto. Engine Co., Ltd., deputy general manager of Dongan Group; deputy general manager of Harbin Aircraft Industry (Group) Co., Ltd; Chairman and General Manager of Dongan mitsubishi, Chairman and General Manager of Hafei Auto. Group; Vice team leader of preparation team for Aviation Industry Corp. of China; secretary of sub-CPC and deputy general manager of Aviation Industry Corp. of China.

Mr. Wang Kun, Director, born in 1975, bachelor's degree, senior accountant. Now he is the Director and Chief Accountant of China Changan Automobile Group Co, Ltd. He used to be the director of Capital operation (Administratiion division) under Capital operation Department of China South Industries Group, Vice Director of Capital operation Department.

Mr. Wang Chongsheng, Director, Vice President, Vice Secretary of the Party Committee, Secretary of the Discipline Inspection Commission, Chairman of the Labor Union, general legal advisor, was born in 1958. He is a

senior economist with post-graduate qualifications. He used to be Secretary of the League Committee of Changan Machinery Factory, Vice Secretary of the Party Committee and Secretary of the Discipline Committee of 5023 Factory, Head of Marketing Department of the Automobile Bureau in China South Industries, Director of the General Manager's Office, Vice president and Vice CPC secretary of CHANGAN AUTOMOBILE (GROUP) CO., LTD.

Mr. Ma Jun, director and vice president, born in 1959. He has obtained master's degree in engineering and is a senior engineer. He used to be Vice Head of the Technical Department of Changan Machinery Factory, Head of the Technical Department Two, Head of the Standardized Information Department, Vice Director of the General Administration Office, Assistant to President, Director of the General Administration Office, Deputy Director and Director of the Information Center of CHANGAN AUTOMOBILE (GROUP) CO., LTD., Director of the Information Center and the vice president of CHANGAN AUTOMOBILE (GROUP) CO., LTD.

Mr. Cui Yunjiang, Director, Vice President, Board Secretary and Chief of Finance Department, was born in 1963. He has obtained master's degree and is a senior accountant. He used to be Vice Director of the Finance Department of Changan Machinery Factory, Director of the Finance Department of Changan Suzuki Automobile Company, Director of the Securities Department, and Vice Director, Director of Finance Department of the Company, Chief accountant of CHANGAN AUTOMOBILE (GROUP) CO., LTD.

Mr. Ma Junpo, director, born in 1966, master's degree, senior engineer. Now he is president assistant of China Changan Automobile Group Co., Ltd. Served as Deputy Director and director of Development Planning department of China South Industries Automobile Co., Ltd., and was the vice General manager of the development strategies department of China South Industries Automobile Corporation.

Mr. Ouyang Minggao, independent director, born in 1958, he is the special employed professor of the Ministry of Education, the dean, professor and the doctoral tutor of the Automobile Engineering department of the Tsinghua University, the Director of Automotive Safety and Energy Conservation National key Laboratory, the director of Beijing Tsinghua energy-saving and new energy Automotive Engineering Center, The Standing Committee of the Chinese Political Consultative Conference, the overall team leader of the major projects of the National "863" Project on Energy-saving and new energy automobiles, the expert of the overall group of the National "Tenth Five-Year" 863 <Electric Vehicles> major special project, the overall Team Leader and Project Leader of the "Fuel cell city bus" project., and the independent director of Shanghai Diesel Engine Company Limited.

Mr. Dong Yang, an independent director, born in 1956, engineering master's degree, research-level senior engineer, currently he is the executive vice president and G.S. of China Association of Automobile Manufacturers; vice chairman of the world automobile organization (OICA), Director-General of China Society of Automotive Engineers, deputy standing director of Machinery Industry Federation; qualification evaluation expert of the National Science and Technology Award assessors. And he served as a deputy director of Industry Management Department under State Administration of Machinery Industry Bureau; General Manager and deputy party secretary of Beijing Automotive Industry Holding Co., Ltd, who presided over the formulation of "85", "95" science and technology planning for national automobile industry; authored "the long-term scientific and technological development program for automobile industry", which incorporated into the national science and technology "White Paper"; he took charge of the National Scientific and Technological Projects, the National Automotive Electronics Technology Project and the formation of UAES, electric vehicles and vehicle development projects, and participated in the WTO negotiations.

Mr. Chen Zhong, independent director, born in 1956, he is a financial doctor and researcher. He was once the deputy director and director of the research department of the original Chinese Enterprise Management

Association, the Secretary-General (legal representative) of the Chinese enterprise management Science Foundation, executive vice president, deputy party secretary, executive director of the China Enterprise Confederation, the Deputy Secretary-General and the party member (to assist in charge of finance, project work plans and prior project) of Chongqing Municipal Government. He is now the Chairman of New Century Fund Management Co., Ltd, and enjoys government special allowances of the state council. His Main part-time positions are as follows: vice president of China investment association, the member of the Management Department's Accreditation Board of National Natural Science Foundation, the Vice-President of Chinese Young Entrepreneurs Association, the part-time professor of Jilin University and Beijing Technology and Business University, the independent director of Zhongshengdongli and Chongqing Beer Company.

Mr. Wang Zhixiong, independent director, born in 1958, he is a graduate of the law major. It has been 25 years since he began to work as a full-time lawyer. He had being worked in citic law firm from October, 1985 to March, 1996, mainly engage in the law practice related to the foreign-related economic, investment, securities and financial affairs. He joined the Beijing Tongshang law firm as the partner in April, 1996 and worked as the partner of Beijing Junhe law firm in March, 2002. He got the eligible qualification of securities law service in 1993, participated in the law practice of dozens of enterprises, joint-stock transformation, stock issuance and listing. He had once served as the independent director of the Jiangsu wuzhong, Mr. Wang Zhixiong is mainly engaged in the law affairs related to finance, securities, company law, foreign investment, corporate mergers and acquisitions.

Mr. Peng Shaobing, independent director, born in 1964, he has obtained the doctor's degree in economics and is a professor and a doctoral guide. He is now the director of the accounting institute of the South Western University of Finance and Economics, the member of the Chinese Accounting Association, the standing member of the education branch of the Chinese Accounting Association, a committee member of the education and training committee of Chinese Institute of Certified Public Accountants Association, the consultative expert of the enterprise internal control standards committee of the Ministry of Finance. Mr. Peng Shaobing has being engaged in the scientific research and teaching work related to the financial accounting and financial management for a long time, his main research areas are as follows: accounting standards and systems, financial reporting and analysis, capital markets and corporate governance, corporate finance and fund management, state-owned capital operation and management, financial risk control and management.

(2) Supervisors

Mr. Yang Jian, supervisor, born in 1964, master's degree, senior engineer. Currently he is the deputy party secretary of China Changan Automobile Group Co., Ltd. He served as the deputy director of No.59 Institute of China Ordnance Industry, Party Secretary and secretary of of No.59 Institute of China Ordnance Industry; General Manager of Human Resources Department of China South Industry Automobile Corporation.

Mr. Cai Yong, supervisor, born in 1973, master's degree, senior engineer. Currently he serves as the Assistant to the President and the Director of joint venture and cooperation management department of Changan. He served as the Deputy Director of the Secretariat under Company Office, the Director of Development & Planning Division under Development & Planning department; the Deputy Director and Director of Development & Planning department.

Mr. Liang Guangzhong, supervisors, born in 1972, bachelor degree, senior economist, senior political engineer. Currently he serves as the director of Human Resources Department. He served as director of Comprehensive Management Office of Changan Automobile Engineering Institute, vice president of Changan Automobile Engineering Institute, vice director of Human Resource Department.

Mr. Liu Hong, supervisors, born in 1959, bachelor degree, senior political engineer. He currently is the vice chairman of labour union of company. He served as the vice director of the HR department, Vice secretary of

CPC of Jiangbei factory, vice director of Jiangbei factory.

Ms. Wang Lijun, supervisor, born in 1970, bachelor degree, senior engineer. She currently is the president of Commercial Vehicle Engineering Institute of Changan Automobile Commercial Vehicle Business Department. She served as Deputy Director of automotive manufacturing technology department, Deputy Director, the Director and branch deputy secretary of product improvement department under Automotive Engineering Institute, the director of commercial vehicle design department, the deputy director of vehicle development department No.4 under the Institute of Automotive Engineering, the vice director of Automobile Engineering Institute, vice director of Automotive Engineering Institute.

(3) Senior Management other than Directors and Supervisors:

Mr. Huang Zhongqiang, vice president, born in 1968, master's degree in engineering, senior engineer, he used to be the Vice Director and Director of the General Manager's Office of CHANGAN AUTOMOBILE (GROUP) CO., LTD., Director of the Quality Control Department, Assistant to President, and Vice President, Secretary of CPC of Chongqing Changan Suzuki Auto. Co., Ltd.

Mr. Song Jia, Vice President, was born in 1965. He has a Master's Degree in Engineering and is a senior researcher-level engineer. He used to serve as Vice Director of Civil Products Institute, Vice Chief Engineer, Director of Automobile Institute, and Deputy Manager of Changjiang Electronics Plant, Deputy General Manager, General Manager of Changan Automobile Sales Company, Director of the Commercial Vehicle Operation Department, General Manager, Secretary of CPC of Hebei Changan Company, Assistant to President, and Vice President of CHANGAN AUTOMOBILE (GROUP) CO., LTD.

Mr. Ren Qiang, Vice President, was born in 1960. He has a Master's Degree in Engineering, is a senior research-level engineer. He used to serve as Vice Secretary of the Youth League Committee of the No.2 Textile Machinery Plant at Shaoyang City, Hunan Province, Vice Chief of Non-standard Product Design Office and Vice Director of General Design Institute of Changan Machinery Plant, Vice Director of Construction Institute, Vice Director and Director of Development Planning Department of CHANGAN AUTOMOBILE (GROUP) CO., LTD., and Assistant to President of CHANGAN AUTOMOBILE (GROUP) CO., LTD., General Manager of Changan Jinling Parts Company, and Vice President of CHANGAN AUTOMOBILE (GROUP) CO., LTD., executive Vice President of Jiangling Holding Co.

Mr. Luo Minggang, Vice President of the Company and Executive Vice President & Secretary of CPC of Changan Ford Automobile Co., Ltd., was born in 1963. He has a Master's Degree in Engineering, is a senior researcher-level engineer. He used to serve as Vice Director of Workshop No.26, and Director of Technology Department of Jiangling Machinery Plant, Director of No.1 Technology Institute of CHANGAN AUTOMOBILE (GROUP) CO., LTD., Director of Engine Technology Department and Vice Chief Engineer of Automobile Manufacturing Factory, Vice Director of Technical Center, Deputy Manager of Engine Manufacturing Factory, Deputy Manager and Chief Engineer of Automobile Manufacturing Factory, Vice Director of Changan Automotive Engineering Institute, the Executive Vice President of CFMA, Assistant to the President, vice President of CHANGAN AUTOMOBILE (GROUP) CO., LTD.

Mr. Du Yi, Vice President. Born in 1967, master, senior engineer. He used to be the vice president, executive vice president of Harbin Dongan Automotive Engine Manufacturing Co., Ltd, the vice president of Hafei Automobile Industry Group Co., Ltd. and the General Manager of the listed company, the Chairman, General Manager, deputy party secretary of Hafei Automobile Industry Group Co., Ltd.

Mr. Gong Bing, Vice President. Born in 1969, MBA, Senior Economist. He used to be the Chairman, General Manager of Chongqing Jialing special equipment limited company, Chairman and general manager of China Jialing, vice general manager of Motorcycle Operation department under China South Industries Group, the

general manager of Chongqing South Motorcycle Limited Liability Company.

Mr. Wang Jun, Vice President. Born in 1967, Master of Engineering, Senior Engineer. He used to be the vice Director, Director of Scientific Research Management Division under Company Technical Center, the vice director of Automobile Engineering Insitute and the director of Product Planning Department, the manager of Product Management Division under Changan Automobile Sales Company, the Manger of Product Planning Division under Marketing Department, the Vice Director, Director of Marketing Department, the Assistant to the President, Gengeral Manager of Changan Automobile Sales Company.

Mr. Liu Bo, Vice President. Born in 1967, Master of Engineering, Senior Researcher-level Engineer. He used to serve as the Vice Director of Workshop No.71 of Jiangling Machinery Plant, the Vice Director of Engine Research Division under Company Technology Department, the Vice Director of the Technical Center, the Vice Director, Excutive vice Director of Automobile Engineering Institute, Assistant to the President and the Director of Projcet Supervision Office of the Company, the Director of the Project Administration Department.

Ms. Li Jun, the Secretary of BOD and the Vice Director of Financial Department, was born in 1969, MBA, senior accountant. She used to be the Vice Director of Security Investment Office, Director of Capital Operation Office of the Financial Department, Director of the BOD Office.

Employment in shareholders' work unit

√ applied □ not applied

Name	Name of shareholders' work unit	Position in shareholders' work unit	Term start date	Term end date	Whether get allowance in shareholders' work unit
Xu Liuping	China Changan	chairman, secretary of the party committee			Y
Zou Wenchao	China Changan	director, president			Y
Zhang Baolin	China Changan	director			N
Zhu Huarong	China Changan	vice secretary of party committee			N
Yang Jian	China Changan	vice secretary of party committee			Y
Lian Gang	China Changan	vice president			Y
Wang Kun	China Changan	Director, the chief accountant			Y
Ma Junpo	China Changan	president assistant			Y

Employment in other work unit

√ applied □ not applied

Name	Name of other work units	Position in other work units	Term start date	Term end date	Whether get allowance in shareholders'
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					work unit
Ouyang Minggao	Qinghua University	School board member, deputy director of school academic committee			Y
Dong Yang	China Automotive Industry Association	Vice chairman of the standing committee, general secretary			Y
Chen Zhong	New China Fund Management Co., Ltd	Chairman of the board of directors			Y
Wang Zhixiong	Beijing Junhe Law Firm	partner			Y
Peng Shaobing	Accounting College of Southwest University of Finance and Economics	president			Y
Position in other work unit	This table only shows the main office performance and position in of independent directors.				

三、 Remuneration of directors, supervisors and senior management

Payment decision-making process, determination basis, the actual payment of directors, supervisors and senior managers

Decision-making process: in addition to the independent directors, the annual remuneration of directors, supervisors and senior management' are referring to the wage management regulations and rating standard of Southern Industrial Group. Payment of company independent directors is prescribed by the board of directors and submitted to the board of directors of the company, and approved by the shareholders' general meeting.

In accordance with: the senior management evaluation is divided into annual appraisal, mid-term assessment, term-change assessment and "look back" examination. Annual appraisal is to evaluate the business performance which senior management is in charge of, and the employee representatives and part of the units give to democratic appraisal or special evaluation on senior management, the assessment results will feedback to themselves in time, and points out problems existing in their work and relevant suggestions for improvement, which are to be improved in the coming new year. At the same time the assessment results will be linked with the annual performance award.

Mid-term assessment is mainly to evaluate the business performance which senior management is in charge of, assessment results are related to the targeted training, position promotion, post communication, etc; term-change assessment is that the employee representative give democratic evaluation on all the senior management and do special visit to part of unit, and the assessment results are related to the targeted training, position promotion, post communication training and post appointment of the senior management; new office head "look back" examination is mainly to look back the adjusted team, to understand the working status of the new team in time, check the configuration effect of the new group, to promote the new group into role as soon as possible, reduce the risk of personnel employment.

Actual payments: senior managers pay basic salary monthly, annual performance prize combines annual appraisal status, the rest delays payment according to the company's business situation. In 2012, the remuneration the directors, supervisors and senior managers receiving from the company is RMB10.891345 million yuan in total.

Payment of directors, supervisors and senior managers got from the company during the reporting period

Name	Position	Gender	Age	status	Total earning from the company
Zhang Baolin	Director and president	M	50	present	765,009.95
Zhu Huarong	Director and vice president	M	47	present	742,007.95
Wang Chongsheng	Director and vice president	M	54	present	657,536.55
Ma Jun	Director and vice president	M	53	present	654,659.80
Cui Yunjiang	Director and vice president, secretary of the board	M	49	present	664,287.15
Ouyang Minggao	independent director	M	54	present	60,000.00
Dong Yang	independent director	M	56	present	60,000.00
Chen Zhong	independent director	M	56	present	60,000.00
Wang Zhixiong	independent director	M	54	present	60,000.00
Peng Shaobing	independent director	M	48	present	60,000.00
Cai Yong	Supervisor	M	39	present	301,761.28
Liang Guangzhong	Supervisor	M	40	present	255,220.19
Liu Hong	Supervisor	M	43	present	224,807.17
Wang Lijun	Supervisor	F	42	present	265,723.35
Huang Zhongqiang	Vice president	M	44	present	652,557.15
Song Jia	Vice president	M	47	present	645,551.25
Ren Qiang	Vice president	M	52	present	647,037.15
Luo Minggang	Vice president	M	49	present	684,545.25
Du Yi	Vice president	M	45	present	614,920.00
Gong Bing	Vice president	M	43	present	635,873.55
Wang Jun	Vice president	M	40	present	439,135.00
Liu Bo	Vice president	M	46	present	469,569.75
Li Jun	secretary of the board	F	43	present	220,278.07
Zhang Jingjing	leave the supervisor post during the report period	F	46	departure	266,319.38
Shi Jinggang	leave the supervisor post during the report period	M	45	departure	246,436.57
Yuan Xueming	leave the supervisor post during	M	44	departure	287,134.17

	the report period				
Chen Lingtao	leave the supervisor post during the report period	F	43	departure	250,974.69
In Total	--	--	--	--	10,891,345.37

The authorized equity incentive of the directors, supervisors and senior managers during the reporting period

applied not applied

四、 Resignation and dismissal of company directors, supervisors and senior managers

During the report period, the company's fifth directors, supervisors and senior managers are expired. According to the relevant provisions of the company's articles of association, the shareholders' meeting elected the sixth session of the board of directors, board of supervisors, and the new board of directors elected chairman of the board of directors, and appointed the president, vice president and other senior management team. The new board of directors and senior management team maintain stable, Ms. Zhang Jingjing and Mr. Shi Jinggang left the supervisor post because of job change.

After items: in April 2013, due to job changes Ms.Chen Lingtao resigned from the company supervisor, and the employee representative congress elected Mr. Fan Chaodong as the company supervisor; Mr. Yuan Mingxue r resigned from the company supervisor, the sixth meeting of the sixth board of supervisors agreed to nominate Mr. Xie Shikang as the supervisor, which need be approved by the company's 2012 shareholders meeting.

五、 Core technology team or key technical personnel changes during the reporting period (not the directors, supervisors and senior management)

During the reporting period, the company's core technical team and key technical personnel have remained stable.

六、 The Employees of the Company

By the end of this year, total headcount of the Company was 15,176,including 5,952 production workers, 8,77salesmen, 5251 engineers, 220 finance staff, 2,041 administrative staff, and 835 others. Among the total, there were 61 with doctorate degree, 592 with master degree 8384 with bachelor degree, 2375 with college education, 1185 with vocational school graduate(including secondary technical school),1825 with senior high school education(including vocational high school), and 754 with education low than junior high school (or others).

Company needs to bear the toll cost of 3,157 retired workers.

Chapter 8 Corporate Governance

一、Basic status of corporate governance

Company runs in strict accordance with "company law", "securities law" and "the governance guidelines of listed company" and other relevant laws and regulations about the governance of listed company. To strengthen the company internal control system construction, and implement "enterprise internal control basic norms" jointly issued by five departments, such as the Finance Department, China Securities Regulatory Commission (CSRC), the company combined the actual situation, formulated the company internal control work plan and implementation plan; according to "Further implement the announcement concerning the listed company cash dividend (securities supervisor issue[2012] no. 37) of China Securities Regulatory Commission, revised the company's articles of association, in which specified that cash dividend policy and exceptions of cash dividend and other relevant provisions, further improve the corporate governance structure, and corporate governance conditions meet the requirements of the China securities regulatory commission.

Special activities of corporate governance, the formulation and implementation of registration management system of people familiar with insider information

The ninth meeting of the fifth meeting of board of directors passed Registration Management System of People familiar with Insider Information of Chongqing Changan Automobile Co., LTD., in order to further standardize the people's behavior who is familiar with insider information, well do confidential work of insider information, maintain the company information disclosure principles of openness, fairness and justice, and safeguard the interests of the investors. When the company implements B shares buyback, big shareholders increase shares, performance forecast, annual report disclosure, people familiar with insider information have been registered.

二、Information regarding annual shareholders' meeting and temporary shareholders' meeting during the report period

1、Annual shareholders' meeting situation during the report period

Meeting session	Opening date	Meeting bill name	Resolution	Disclosure date	Disclosure index
2011 annual shareholders meeting	May 24, 2012	1、 Work report of 2011 board of directors; 2、 Work report of 2011 board of supervisors; 3、 2011annual report and summary; 4、 2011annual final finance budget and 2012 annual finance budget statement; 5、 2011annual profit distribution bill; 6、 Proposal about the transition election of the sixth board of directors; 7、 Proposal about the transition election of the sixth board of supervisors; 8、 Proposal on amendment to the articles of association; 9、 Proposal on approving 2012 expected daily related	All the proposals have been passed	May 25, 2012	http://www.cninfo.com.cn/finalpage/2012-05-25/61044047.PDF

		transactions; 10、 Proposal on 2012 financing plan; 11 、 Proposal about renew “the framework agreement of daily connected transaction”, “the framework agreement of property rental”, and "general service agreement".			
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2、 Temporary shareholders' meeting during the reporting period

Meeting session	Date	Names of meeting proposal	Resolution	Disclosure date	Disclosure Index
The first extraordinary shareholders' meeting of 2012	2012.02.03	1、 Proposal regarding the company meeting the conditions to issue bonds; 2、 Proposal regard issuing corporate bonds; 3、 Proposal regard requesting shareholders' meeting to authorize the board of directors to issue company bonds ; 4 、 Proposal regard requesting shareholders' meeting to authorize the board of directors to take corresponding measures when it cannot repay debt principal and interest on schedule or fail to pay bond principal and interest on schedule.	All the proposals have been passed.	2012.02.04	http://www.cninfo.com.cn/finalpage/2012-02-04/60500608.PDF
The second temporary shareholders' meeting of 2012	2012.06.26	Proposal regarding the agreement on 2012 finance service with the finance company of the South Group.	Passed	2012.06.27	http://www.cninfo.com.cn/finalpage/2012-06-27/61184344.PDF
The third temporary shareholders' meeting of 2012	2012.08.28	1、 Proposal regard the amendment to the articles of association; 2、 Proposal about the appointment of auditors in 2012.	All the proposals have been passed.	2012.08.29	http://www.cninfo.com.cn/finalpage/2012-08-29/61496358.PDF
The fourth temporary shareholders' meeting of 2012	2012.12.26	1、 Proposal about the acquisition of 50% stake of Changan Peugeot Citroen automobile Co. LTD.; 2、 Proposal about the appointment of 2012 annual internal-control auditor.	All the proposals have been passed.	2012.12.27	http://www.cninfo.com.cn/finalpage/2012-12-27/61956023.PDF

三、 Situation about the independent directors perform their duties during the reporting period.

1. Cases about independent directors attending board of directors and the shareholders' meeting

Cases about independent directors attending board of directors						
Names of	Times should	Times of	Times of	Times of entrust	Times of absence	Whether absent

independent directors	attend the board of directors in the report period	presence	attendance by communication mode	attendance		from the meeting for successive two times
Ouyang Minggao	11	11	0	0	0	N
Dong Yang	11	11	0	0	0	N
Chen Zhong	11	11	0	0	0	N
Wang Zhixiong	11	11	0	0	0	N
Peng Shaobing	11	11	0	0	0	N

2.Independent director raise an objection to company related matters.

In the report period independent directors haven't raised objection to company related matters.

四、 The work of the board of supervisors

The board of supervisors in the supervision of the reporting period found that company whether there is a risk

The board of supervisors has no objection on the monitoring items during the reporting period

五、 Independent completion situation in terms of business, personnel, assets, organization and finance which is relative to the controlling shareholders

The company and the controlling shareholders are fully independent in terms of business, assets, personnel, organization and financial.

六、 Competition situation

1. In December 2009, according to the national "Automobile Industry Adjustment and Revitalization Plan" regarding promoting auto enterprise merger restructuring and further optimization of state-owned economy strategy layout requirements, the actual controller of the company China South Industries Group Corporation and China Aviation Industry Group Company proceeded industry restructuring, China Aviation Industry Group Company transferred by free transfer 100% equity of Jiangxi Changhe Automobile Co., LTD. (hereinafter referred to as "Changhe Automobile") and 100% stake of Harbin Hafei Automobile Industry Group co., LTD. (hereinafter referred to as "Haqi group") into the company's controlling shareholder China Changan Automobile Group Co., LTD. (hereinafter referred to as "China Changan"). This above-mentioned behavior led to competition between the company and subordinate enterprise of China Changan, the controlling shareholder. To finally solve the possible competition and better maintain the interests of company's investors, the company's controlling shareholder China Changan commitment: 1. When Jiangxi Changhe Automobile Co., Ltd. and Harbin Hafei Automobile Industry Group Co., LTD. payoff for successive two years, has sustainable development ability and management level is improved significantly, it's proposed to combine two companies into the company. At present China Changan has not yet have conditions to reach the commitments.

2. The company and Changan Peugeot Citroen Automobile co., LTD. (hereinafter referred to as CAPSA), the subordinate joint venture of the controlling shareholder China Changan Automobile Group Co., Ltd. (hereinafter

referred to "China Changan") have potential competition. The 7th meeting of the 6th meeting of the board of directors examined and approved "Proposal on the acquisition of 50% stake of Changan Peugeot Citroen Automobile co., LTD. from China Changan Automobile Group Co., Ltd". The company plans to raise money to purchase 50% CAPSA stake from China Changan, and submit it to the 4th temporary shareholders' meeting of 2012 for approval. At present, the follow-up work go under the government approval process, and it's expected to be completed in the third quarter. When the acquisition is completed, the problem of competition against the controlling shareholder China Changan which is brought by CAPSA establishment and production will be completely solved. Meanwhile it will improve the company's strategy layout, play a synergistic effect, and enhance market competitiveness with the introduction of European premium brands.

七、The appraisal and incentive situation of senior management

(一) Evaluation mechanism

According to the company's performance appraisal management system, the president and other senior management personnel are examined by the company's board of directors. Examinations are taken regularly and frequently, qualitative assessment and quantitative assessment are combined.

(二) Incentive mechanism

Income of senior management is composed of basic salary and performance salary. Performance salary links up with performance appraisal.

(三) Constraint mechanism

Company and senior management sign "employment contract", which has corresponding constraints on behavior, rights, duties, etc of senior management.

Chapter 9 Corporate Governance

一、Corporate Governance Construction

The Company has been strictly complying with the requirements of relevant laws and regulations, including Company Law, Securities Law, Basic Norms of Enterprise Internal Control, Supporting Guidance of Enterprise Internal Control, and there's already normative corporate governance structure and relatively complete internal control system. The company's internal control has 3 level responsibilities: each business unit is responsible for its own internal control; the company's Management Information Department is responsible for daily management and maintenance of internal control; the company's Audit Supervision Department is responsible for the supervision, evaluation and audit of internal control. The company has established and improved internal control system, established Self Assessment Program of Internal Control, which provide system guarantee for the internal audit department to fully implement internal control evaluation, and set up self assessment test of internal control, defect recognition, rectification method and procedure, which effectively play positive role of the internal audit department in the company internal control evaluation.

二、Responsibility Statement of the board of directors about internal control

At present the company has established internal control system to cover main business, the related evaluation, control, communication, monitoring and other activities have been implemented in internal control activities. The company will follow the requirement of "Basic Norms of Enterprise Internal Control" and "Enterprise Internal Control Guidelines", and further improve the company's internal control system, improve comprehensive risk management system, in order to improve operation management level and risk prevention capacity.

三、Establish internal control basis of financial report

According to the requirements of relevant laws and regulations, such as "Basic Norms of Enterprise Internal Control", the company has already set up relatively perfect financial and accounting system and finance internal-control system. The company strictly carries out "Enterprises Accounting Standards", and according to the company's operating management improve accounting basic management, establish and complete financial system, and continuously optimize accounting and reporting process, continue to strengthen financial supervision, further implement of financial control, set up accounting foundation work management, financial management authorization, monetary fund management, financing, purchasing and payment, fixed assets, projects under construction, accounting policy, accounting estimate, merge statement compiling regulations, cost regulation and process, inventory management system and procedures, financial analysis system and so on, ensure the security of company assets and accounting information quality. The board of directors is responsible to establish and maintain sufficient financial report and relevant internal control system. The relevant internal control goal of financial report is to ensure that financial reporting information is true and reliable, and guard against the risk of material misstatement.

四、Self-assessment report of internal control

Big internal-control defects found in the self-assessment report of internal control during the reporting period	
The 10th meeting of the sixth board of directors passed "Self-assessment Report of internal control of Changan Automobile" (specific see the announcement), the board of directors think that: during the reporting period, the company has set internal control of the business and matters incorporated in the evaluation scope which have been effectively implemented and achieve the goal of internal control, there is no major defects. There's no major change of internal control which has substantial impact on evaluation conclusion since the base date of internal control report to the evaluation report of internal control.	
Disclosure date of self-assessment report of internal control	2013.04.18
Disclosure index of self-assessment report of internal control	The self-assessment report of internal control was published on Apr. 18 of 2013 on Tide Information Net (http://www.cninfo.com.cn)

五、Audit report of internal control

The review opinion paragraph in the audit report of internal control	
Audit opinions of internal control audit report issued by Ernst & young Huaming Accounting Firm are as follows: Changan Auto keeps effective internal control of audit report in all important aspects according to "Basic Norms of Enterprise Internal Control" and other relevant regulations.	
Disclosure date of the audit report of internal control	2013.04.18
Disclosure index of the audit report of internal control	The audit report of internal control was published on Apr. 18 of 2013 on Tide Information Net (http://www.cninfo.com.cn)

The Accounting Firm issues non-standard internal control audit report or not?

Yes No

The internal control audit report issued by the Accounting Firm agrees with the self-assessment report of the board of directors or not?

Yes No

六、Establishment and implementation situation of major mistake responsibility investigation system of annual report

The company in 2010 passed "Major mistake responsibility investigation system of annual report information disclosure of Changan Automobile Co., Ltd", further strengthen management on regular report information disclosure. The 2011 annual report information disclosure has no major mistake, performance report and the actual operation result have no significant differences.

Chapter 10. Audited Financial Statements

Chongqing Changan Automobile Company Limited

Contents

	Pages
AUDITOR'S REPORT	1 - 2
AUDITED FINANCIAL STATEMENTS	
Consolidated balance sheet	3 - 5
Consolidated income statement	6
Consolidated statement of changes in shareholders' equity	7 - 8
Consolidated cash flow statement	9 - 11
Company balance sheet	12 - 13
Company income statement	14
Company statement of changes in shareholders' equity	15
Company cash flow statement	16 - 18
Notes to financial statements	19 - 163
SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS	
Schedule of non-recurring profit and loss	164
Return on equity and earnings per share	164 - 165
The major fluctuation and related explanation of the Group's financial statements	165 - 167

Auditor's Report

Ernst & Young Hua Ming Shen Zi (2013) No 60662431_D01

To the shareholders of Chongqing Changan Automobile Company Limited

We have audited the accompanying financial statements of Chongqing Changan Automobile Company Limited, which comprise the consolidated and the company balance sheets as at 31 December 2012, and the consolidated and the company income statements, the consolidated and the company statements of changes in equity and the consolidated and the company cash flow statements for the year then ended and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of Chongqing Changan Automobile Company Limited is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting the financial statements in accordance with Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the 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 the Chinese Standards on Auditing. Those standards require that we comply with Code Ethical for Chinese Certified Public Accountants and plan and perform the audit to obtain a reasonable assurance about whether these 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 the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the 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.

Auditor's Report

Ernst & Young Hua Ming Shen Zi (2013) No 60662431_D01

Opinion

In our opinion, the accompanying consolidated and the company financial statements present fairly, in all material respects, the consolidated and the company's financial position of Chongqing Changan Automobile Company Limited as at 31 December 2012, and their financial performance and their cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

Qiao Chun

Ernst & Young Hua Ming (LLP)

Chinese Certified Public Accountant

Ai Wei

Beijing, the People's Republic of China

Chinese Certified Public Accountant

16 April 2013

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET
31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2012</u>	<u>2011</u>
Current assets			
Cash	1	4,199,763,915.82	4,871,199,806.77
Financial assets held for trading	2	332,407.00	1,525,799.63
Notes receivable	3	9,364,340,972.00	5,691,518,013.21
Accounts receivable	4	438,384,320.58	505,707,438.05
Prepayments	5	499,042,641.69	320,623,972.68
Dividends receivable	6	450,030.00	450,030.00
Other receivables	7	133,863,189.40	117,398,622.23
Inventories	8	4,911,029,980.66	4,143,618,347.47
Other current assets	9	4,774,719.12	7,463,166.98
Total current assets		<u>19,551,982,176.27</u>	<u>15,659,505,197.02</u>
Non-current assets			
Available-for-sale financial assets	10	233,814,100.00	225,129,480.00
Long-term equity investments	12	7,594,311,455.02	7,407,367,574.54
Investment property	13	1,081,565.51	61,350,378.25
Fixed assets	14	11,627,068,108.78	7,542,137,587.89
Construction in progress	15	2,805,328,886.06	2,795,536,908.98
Project materials	16	795,898.75	795,898.75
Fixed assets disposal		2,485,714.76	17,688.00
Intangible assets	17	2,133,154,677.81	1,822,099,425.28
Development expenditure	18	373,059,730.66	426,379,528.16
Goodwill	19	9,804,394.00	9,804,394.00
Long-term deferred expenses	20	2,055,164.45	2,069,156.74
Deferred tax assets	21	859,267,186.20	579,924,897.93
Other non-current assets	23	923,395,734.00	-
Total non-current assets		<u>26,565,622,616.00</u>	<u>20,872,612,918.52</u>
TOTAL ASSETS		<u>46,117,604,792.27</u>	<u>36,532,118,115.54</u>

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET
31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2012</u>	<u>2011</u>
Current liabilities			
Short-term loans	24	1,250,000,000.00	976,890,000.00
Notes payable	25	7,808,998,092.99	6,671,345,457.57
Accounts payable	26	7,201,763,448.59	5,946,877,115.16
Advances from customers	27	4,251,355,201.70	3,105,626,115.15
Payroll payable	28	427,915,773.96	278,808,694.00
Taxes payable	29	49,882,326.93	(189,619,697.33)
Interest payables	30	77,316,091.67	1,485,285.83
Dividend payables	31	79,742.80	79,742.80
Other payables	32	1,918,249,420.49	1,677,747,135.32
Contingent liabilities	33	676,261,668.40	589,154,705.34
Non-current liabilities			
within one year	34	18,000,000.00	-
Other current liabilities	35	<u>1,518,516,938.67</u>	<u>1,294,435,509.96</u>
Total current liabilities		<u>25,198,338,706.20</u>	<u>20,352,830,063.80</u>
Non-current liabilities			
Long-term loans	36	992,000,000.00	-
Bonds payable	37	1,963,348,839.97	-
Special payable	38	131,053,523.96	113,474,486.52
Deferred tax liabilities	21	37,741,632.06	37,079,227.06
Other non-current liabilities	39	<u>2,404,194,366.91</u>	<u>1,380,108,565.16</u>
Total non-current liabilities		<u>5,528,338,362.90</u>	<u>1,530,662,278.74</u>
Total liabilities		<u>30,726,677,069.10</u>	<u>21,883,492,342.54</u>

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
 CONSOLIDATED BALANCE SHEET
 31 December 2012
 (Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2012</u>	<u>2011</u>
Owners' equity			
Share capital	40	4,662,886,108.00	4,834,482,546.00
Capital reserves	41	3,088,935,360.43	3,406,243,605.93
Surplus reserves	42	1,441,483,901.26	1,279,333,001.49
Retained earnings	43	6,335,790,529.86	5,238,240,172.61
Foreign currency reserve		<u>(16,160,551.29)</u>	<u>(19,067,864.01)</u>
Equity attributable to owners		15,512,935,348.26	14,739,231,462.02
Minority interests		<u>(122,007,625.09)</u>	<u>(90,605,689.02)</u>
Total equity		<u>15,390,927,723.17</u>	<u>14,648,625,773.00</u>
TOTAL LIABILITIES AND OWNERS' EQUITY			
		<u>46,117,604,792.27</u>	<u>36,532,118,115.54</u>

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

The financial statements on pages 3 to 18 have been signed by:

Legal

Principal in Charge

Chief

Chongqing Changan Automobile Company Limited

Representative: _____

of Accountancy: _____

Accountant: _____

Chongqing Changan Automobile Company Limited
CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2012</u>	<u>2011</u>
Operating revenue	44	<u>29,462,588,753.56</u>	<u>26,551,846,548.17</u>
Less: Operating cost	44	24,040,087,067.12	22,626,040,612.10
Business tax and surcharges	45	759,633,210.06	537,733,641.71
Operating expenses	46	2,629,835,059.39	2,142,325,839.67
General and administrative expenses	47	2,690,247,230.28	2,332,649,313.37
Financial expenses/(income)	48	28,937,872.02	(184,033,937.80)
Impairment loss on assets	49	258,718,995.15	48,135,402.08
Add: Profit and loss from fair value Changes	50	(1,193,392.63)	1,525,799.63
Investment income	51	1,868,541,181.38	1,702,230,331.45
<i>Including: Investment income from associates and from joint venture</i>		<u>1,860,722,181.38</u>	<u>1,675,543,753.93</u>
Operating profit		922,477,108.29	752,751,808.12
Add: Non-operating income	52	420,602,650.87	241,116,101.94
Less: Non-operating expenses	53	15,645,905.43	45,236,337.93
<i>Including: loss on disposal of non-current assets</i>		<u>4,115,881.11</u>	<u>26,004,571.23</u>
Total profit		1,327,433,853.73	948,631,572.13
Less: Income tax expense	54	(87,573,801.48)	22,982,258.80
Net profit		<u>1,415,007,655.21</u>	<u>925,649,313.33</u>
Including: The net profit of the combined parties before business combination involving entities under common control		-	<u>12,050,340.92</u>
Net profit attributable to owners		<u>1,446,409,591.28</u>	<u>967,940,639.48</u>
Minority interests		<u>(31,401,936.07)</u>	<u>(42,291,326.15)</u>
Earnings per share	55		
Basic earnings per share		<u>0.31</u>	<u>0.20</u>
Diluted earnings per share		<u>Not Applicable</u>	<u>Not Applicable</u>
Other comprehensive income	56	<u>10,929,527.72</u>	<u>(58,678,193.31)</u>
Total comprehensive income		<u>1,425,937,182.93</u>	<u>866,971,120.02</u>
Total comprehensive income attributable to owners		<u>1,457,339,119.00</u>	<u>909,262,446.17</u>
Total comprehensive income attributable			

Chongqing Changan Automobile Company Limited

to minority interest (31,401,936.07)
(42,291,326.15)

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Equity attributable to owners					Subtotal	Minority interest	Total equity
	Share capital	Capital reserves	Surplus reserves	Retained earnings	Foreign currency reserve			
At end of last year	4,834,482,546.00	3,406,243,605.93	1,279,333,001.49	5,238,240,172.61	(19,067,864.01)	14,739,231,462.02	(90,605,689.02)	14,648,625,7
Changes during the year								
I Net profit	-	-	-	1,446,409,591.28	-	1,446,409,591.28	(31,401,936.07)	1,415,007,65
II Other comprehensive income	-	8,022,215.00	-	-	2,907,312.72	10,929,527.72	-	10,929,527.7
Total comprehensive income	-	8,022,215.00	-	1,446,409,591.28	2,907,312.72	1,457,339,119.00	-	
	(31,401,936.07)	1,425,937,182.93						
III Input by investors and decrease in capital								
1. Decrease in capital	(171,596,438.00)	(325,330,460.50)	-	-	-	(496,926,898.50)	-	(496,926,898.50)
2. Others	-	-	-	-	-	-	-	-
IV Distribution of profits								
1. Pick-up of surplus reserves	-	-	162,150,899.77	(162,150,899.77)	-	-	-	-
2. Distribution to owners	-	-	-	(186,708,334.26)	-	(186,708,334.26)	-	(186,708,334.26)
At end of year	4,662,886,108.00	3,088,935,360.43	1,441,483,901.26	6,335,790,529.86	(16,160,551.29)	15,512,935,348.26	(122,007,625.09)	15,390,927,723.17

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended 31 December 2011

(Expressed in Renminbi Yuan)

	Equity attributable to owners						Minority interest	Total equity
	Share capital	Capital reserves	Surplus reserves	Retained earnings	Foreign currency reserve	Subtotal		
At end of last year	2,325,657,615.00	1,538,178,253.07	1,167,011,424.00	5,594,695,154.55	-	10,625,542,446.62	(41,959,598.57)	10,583,582,848.05
Add: Business combination involving entities under common control	-	98,089,635.53	-	77,121,301.03	-	175,210,936.56	-	175,210,936.56
At beginning of year	2,325,657,615.00	1,636,267,888.60	1,167,011,424.00	5,671,816,455.58	-	10,800,753,383.18	(41,959,598.57)	10,758,793,784.61
Changes during the year								
I Net profit	-	-	-	967,940,639.48	-	967,940,639.48	(42,291,326.15)	925,649,313.33
II Other comprehensive income	-	(39,610,329.30)	-	-	(19,067,864.01)	(58,678,193.31)	-	(58,678,193.31)
Total comprehensive income	-	(39,610,329.30)	-	967,940,639.48	(19,067,864.01)	909,262,446.17	(42,291,326.15)	866,971,120.02
III Input by investors and decrease in capital								
1. Capital input by investors	360,166,022.00	3,085,420,737.33	-	-	-	3,445,586,759.33	(6,354,764.30)	3,439,231,995.03
2. Others	-	1,204,764.30	-	-	-	1,204,764.30	-	1,204,764.30
IV Distribution of profits								
1. Pick-up of surplus reserves	-	-	112,321,577.49	(112,321,577.49)	-	-	-	-
2. Distribution to owners	1,074,329,454.00	-	-	(1,289,195,344.96)	-	(214,865,890.96)	-	(214,865,890.96)
V Internal transfer of shares								
1. Capital reserves transfer to share capital	1,074,329,455.00	(1,074,329,455.00)	-	-	-	-	-	-
2. Others	-	(202,710,000.00)	-	-	-	(202,710,000.00)	-	(202,710,000.00)
At end of year	4,834,482,546.00	3,406,243,605.93	1,279,333,001.49	5,238,240,172.61	(19,067,864.01)	14,739,231,462.02	(90,605,689.02)	14,648,625,773.00

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		25,663,720,716.16	25,573,279,457.22
Refunds of taxes		64,506,744.26	151,098,953.45
Cash received relating to other operating activities	57	<u>690,217,042.92</u>	<u>725,826,426.21</u>
Sub-total of cash inflows		<u>26,418,444,503.34</u>	<u>26,450,204,836.88</u>
Cash paid for goods and services		18,802,103,710.55	19,052,981,902.08
Cash paid to and on behalf of employees		2,349,914,141.29	2,057,865,348.91
Cash paid for all types of taxes		1,193,706,087.40	1,430,970,741.41
Cash paid relating to other operating activities	57	<u>3,560,834,890.72</u>	<u>3,701,169,271.86</u>
Sub-total of cash outflows		<u>25,906,558,829.96</u>	<u>26,242,987,264.26</u>
Net cash flows from operating activities	58	<u>511,885,673.38</u>	<u>207,217,572.62</u>

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments		-	1,335,647.60
Cash received from return on investments		1,807,819,000.00	26,686,577.52
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,667,743.02	47,794,614.23
Cash received relating to other investing activities	57	<u>225,800,000.00</u>	<u>1,201,638,370.00</u>
Sub-total of cash inflow		<u>2,036,286,743.02</u>	<u>1,277,455,209.35</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		4,886,774,898.90	4,095,873,741.46
Cash paid for acquisition of investments		126,221,699.10	66,950,886.00
Cash paid for acquisition of subsidiaries and other business units		-	202,710,000.00
Cash paid relating to other investing Activities	57	<u>703,015,710.00</u>	<u>672,458,200.00</u>
Sub-total of cash outflows		<u>5,716,012,308.00</u>	<u>5,037,992,827.46</u>
Net cash flows from investing activities		<u>(3,679,725,564.98)</u>	<u>(3,760,537,618.11)</u>

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash received from absorbing Investment		- 3,445,586,919.48	
Cash received from borrowings		3,274,398,247.02	1,477,373,200.00
Cash received from issuing bonds		1,960,410,400.00	-
Cash received relating to other financing activities	57	<u>119,759,876.44</u>	<u>58,260,095.64</u>
Sub-total of cash inflows		<u>5,354,568,523.46</u>	<u>4,981,220,215.12</u>
Cash repayments of borrowings		1,991,288,247.02	769,240,200.00
Cash paid for distribution of dividends or profits and interest expenses		250,137,801.29	223,769,032.39
Cash paid relating to other financing activities	57	<u>598,466,584.26</u>	<u>409,714,568.55</u>
Sub-total of cash outflows		<u>2,839,892,632.57</u>	<u>1,402,723,800.94</u>
Net cash flows from financing activities		<u>2,514,675,890.89</u>	<u>3,578,496,414.18</u>
EFFECT OF CHANGES IN EXCHANGE RATE ON CASH			
		<u>(51,699.56)</u>	<u>(642,748.02)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(653,215,700.27)	24,533,620.67
Add: Opening balance of cash and cash equivalents		<u>4,238,710,712.49</u>	<u>4,214,177,091.82</u>
CLOSING BALANCE OF CASH AND CASH EQUIVLANT	58	<u>3,585,495,012.22</u>	<u>4,238,710,712.49</u>

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
BALANCE SHEET
31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2012</u>	<u>2011</u>
Current assets			
Cash		3,081,165,146.84	3,748,480,642.89
Notes receivable		7,803,725,888.00	4,629,815,917.34
Accounts receivable	1	1,071,345,619.44	709,962,322.23
Prepayments		397,342,870.76	275,607,524.99
Dividend receivable		450,030.00	450,030.00
Other receivables	2	315,576,507.71	155,166,949.83
Inventories		<u>3,396,111,119.31</u>	<u>2,509,720,521.60</u>
Total current assets		<u>16,065,717,182.06</u>	<u>12,029,203,908.88</u>
Non-current assets			
Available-for-sale financial assets		158,507,500.00	143,420,000.00
Long-term equity investments	3	8,885,998,867.75	8,699,054,987.27
Fixed assets		10,191,569,154.86	6,411,720,208.04
Construction in progress		2,571,337,326.77	2,521,725,163.27
Project materials		795,898.75	795,898.75
Fixed assets disposal		2,485,714.76	-
Intangible assets		1,964,748,143.27	1,677,524,545.00
Development expenditure		354,257,952.32	426,140,086.24
Long-term deferred expenses		720,320.00	900,400.00
Deferred tax assets		740,904,515.31	441,652,853.36
Other non-current assets		<u>923,395,734.00</u>	-
Total non-current assets		<u>25,794,721,127.79</u>	<u>20,322,934,141.93</u>
TOTAL ASSETS		<u>41,860,438,309.85</u>	<u>32,352,138,050.81</u>

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
BALANCE SHEET
31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2012</u>	<u>2011</u>
Current liabilities			
Short-term loans		1,170,000,000.00	896,890,000.00
Notes payable		6,066,445,485.27	5,330,352,103.56
Accounts payable		5,183,680,120.24	4,001,734,598.60
Advances from customers		3,466,741,620.70	2,186,573,040.05
Payroll payable		374,013,646.52	222,376,277.25
Taxes payable		290,496,103.52	5,941,651.42
Interest payable		77,316,091.67	1,485,285.83
Other payables		1,607,748,312.43	1,326,244,785.79
Contingent liabilities		332,489,210.32	269,786,181.12
Other current liabilities		<u>1,068,916,123.41</u>	<u>727,112,996.22</u>
Total current liabilities		<u>19,637,846,714.08</u>	<u>14,968,496,919.84</u>
Non-current liabilities			
Long-term loans		900,000,000.00	-
Bonds payable		1,963,348,839.97	-
Special payable		69,225,925.06	76,030,162.60
Deferred tax liabilities		20,344,125.00	18,081,000.00
Other non-current liabilities		<u>2,308,856,151.75</u>	<u>1,279,411,554.31</u>
Total non-current liabilities		<u>5,261,775,041.78</u>	<u>1,373,522,716.91</u>
Total liabilities		<u>24,899,621,755.86</u>	<u>16,342,019,636.75</u>
Owner's equity			
Share capital		4,662,886,108.00	4,834,482,546.00
Capital reserves		3,351,635,767.88	3,664,141,853.38
Surplus reserves		1,441,483,901.26	1,279,333,001.49
Retained earnings		<u>7,504,810,776.85</u>	<u>6,232,161,013.19</u>
Total owner's equity		<u>16,960,816,553.99</u>	<u>16,010,118,414.06</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>41,860,438,309.85</u>	<u>32,352,138,050.81</u>

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
INCOME STATEMENT
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2012</u>	<u>2011</u>
Operating revenue	4	<u>22,839,252,968.43</u>	<u>19,630,314,646.66</u>
Less: Operating cost	4	18,312,319,774.19	16,622,745,636.31
Business tax and surcharges		628,759,885.50	392,927,494.39
Operating expenses		1,993,125,368.85	1,408,397,647.03
General and administrative expenses		2,370,319,505.92	2,125,076,425.53
Financial expenses		47,042,336.52	(157,351,524.95)
Impairment loss on assets		247,823,520.81	39,957,464.84
Add: Investment income	5	1,866,988,848.05	1,670,279,837.26
<i>Including: Investment income from associates and from joint venture</i>		<u>1,860,722,181.38</u>	<u>1,675,543,753.93</u>
Operating profit		1,106,851,424.69	868,841,340.77
Add: Non-operating income		392,733,313.75	214,382,404.02
Less: Non-operating expenses		4,768,387.86	39,913,479.72
<i>Including: loss on disposal of non-current assets</i>		<u>1,899,299.43</u>	<u>22,301,254.00</u>
Total profit		1,494,816,350.58	1,043,310,265.07
Less: Income tax expense		<u>(126,692,647.11)</u>	<u>(79,905,509.84)</u>
Net profit		<u>1,621,508,997.69</u>	<u>1,123,215,774.91</u>
Other comprehensive income		<u>12,824,375.00</u>	<u>(28,515,375.00)</u>
Total comprehensive income		<u>1,634,333,372.69</u>	<u>1,094,700,399.91</u>

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
 STATMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 Year ended 31 December 2012 and 2011
 (Expressed in Renminbi Yuan)

	2012				
	Share Capital	Capital reserves	Surplus reserves	Retained earnings	Total owners' equity
At beginning of year	4,834,482,546.00	3,664,141,853.38	1,279,333,001.49	6,232,161,013.19	16,010,118,414.06
Changes during the year					
I Net profit	-	-	-	1,621,508,997.69	1,621,508,997.69
II Other comprehensive income	-	12,824,375.00	-	-	12,824,375.00
Total comprehensive income	-	12,824,375.00	-	1,621,508,997.69	1,634,333,372.69
III Input by investors and decrease in capital					
1. Decrease in capital	(171,596,438.00)	(325,330,460.50)	-	-	(496,926,898.50)
IV Distribution of profits					
1. Pick-up of surplus reserves	-	-	162,150,899.77	(162,150,899.77)	-
2. The distribution to shareholders	-	-	-	(186,708,334.26)	(186,708,334.26)
V Internal transfer of shares					
1. Capital reserves transfer to share capital	-	-	-	-	-
2. Others	-	-	-	-	-
At end of year	4,662,886,108.00	3,351,635,767.88	1,441,483,901.26	7,504,810,776.85	16,960,816,553.99

	2011				
	Share Capital	Capital reserves	Surplus reserves	Retained earnings	Total owners' equity
At beginning of year	2,325,657,615.00	1,708,273,332.86	1,167,011,424.00	6,510,462,160.73	11,711,404,532.59
Changes during the year					
I Net profit	-	-	-	1,123,215,774.91	1,123,215,774.91
II Other comprehensive income	-	(28,515,375.00)	-	-	(28,515,375.00)
Total comprehensive income	-	(28,515,375.00)	-	1,123,215,774.91	1,094,700,399.91
III Input by investors and decrease in capital					
1. Capital input by investors	360,166,022.00	3,085,420,737.33	-	-	3,445,586,759.33
IV Distribution of profits					
1. Pick-up of surplus reserves	-	-	112,321,577.49	(112,321,577.49)	-
2. The distribution to shareholders	1,074,329,454.00	-	-	(1,289,195,344.96)	(214,865,890.96)
V Internal transfer of shares					
1. Capital reserves transfer to share capital	1,074,329,455.00	(1,074,329,455.00)	-	-	-
2. Others	-	(26,707,386.81)	-	-	(26,707,386.81)
At end of year	4,834,482,546.00	3,664,141,853.38	1,279,333,001.49	6,232,161,013.19	16,010,118,414.06

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CASH FLOW STATEMENT
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		19,665,396,491.13	21,361,078,523.75
Refunds of taxes		4,843,000.00	68,978,000.00
Cash received relating to other operating activities	6	<u>644,984,705.57</u>	<u>606,315,867.26</u>
Sub-total of cash inflows		<u>20,315,224,196.70</u>	<u>22,036,372,391.01</u>
Cash paid for goods and services		14,122,561,258.66	16,200,009,706.49
Cash paid to and on behalf of employees		1,788,111,766.19	1,538,074,839.87
Cash paid for all types of taxes		830,908,158.82	954,503,690.66
Cash paid relating to other operating activities	6	<u>2,997,462,352.80</u>	<u>3,081,733,900.49</u>
Sub-total of cash outflows		<u>19,739,043,536.47</u>	<u>21,774,322,137.51</u>
Net cash flows from operating activities	7	<u>576,180,660.23</u>	<u>262,050,253.50</u>

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CASH FLOW STATEMENT
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		-	-
Cash received from return on investments		1,806,266,666.67	6,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,175,675.18	43,154,840.96
Cash received relating to other investing activities	6	<u>205,000,000.00</u>	<u>1,191,638,370.00</u>
Sub-total of cash inflows		<u>2,012,442,341.85</u>	<u>1,240,793,210.96</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		4,668,855,370.93	3,717,800,974.51
Cash paid for acquisition of investments		126,221,699.10	208,570,656.15
Cash paid for acquisition of subsidiaries and other business units		-	202,710,000.00
Cash paid relating to other investing Activities	6	<u>853,015,710.00</u>	<u>672,458,200.00</u>
Sub-total of cash outflows		<u>5,648,092,780.03</u>	<u>4,801,539,830.66</u>
Net cash flows from investing activities		<u>(3,635,650,438.18)</u>	<u>(3,560,746,619.70)</u>

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CASH FLOW STATEMENT
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from absorbing investment		-	3,445,586,919.48
Cash received from borrowings		3,084,398,247.02	1,385,873,200.00
Cash received from issuing bonds		1,960,410,400.00	-
Cash received relating to other financing activities	6	-	1,933,678.86
Sub-total of cash inflows		<u>5,044,808,647.02</u>	<u>4,833,393,798.34</u>
Cash repayments of borrowings		1,911,288,247.02	651,740,200.00
Cash paid for distribution of dividends or profits and for interest expenses		244,439,219.60	219,723,083.13
Cash paid relating to other financing activities	6	496,926,898.50	2,502,094.43
Sub-total of cash outflows		<u>2,652,654,365.12</u>	<u>873,965,377.56</u>
Net cash flows from financing activities		<u>2,392,154,281.90</u>	<u>3,959,428,420.78</u>
EFFECT OF CHANGES IN EXCHANGE RATE ON CASH		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(667,315,496.05)	660,732,054.58
Add: Opening balance of cash and cash equivalents		<u>3,748,480,642.89</u>	<u>3,087,748,588.31</u>
CLOSING BALANCE OF CASH AND CASH EQUIVLANT	7	<u>3,081,165,146.84</u>	<u>3,748,480,642.89</u>

Chongqing Changan Automobile Company Limited

The notes on pages 19 to 163 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Corporate information

Chongqing Changan Automobile Company Limited (hereafter referred to as the “Company”) was established by China Changan Automobile Group (hereafter referred to as the “Changan Group”) as the individual originator on 31 October 1996. The company was set up using the group’s net asset relating to the operation of mini cars and engine, the shares its owned in Chongqing Changan Suzuki company limited (506,190,000 shares) and the fund raising from the issuance of 250,000,000 foreign capital stock (B shares), with total share capital of RMB756,190,000. The Legal Representative’s Operating License issued by Chongqing Industrial and Commercial Administrative Bureau is Yu-Jing No. 28546236-3.

With the approval of China securities regulatory commission, the company initially floated on share market on 19 May 1997 by issuing 120,000,000 common shares (A share) to the public. The offering increased the total share capital to RMB876,190,000.

On 26 June 1998, the Company issued 4 shares for each 10 shares to existing shareholders of the original 876,190,000 shares. The issuance was made from capital common reserve and increased the total share capital to RMB1,226,666,000.

On 26 May 2004, the Company offered 2 bonus shares for each 10 shares holding by existing shareholder which increased the total share capital from RMB1,226,666,000 to RMB1,471,999,200.

On 26 August 2004, with the approval of China securities regulatory commission, the Company offered 148,850,000 common shares (A share) to the market which increased the total share capital to RMB1,620,849,200.

In December 2005, China South Industries Group Corporation (hereafter referred to as the “South Group”), the ultimate parent company, used the common share (850,399,200 shares) owned by its subsidiary of Changan Group, as part of the investment to established China South industries Motor Company (hereafter referred to as “South Industries Motor”). The share occupied 52.46% of the Company’s total share capital. Therefore, South industries Motor became the parent company of Chongqing Changan. On 30 March 2006, the transfer of share was registered by Shenzhen branch of China Securities Depository and Clearing Corporation limited.

In May 2006, South Industries Motor issued 3.2 bonus shares for each 10 shares to the shareholders at the implementation date of reformation of non-tradable shares for their non-tradable shares according to the “Reply of the problems related the reformation of non-tradable shares of Chongqing Changan Automobile Co., Ltd.” (2006[442] Guo Zi Chan Quan) issued by the State-owned Assets Supervision and Administration Commission of State Council and the related shareholder’s meeting. After the reformation of non-tradable shares, South Industries Motor occupied 45.548% of equity through 738,255,200 common shares.

On 15 May 2007, the Company issued 2 bonus shares for each 10 shares to existing shareholders which increased the total share capital from RMB1,620,849,200 to RMB1,945,019,040 .

On 30 May 2008, the Company issued 2 shares for each 10 shares owned by existing shareholders. The total issuance of 389,003,808 shares was made from common reserve in capital. After this issuance, total share capital increased to RMB2,334,022,848.

On 3 March 2009, the secondary temporary shareholder meeting was held. The board resolution about ‘the reacquisition of foreign capital stock listed in China’ was approved in the meeting. For the buyback period ended on 3 March 2010, the company repurchased 8,365,233 shares in total, equal to 0.3584% of total capital. On 17 March 2010, the company cancelled the share and the share capital decreased to RMB2,325,657,615.

On 1 July 2009, with the approval of State Administration for Industry and Commercial, South industries Motor, the parent company changed its name as China Changan Automobile Industry (Group) Co., Ltd. (hereafter refer to as the “China Changan”).

With the approval of China securities regulatory commission on 14 January 2011, the Company issued 360,166,022 common shares (A share), which increased the total share capital to RMB2,685,823,637. After the completion of the issuance, China Changan hold 1,163,787,489 shares of the Company’s common stock, and the held equity interest decreased to 43.33%.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

On 18 May 2011, the Company issued 4 bonus shares for each 10 shares and issued 4 shares to 10 shares from common reserve in capital to existing shareholders. After this issuance, the total share capital has been increased to RMB4,834,482,546.

On 21 December 2011, the first temporary shareholder meeting was held. The board resolution about 'the reacquisition of foreign capital stock listed in China' was approved in the meeting. For the buyback period ended on 20 March 2012, the company repurchased 171,596,438 shares in total, equal to 3.55% of total capital. On 30 March 2012, the company cancelled the share and the share capital decreased to RMB4,662,886,108.

On 24 August 2012, the Company obtained a new business license with registration number of 500000000005061.

The Company and its subsidiaries (hereafter referred to as the "Group") mainly focus on the manufacturing and sales of automobile (include cars), automobile engine, spare parts.

According to the Articles of Association, the financial statements, which has been approved by the board of directors on 16 April 2013, was submitted to general meeting of shareholders for approval.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Summary of significant accounting policies, estimates and prior period error

1. Basis of preparation

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprises-Basic Standard and 38 specific standards issued in February 2006, and the implementation guidance, interpretations and other relevant provisions issued subsequently by the MOF (correctly referred to as “Accounting Standards for Business Enterprises”).

The financial statements are presented on a going concern basis.

The Group maintains its accounting records on an accrual basis. Except for certain financial instruments, assets are recorded at actual cost when they are acquired. If the assets are impaired, the corresponding provisions should be made accordingly. The assets are recorded at assessed value by State-owned Assets Supervision and Administration Commission of the State Council, which are invested into the Group in the reforming period.

2. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully, the financial position of the Company as at 31 December 2012 and the financial results and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

3. Accounting year

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

4. Functional currency

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

5. Business combinations

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations involving entities under common control and business combinations involving entities not under common control.

Business combination involving entities under common control

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

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

Business combination involving entities not under common control

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

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Where the sum of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill and measured at cost less any accumulated impairment losses. Where the sum of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be accounted for according to the following requirements: (i) the acquirer shall reassess the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree; (ii) if after that reassessment, the sum of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree is still less than the acquirer's interest in the fair values of the acquiree's identifiable net assets, the acquirer shall recognize the remaining difference immediately in the income statement for the current period.

6. Consolidated financial statements

The scope of consolidation of consolidated financial statements is determined based on control, and includes the financial statements of the Company and its subsidiaries for the year ended 31 December 2012. A subsidiary is an enterprise or entity that is controlled by the Group.

Consolidated financial statements are prepared using uniform reporting dates and accounting policies. All significant intercompany transactions, balances, unrealized profit and dividends within the Group are eliminated on consolidation.

When the current loss belong to minorities of the subsidiary exceeds the beginning equity of the subsidiary belong to minorities, the exceeded part will still deduct the equity belong to minorities. The changes of the equity belong to minorities without loss of control is regarded as capital transaction.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

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

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

7. Cash and cash equivalents

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

8. Foreign currency translation

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

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

When preparing consolidated financial statements, the financial statements of the subsidiaries presented in foreign currencies are translated into Renminbi as follows: asset and liability accounts are translated into Renminbi at exchange rates ruling at the balance sheet date; shareholders' equity accounts other than retained profits are translated into Renminbi at the applicable exchange rates ruling at the transaction dates; items in income statement other than profit appropriation statement are translated into Renminbi at spot exchange rates on transaction occurrence; total difference between translated assets and translated liabilities and shareholders' equity is separately listed as "foreign currency exchange differences" below retained profits. The translation difference arising from the settlement of oversea subsidiaries is charged to the current liquidation profit and loss in proportion to the settlement ratio of the assets concerned.

Foreign currency cash flows and the cash flows of foreign subsidiaries should be translated using the average exchange rate prevailing on the transaction month during which the cash flows occur. The amount of the effect on the cash arising from the change in the exchange rate should be separately presented as an adjustment item in the cash flow statement.

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition

The Group recognizes a financial asset or a financial liability on its balance sheet, when the Group becomes a party to the contractual provision of the instrument.

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets) when the following conditions are met:

- (1) the rights to receive cash flows from the asset have expired;
- (2) the Group transferred the rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor, with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the difference thus resulted is recognized in profit or loss for the current period.

When buy or sell financial instruments under a normal way, financial instruments are recognized or derecognized according to the transaction date accounting. A normal way to buy or sell financial instruments refers to, according to the contract terms, receive or deliver financial instruments within the period as required by legal regulation or generally accepted guidelines. Transaction date refers to the date when the Group committed to buy or sell financial instruments.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Classification and measurement of financial assets

Financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, and the derivatives designated as effective hedging instrument. The classification of financial assets is determined on initial recognition. A financial asset is recognized initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to the profit and loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as at fair value through profit or loss. A financial asset held for trading is the financial asset that meets one of the following conditions: the financial asset is acquired for the purpose of selling it in a short term; the financial asset is a part of a group of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this group for the purpose of short-term profits; the financial asset is a derivative, except for a derivative that is designated as effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement. All the realized or unrealized gains or losses on these financial assets are recognized in profit or loss for the current period. Dividend or interest income related to financial assets at fair value through profit or loss is recognized in profit or loss for the current period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as the above financial assets. After initial recognition, available-for-sale financial assets are measured at fair value. The premium/discount is amortized using effective interest method and recognized as interest income or expense. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognized in other comprehensive income as a component of capital reserve, except for impairment losses and foreign exchange gains and losses resulted from monetary financial assets, until the financial asset is derecognized or determined to be impaired, at which time the accumulated gain or loss previously recognized in capital reserve is removed from capital reserve and recognized in profit or loss for the current period. Interests and dividends relating to an available-for-sale financial asset are recognized in profit or loss for the current period.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into the following categories: financial liabilities at fair value through profit or loss, other financial liabilities, and the derivatives designated as effective hedging instrument. The classification of financial liabilities is determined on initial recognition. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated as at fair value through profit or loss. A financial liability held for trading is the financial liability that meets one of the following conditions: the financial liability is assumed for the purpose of repurchasing it in a short term; the financial liability is a part of a group of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this group for the purpose of short-term profits; the financial liability is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price form an active market) whose fair value cannot be reliably measured. For such kind of financial liabilities, fair values are adopted for subsequent measurement. All the realized or unrealized gains or losses on these financial liabilities are recognized in profit or loss for the current period.

Other financial liabilities

After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently revaluated at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. An investment in equity instruments do not have a quoted market price in an active market, or derivatives linked to such equity instruments, is measured at cost because its fair value cannot be measured reliably.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are directly recognized in the income statement.

Fair value of financial instruments

If there is an active market for a financial asset or financial liability, the Group determines the fair value by using the quoted prices. If no active market exists for a financial instrument, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties' reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Impairment of financial assets

The Group assesses the carrying amount of a financial asset, at the balance sheet date. If there is objective evidence that the financial asset is impaired, the Group makes provision for the impairment loss. Objective evidence that a financial asset is impaired is evidence arising from one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

future cash flows of the financial asset which can be reliably estimated.

Financial assets carried at amortized cost

If objective evidence shows that the financial assets carried at amortized cost are impaired, the carrying amount of the financial asset shall be reduced to the present value of the estimated future cash flow (excluding future credit losses that have not been incurred). The amount of reduction is recognized as an impairment loss in the income statement. Present value of estimated future cash flow is discounted at the financial asset's original effective interest rate and includes the value of any related collateral.

If a financial asset is individually significant, the Group assesses the asset individually for impairment, and recognizes the amount of impairment in the income statement if there is objective evidence of impairment. For a financial asset that is not individually significant, the Group can include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. For financial assets that are not impaired upon individual tests (including financial assets that are individually significant or insignificant), impairment tests should be conducted on them again by including them in the group of financial assets. Assets for which an impairment loss is individually recognized will not be included in a collective assessment of impairment.

If, subsequent to the recognition of an impairment loss on a financial asset carried at amortized cost, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in the income statement. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

Available-for-sale financial assets

When there is objective evidence that the asset is impaired, the cumulative loss from declines in fair value that had been recognized directly in capital reserve are removed from equity and recognized in the income statement. The amount of the cumulative loss that is removed from capital reserves and recognized in the income statement (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Financial assets carried at cost

If objective evidence shows that the financial assets carried at cost are impaired, the difference between the present value discounted at the prevailing rate of return of similar financial assets and the book value of the financial asset are provided as a provision. The impairment loss recognized cannot be reversed.

For long-term equity investments, which are accounted for according to the cost method set out by Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments and has no quoted market price in active markets, and whose fair values cannot be reliably measured, their impairment should also be treated in accordance with the above principle.

Transfer of financial assets

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

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

10. Accounts receivable

- (1) Accounts receivable which is individually significant and analyzed individually for provision

Criterion for individually significant items and analyzed individually for provision	Accounts receivable balance greater than RMB15 million due from non-related parties
Method for for provision	A provision of the difference between recoverable amount and book value is recognized based on individually analysis.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(2) Accounts receivable analyzed by group for provision

Criterion for group	
Group 1	Accounts receivable other than individually significant items due from non-related parties
Group 2	Accounts receivable due from related parties
Method for the provision of group	
Group 1	Making provision according to aging analysis
Group 2	A provision of the difference between recoverable amount and book value is recognized based on individually analysis.

Group 1, the provision analyzed according to aging analysis:

Aging	Accounts receivable Provision percentage (%)	Other receivables Provision percentage (%)
Within 1 year		
Within 6 months	0	0
6 to 12 months	5	5
1 to 2 years	10	10
2 to 3 years	30	30
3 to 4 years	50	50
4 to 5 years	80	80
Above 5 years	100	100

(3) Accounts receivable which is individually insignificant but analyzed individually for provision

Criterion for individually analysis for provision	There is objective evidence that the accounts receivable due from non-related parties is impaired and the future recoverable possibility is little.
Method for provision	A provision of the difference between recoverable amount and book value is recognized individually.

11. Inventory

(1) Classification of inventory

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(2) Measurement of issued inventory

Inventory is initially carried at the actual cost. Inventory costs comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition.

Weighted average method is assigned to the determination of actual costs of inventories. One-off writing off method is adopted in amortization of low-value consumables.

(3) Net realizable value of inventory and inventory provision

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

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

(4) Counting method of inventory

The Group applies a perpetual counting method of inventory.

12. Long-term equity investments

Long-term equity investments include investments in subsidiaries, joint ventures and associates, and capital investment which the Group does not control of the investee enterprise, or does not have jointly control or significant influence on the investee enterprise, the fair value of which cannot be reliably measured due to the fact they are not quoted in an active market.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(1) Initial recognition and measurement

The long-term investments are initially recorded at cost on acquisition. Long-term investments acquired from business combination under common control shall be initially measured at the carrying value of the held interest of the party being acquired. Long-term investments acquired from business combination not under common control shall be initially measured at the cost (or, the sum of the cost and the carrying value of the previously held equity interest in the acquire for the business combination achieved by stages), which include the fair value of the consideration paid, the liabilities beard and the issued equity instrument. Long-term investments acquired not from business combination are initially measured at 1)the consideration together with the cost necessary incurred; 2) the fair value of the equity instruments; and 3) the consideration agreed in the investment agreement by the investors, otherwise the agreed consideration were not fair.

The Group adopted cost method to account for long-term equity investments, when the Group has not control of the investee enterprise, or does not have jointly control or significant influence on the investee enterprise, the fair value of which cannot be reliably measured due to the fact they are not quoted in an active market. The Company adopted cost method to account for long-term investments in the subsidiaries in the separate financial statements of the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Under cost method, the long-term equity investment is valued at the cost of the initial investment. Profit or cash dividends declared by the invested enterprise are recognized as investment income for the current period, except the declared but unpaid cash dividends and interests included in the initial cost. The Group should assess the impairment of the long-term investments according with the impairment policy of assets.

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

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(2) Subsequent measurement and recognition of investment income or loss

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

On settlement of a long-term equity investment, the difference between the proceeds actually received and the carrying amount shall be recognized in the income statement for the current period. The income or loss recorded in the equity directly should be transferred to the current income statement on settlement of the equity investment on the disposal proportion,

(3) Impairment of long-term investment

Refer to Notes II, 27 for the details of the impairment testing for subsidiaries, jointly-venture and associates. Refer to Notes II, 9 for the impairment testing for long-term investment that the fair value of which cannot be reliably measured due to the fact they are not quoted in an active market.

13. Investment property

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

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

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Refer to Notes II, 27 for the methods of testing and accruing investment property impairment which is measured by employing the cost method.

14. Fixed assets

(1) Recognition of fixed assets

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

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

(2) Depreciation method of fixed assets

Fixed assets are depreciated on straight-line basis. The estimated useful lives, estimated residual values and annual depreciation rates for each category of fixed assets are as follows:

Category	Deprecation period	Residual rate (%)	Yearly depreciation rate (%)
Buildings	20 to 35 years	3%	2.77%-4.85%
Machinery (Note)	5 to 20 years	3%	4.85%-19.40%
Vehicles	4 to 12 years	3%	8.08%-24.25%
Others	3 to 21 years	3%	4.62%-32.33%

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(3) Impairment of fixed assets

Refer to Notes II, 27 for the methods of testing and accruing fixed assets impairment.

(4) Others

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

15. Construction in progress

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

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

Refer to Notes II, 27 for the methods of testing and accruing construction in progress impairment.

16. Borrowing costs

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

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

The capitalization of borrowing costs are as part of the cost of a qualifying asset shall commence when:

- (a) expenditure for the asset is being incurred;
- (b) borrowing costs are being incurred; and
- (c) activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalization of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale. And subsequent borrowing costs are recognized in the income statement.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

During the capitalization period, the amount of interest to be capitalized for each accounting period shall be determined as follows:

- (a) where funds are borrowed for a specific-purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds;
- (b) where funds are borrowed for a general-purpose, the amount of interest to be capitalized on such borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of cumulative expenditure on the asset over and above the amounts of specific-purpose borrowings.

During the construction or manufacture of assets that are qualified for capitalization, if abnormal discontinuance, other than procedures necessary for their reaching the expected useful conditions, happens, and the duration of the discontinuance is over three months, the capitalization of the borrowing costs is suspended. Borrowing costs incurred during the discontinuance are recognized as expense and charged to the income statement of the current period, till the construction or manufacture of the assets resumes.

17. Intangible assets

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

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

The useful lives of the intangible assets are as follow:

	Useful life
Land use right	22 to 61 years
Software	2 years
Trademark	10 years
Non-patent technology	5 years

Land use rights that are purchased or acquired through the payment of land use fees are accounted for as intangible assets. With respect to Self-developed properties, the corresponding land use right and buildings should be recorded as intangible and fixed assets separately. As to the purchased properties, if encountered the reasonable allocation of outlays between land and buildings, all assets purchased will be recorded as fixed assets.

The cost of a finite useful life intangible asset is amortized using the straight-line method during the estimated useful life. For an intangible asset with a finite useful life, the Group reviews the estimated

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

useful life and amortization method at least at the end of each year and adjusts if necessary.

Refer to Notes II, 27 for the methods of testing and accruing intangible assets.

18. Research and development expenditures

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

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

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

The Group discriminates between research and development stage with the condition that the project research has been determined, in which the relevant research complete all the fractionalization of products measurements and final product scheme under final approval of management.

The expenditures incurred before project-determination stage is charged to the current income, otherwise it is recorded as development cost.

19. Long-term deferred expenses

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

20. Contingent liabilities

Except contingent liability recognized in a business combination, the Group recognizes an contingent liability when the obligation arising from a contingency meets the following conditions:

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

Contingent liabilities are initially measured according to the current best estimate for the expenditure necessary for the performance of relevant present obligations, with comprehensive consideration given

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

to factors such as the risks, uncertainty and time value of money relating to contingencies. The book value of the contingent liabilities should be reviewed at each balance sheet date. If there is objective evidence showing that the book value cannot reflect the present best estimate, the book value should be adjusted according to the best estimate.

21. Buy back of shares

The expenses or consideration paid for buy-back of capital instruments is a deduction of total owner's equity. The issue, buy-back, sell or write-off of capital instruments are not recognized as profit or loss.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

22. Revenue

Revenue is recognized only when an inflow of economic benefits is probable, the amount of which can be reliably measured, and all of the following conditions are qualified.

Revenue from the sale of goods

The Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the Group retains neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold; and the amount of revenue can be measured reliably. The proceeds earned from sales of goods are determined based on the amount received or receivable as stipulated in the contract or agreement, otherwise the amount is not fair; If the amount received or receivable as stipulated in the contract or agreement is collected in a defer method, it includes the financing elements and should be determined according to the fair value of the amount received or receivable as stipulated in the contract or agreement.

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method, or otherwise, the revenue is recognized to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Group; the stage of completion of the transaction can be measured reliably; and the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction involving the rendering of services by using the proportion of services performed to date to the total services to be performed. The total amount of revenue earned from rendering service are determined based on the amount received or receivable as stipulated in the contract or agreement, otherwise the amount is not fair.

Interest income

It should be measured based on the length of time for which the Group's cash is used by others and the applicable effective interest rate.

Rental income

Rental income from operating leases is recognized by the lesser in the income statement on a straight-line basis over the lease term.

23. Government grants

A government grant is recognized only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. Monetary grants are accounted for at received or receivable amount. Non-monetary grants are accounted for at fair value. If there is no reliable fair value available, the grants are accounted for at nominal amount. A grant relating to income, which as compensation for future costs, is recognized as deferred income initially, and as income when the related cost incurs. The grant as compensation for costs already incurred

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

should be recognized as income for the current period. A grant relating to assets is recognized as deferred income initially, and as income evenly among the useful life of the related assets. The grant accounted for at nominal amount is recognized as income for the current period.

24. Leases

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

The Group recording the operating lease as a lessee

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and either included in the cost of another related asset or charged to the income statement for the current period.

The Group recording the operating lease as a lessor

Rental income from operating leases is recognized by the lesser in the income statement on a straight-line basis over the lease term.

25. Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditure incurred by the Group in exchange for service rendered by employees. During the accounting period that the employees render services to the Group, the employee benefits payable is recognized as a liability. When the termination benefits fall due more than 1 year after the balance sheet date, if the discounted value is material, it is reflected in present value.

The employees of the Group participate in social insurance, such as pension insurance, medical insurance, non-employment insurance, etc., and housing accumulation fund, which is managed by local government and the relevant expenditure, is recognized, when incurred, in the costs of relevant assets or the profit and loss for the current period.

Employee termination and early retirement benefits are recognized in the period in which the Group has entered into an agreement with the employee specifying the terms of redundancy or after the individual employee has been advised of the specific terms. when the Group terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision shall be recognized for the compensation arising from termination of employment relationship with employees, with a corresponding charge to the income statement for the current period, when both of the following conditions are satisfied: (a) the Group has a formal plan for termination of employment relationship, or has made an offer for voluntary redundancy, which will be implemented immediately; (b) the Group cannot unilaterally withdraw from the termination plan or the redundancy offer. The same principle is applied to the early retirement plan, as it is for the above-mentioned termination benefits. The salaries, social insurance premiums, etc., to be paid for the early retired employees, during the period from the date when the employees stop rendering service to the normal retirement date, should be recognized as employee benefits payable and charged to the income statement of the current period, when the above conditions for recognizing the termination benefit plan are satisfied. The specific terms for the terminated and early retired employees vary depending on various factors

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

including their position, length of service, and salary level at the time of application, minimum compensation levels set by the local regulatory authorities, and the district in which the employee is located.

Termination and early retirement benefits are considered as defined benefit plans. The liability recognized in the balance sheet in respect of these defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit cost method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have maturities approximating to the terms of the related pension liability. Actuarial gains and losses arising from changes in actuarial assumptions and the changes to the pension plan are charged or credited to the income statement of the current period.

26. Income taxes

Income tax comprises current and deferred tax. Income tax is recognized as an income or an expense and include in the income statement for the current period, except to the extent that the tax arises from a business combination or if it relates to a transaction or event which is recognized directly in equity.

Current income tax liabilities or assets for the current and prior periods, are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

For temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the carrying amounts and the tax bases of items, the tax bases of which can be determined for tax purposes, but which have not been recognized as assets and liabilities, deferred taxes are provided using the liability method.

A deferred tax liability is recognized for all taxable temporary differences, except:

- (1) to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: the transaction is not a business combination and at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss.
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly-controlled enterprises, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognized for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- (1) where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date, to recover the assets or settle the liabilities.

At the balance sheet date, the Group reviews the book value of deferred tax assets. If it is probable that sufficient taxable income cannot be generated to use the tax benefits of deferred tax assets, the book value of deferred tax assets should be reduced. When it is probable that sufficient taxable income can be generated, the amount of such reduction should be reversed. When it is probable that sufficient taxable income can be generated, the amount of such reduction should be reversed.

27. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventory, deferred income taxes, financial assets, and long-term equity investment which is measured by employing the cost method, for which there is no offer in the active market and of which the fair value cannot be reliably measured, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

amount of the asset and performs impairment tests. Goodwill arising from a business combination and an intangible asset with an indefinite useful life are tested for impairment at least at the end of every year, irrespective of whether there is any indication that the asset may be impaired. An intangible asset with an indefinite useful life is tested for impairment at least at the end of every year.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash flows generated by the asset group are largely independent of the cash flows from other assets or asset groups.

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

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

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

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

28. Profit Distribution

The cash dividend of the Group is recognized as liabilities after the approval of general meeting of stockholders.

29. Segment reporting

The Group identifies operating segments based on the internal organization structure, managerial requirements and internal reporting system, and identifies reportable segments based on operating segments and discloses segment information by operating segment.

An operating segment is a component of the Group that meets all the following conditions:

- (1) it engages in business activities from which it may earn revenues and incur expenses;
- (2) its operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance; and
- (3) the Group is able to obtain relevant accounting information such as its financial position, operating results and cash flows.

If two or more segments have similar economic characteristics and meet certain conditions, they can be aggregated into a single operating segment.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

The revenue and profit of the Group mainly consists of the automobile manufacturing and domestic sales. The Group's principal assets are in china. The operating performance of the Group has been evaluated as a whole by the management.. So the segment report has not been prepared for this year.

30. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments which have significant effect on the financial statements:

Operating leases - as lesser

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Uncertainty of accounting estimates

The crucial assumptions of significant accounting estimates in future and other crucial sources of estimated uncertainty, which may result in the significant adjustments to the book value of the subsequent accounting period, are as the following:

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

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

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

The Group assesses at each reporting date whether there is an indication that non-current assets other than financial assets may be impaired. If there is any sign of possible assets impairment, the assets concerned should be subject to impairment test. When the carrying amount of an asset or the relevant assets group exceeds its recoverable amount which is the higher one of the net amount of the fair value of the asset minus the disposal expenses and the current value of the expected future cash flow of the asset, the asset is considered impaired. The fair value minus the disposal expenses is determined by

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

reference to the recent market transactions price or observed market price less any directly attributable expenditure for disposing. When making an estimate of the present value of the future cash flow of an asset, the Group should estimate the future cash flows of the asset or the relevant assets group, with the appropriate discount rate selected to reflect the present value of the future cash flows.

Impairment of available-for-sale

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognized in the income statement.

Bad debt provisions

Provisions are made under the allowance method. For each individually significant receivable, the impairment test should be conducted individually. Where there is evidence that indicates impairment, the loss should be recognized with the respective provision accrued, equaling to the difference between the present value of the future cash flows and the book value of receivables. For other receivables concerned, management should accrue the general provisions, along with the receivables individually tested while no impairment incurred, taking in account the collectability.

Inventory impairment based on the net realizable value

According to accounting policy, inventories shall be measured at the lower of cost and the net realizable value. Provision for inventories is recognized in the income statement when the cost is higher than the net realizable value and when the inventories is obsolete and slow-moving. The Group will reassess whether a single inventory is obsolete, slow-moving or whether the net realizable value is lower than the inventories' cost at end of each year.

Development expenditures

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Deferred tax assets

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

Warranty

The Group provides warranties on automobile and undertakes to repair or replace items that fail to perform satisfactorily based on certain pre-determined conditions. Management estimates the related warranty claims based on historical warranty claim information including level of repairs and returns as well as recent trends that might suggest that past cost information may differ from future claims. Factors that could impact the estimated claim information include the success of the Group's quality controls, as well as parts and labour costs. Any increase or decrease in the provision would affect profit or loss in future years.

Depreciation and amortization

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

I. Taxes

1. The major categories of taxes and surcharges

Categories of taxes and surcharges	Basis of tax	Tax rate
Value added tax (“VAT”)	The invoiced value of sales of goods and rendering of services, and is payable by the purchaser. The Group is required to pay the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.	17%
Consumption tax	Taxable sales	1%,3% or5%
Business tax	Taxable sales	5%
City maintenance and construction tax	The turnover taxes paid	5% or7%
Educational surcharge	The turnover taxes paid	3%
Local educational surcharge	The turnover taxes paid	2%
Corporate income tax	Taxable income	15% or25%

2. Tax benefits

In accordance to Circular on the Issue of Preferential Taxation Policies for Western Development Program (Cai Shui [2001] No. 202) collectively issued by the Ministry of Finance, the National Taxation Bureau and the Customs General Administration of PRC, the Company and Chongqing Changan Special Automobile Co., Ltd (the “Changan Special Sales”) are entitled to a preferential enterprise income tax (“EIT”)rate of 15% in 2010, as the Company and Changan Special Sales are qualified as a domestic enterprise in encouraged industries. In accordance to Circular for Further Implementation of Tax Incentives In the Development of Western Regions (Cai Shui [2011] No. 58) collectively issued by the ministry of Finance, the Customs General Administration and the National Taxation Bureau of PRC, from 1 January 2011 to 31 December 2020, enterprises located in the Western Region in encouraged business would be entitled to a preferential EIT rate of 15%. The above-mentioned enterprises encouraged industries shall satisfy two criteria of enterprises whose principal business are in accordance with Catalogue of Encouraged Industries in the Western Region, and the revenue should account for more than 70% of the total revenue. Although the Catalogue of Encouraged Industries in Western Region has not been issued, from the management’s opinion, the major operations of the Company and Changan Special Sales were qualified as encouraged industries in previous year and there are no changes in the scope of business operations for both companies in 2011 and 2012. The corporate income tax of the Company and Changan Special Sales were currently accrued at the rate of 15% in 2012 with permission of the in-charge tax authority.

As at 4 November 2011, in accordance to Circular of the Administrative Measures for the Certification of New and High Technology Enterprises (Guo Ke Fa Huo [2008] No. 172) and Circular of the Working Guidance on the Recognition of Hi-tech Enterprises (Guo Ke Fa Huo [2008] No. 362), the subsidiaries, Hebei Baoding Changan Bus Co., Ltd and Hebei Changan Automobile Co., Ltd were recognized as Hi-tech enterprises, effective for three years from recognition date. In accordance to Circular of the State Administration of Taxation on Issues Concerning the Administration Of Reduction or Exemption of Enterprise Income Tax (Guo Shui Fa [2008] No. 111), the enterprises with hi-tech certification would be entitled to a tax preference of 15% reduced rate. For the year ended 31 December 2012, the corporate income tax of Hebei Baoding Changan Bus Co., Ltd and Hebei Changan Automobile Co., Ltd were

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

accrued at the rate of 15%.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

II. Consolidation scope

1. Subsidiary

(1) The subsidiary formed by establish or investment

Name of Subsidiaries	Type of company	Registered place	Nature of business	Registered capital (0,000)	Scope of business	Actual investment (0,000)	The other balance of investment	Total proportion of shareholders (%)	Total proportion of voting rights (%)	Consolidated or not	Minority interest	Amount of minority interest deducted the equity belong to minorities
Hebei Changan Automobile Co., Ltd	Co., Ltd.	Dingzhou	Manufacture	46,469	Manufacture and selling cars and spare parts	43,764	-	94.07	95.62	Yes	34,873,394.72	-
Chongqing Changan International Automobile Sales Co., Ltd	Co., Ltd.	Chongqing	Sales	1,376	Seller and agent of import / export services of commodities and techniques	1,307	-	95.00	95.00	Yes	(6,845,094.24)	(1,464,172.97)
Chongqing Changan Automobile Sales Co., Ltd	Co., Ltd.	Chongqing	Sales	4,850	Seller of cars and spare parts	4,850	-	100.00	100.00	Yes	-	-
Chongqing Changan Special Automobile sales Co., Ltd(Note)	Co., Ltd.	Chongqing	Sales	500	Seller and repairer of special cars and spare parts	250	-	50.00	50.00	Yes	12,969,029.80	-
Chongqing Changan Automobile supporting service Co., Ltd.	Co., Ltd.	Chongqing	Sales	3,000	Seller of cars and spare parts	3,000	-	100.00	100.00	Yes	-	-
Chongqing Changan New Energy Automobile Co. Ltd	Co., Ltd.	Chongqing	R&D	2,900	Developer, Manufacturer and seller of new-energy cars	1,885	-	65.00	65.00	Yes	8,300,707.24	(1,617,279.58)
Chongqing Changan Europe Design Academy Co., Ltd.	Co., Ltd.	Turin, Italy	R&D	EUR 1,460	Research and development of vehicles	13,488	-	100.00	100.00	Yes	-	-
Beijing Changan R&D	Co., Ltd.	Beijing	R&D	100	Engineering and technology research and	100	-	100.00	100.00	Yes	-	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Center Co., Ltd.												
Name of Subsidiaries	Type of company	Registered place	Nature of business	Registered capital (0,000)	development Scope of business	Actual investment (0,000)	The other balance of investment	Total proportion of shareholders (%)	Total proportion of voting rights (%)	Consolidated or not	Minority interest	Amount of minority interest deducted the equity belong to minorities
Harbin Changan R&D Center Co., Ltd.	Co., Ltd.	Habin	R&D	100	Research and development of cars and spare parts	100	-	100.00	100.00	Yes	-	-
Jiangxi Changan R&D Center Co., Ltd.	Co., Ltd.	Jingdezhen	R&D	200	Research and development of cars and spare parts	200	-	100.00	100.00	Yes	-	-
Shanghai Changan R&D Center Co., Ltd.	Co., Ltd.	Shanghai	R&D	100	Research and development of cars and spare parts	100	-	100.00	100.00	Yes	-	-
Changan United Kingdom R&D Center Co., Ltd.	Co., Ltd.	Nottingham, United Kingdom	R&D	GBP 10	Engine project planning, project management, feasibility studies, preliminary research and other cutting-edge technology	98	-	100.00	100.00	Yes	-	-
Changan Designing Japan Center Co.,Ltd.	Co., Ltd.	Yokohama, Japan	R&D	JPY 2,000	Engine project planning, project management, feasibility studies, preliminary research and other cutting-edge technology	139	-	100.00	100.00	Yes	-	-
Changan United States R&D Center Co., Ltd.	Co., Ltd.	Troy, United states	R&D	USD 20	Engine project planning, project management, feasibility studies, preliminary research and other cutting-edge technology	132	-	100.00	100.00	Yes	-	-

Note: The remaining shareholders of Chongqing Changan Special Automobile sales Co., Ltd made an agreement with the Company that the remaining shareholders are to vote in accordance with the Company. The main financial and operating policies have been determined by the Company, so it is included in the scope of consolidated financial statements.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(2) The subsidiary formed by business combination under common control

Name of Subsidiaries	Type of company	Registered place	Nature of business	Registered capital (0,000)	Scope of business	Actual investment (0,000)	The other balance of investment	Total proportion of shareholders (%)	Total proportion of voting rights (%)	Consolidated or not	Minority interest	Amount of minority interest deducted the equity belong to minorities
Chongqing Changan Automobile sales subsidiaries	Co., Ltd	PRC	Sales	850	Seller of cars and spare parts	850	-	100	100	Yes	-	-
Hebei Baoding Changan Bus Co., Ltd	Co., Ltd	PRC	Manufacturer	3,000	Manufacture and selling cars, trucks, vans, electric vehicles, special vehicles, spare parts, molds and non-standard machineries	20,271	-	100	100	Yes	-	-

(3) The subsidiary formed by business combination not under common control

Name of Subsidiaries	Type of company	Registered place	Nature of business	Registered capital (0,000)	Scope of business	Actual investment (0,000)	The other balance of investment	Total proportion of shareholders (%)	Total proportion of voting rights (%)	Consolidated or not	Minority interest	Amount of minority interest deducted the equity belong to minorities
Nanjing Changan Automobile Co., Ltd.	Co., Ltd	Nanjing	Manufacturer	60,181	Manufacture and selling cars and spare parts	41,381	-	82.47	91.53	Yes	(171,305,662.61)	(37,137,247.51)

The difference between proportion of voting shares and proportion of shares held is due to the voting right consigned from minority share holders.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2. Consolidation scope

Although the Group owns more than half of the voting power of the following investees, it does not have control over the investees as:

Investee	Registered place	Nature of Business	Registered capital (0,000)	Actual investment (0,000)	Total proportion of shareholders		Total proportion of voting rights (%)	Company code
					Directly (%)	In directly (%)		
Chongqing Changan Suzuki Automobile Co., Ltd.	Chongqing	Manufacture and selling cars and spare parts	USD 19,000	23,991	51.00	-	51.00	62190016-7

The Company does not have control over Chongqing Changan Suzuki Automobile Co., Ltd, due to the fact that the Company can only determine the main financial and operating proposals of the company together with the other shareholders. Therefore, it is not included in scope of consolidated financial statements.

In 2012, the scope of consolidated financial statements remains the same as the previous year.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

3. The exchange rate for financial statements of offshore companies

Currency	Average exchange rate		Exchange rate at year end	
	2012	2011	2012	2011
GBP	9.9364	10.3639	10.1611	9.7116
USD	6.2897	6.4588	6.2784	6.3009
JPY	0.0771	0.0810	0.0730	0.0811
EUR	8.2401	9.0011	8.3176	8.1625

V. Notes to the consolidated financial statements

1. Cash and cash equivalents

Item	2012			2011		
	Original currency	Exchange rate	Equivalent to RMB	Original currency	Exchange rate	Equivalent to RMB
Cash	-	-	32,745.00	-	-	70,542.82
RMB	-	-	32,745.00	-	-	70,542.82
Cash at bank	-	-	3,585,462,267.22	-	-	4,238,640,169.67
RMB	-	-	3,566,104,895.00	-	-	4,157,024,465.06
USD	1,461,472.40	6.2784	9,175,680.28	3,303,992.71	6.3009	20,818,135.27
GBP	17,071.00	10.1611	173,460.14	1,274,761.00	9.7116	12,379,968.93
EUR	1,139,802.81	8.3176	9,480,423.85	5,661,976.00	8.1625	46,215,879.10
JPY	7,225,396.00	0.0730	527,807.95	27,147,224.00	0.0811	2,201,721.31
Other cash	-	-	614,268,903.60	-	-	632,489,094.28
RMB	-	-	614,268,903.60	-	-	632,489,094.28
Total	-	-	4,199,763,915.82	-	-	4,871,199,806.77

As at 31 December 2012, the book value of restricted cash and cash equivalent is RMB 614,268,903.60 (As at 31 December 2011: RMB632,489,094.28), which was restricted for the issuance of acceptance bill.

As at 31 December 2012, the cash at bank oversea is equivalent to RMB10,632,539.59 (As at 31 December 2011: RMB69,019,216.79).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for periods of 6 months depending on the cash requirements of the Group, and earn interest at the respective time deposit rates. Notice deposits are made for periods of 7 days depending on the cash requirements of the Group, and earn interest at the respective notice deposit rates.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2. Financial assets held for trading

Category	2012	2011
Forward currency contracts	332,407.00	1,525,799.63

As at 31 December 2012, the un-matured forward currency contracts is USD 4,000,000.00 (As at 31 December 2011: USD 7,700,000.00).

3. Notes receivable

(1) Classification of notes receivable

Type	2012	2011
Commercial acceptance bill	2,992,911,242.00	1,321,304,176.50
Bank acceptance bill	6,371,429,730.00	4,370,213,836.71
Total	9,364,340,972.00	5,691,518,013.21

As at 31 December 2012 and 31 December 2011, the expiration date of all the notes receivable is within 6 months.

(2) As at 31 December 2012, notes receivable with a carrying amount of RMB 539,221,128.00 (As at 31 December 2011: RMB 75,100,000.00) were pledged to issue notes payable, and no notes pledged for obtaining bank loan (As at 31 December 2011: RMB 85,047,800.00).

The top five largest notes pledged are as follows:

2012

No.	Relationship with the Group	Issuing Date	Expiration Date	Amount
First	Related	8 August 2012	8 February 2013	15,000,000.00
Second	Related	22 October 2012	22 March 2013	12,000,000.00
Third	Related	24 September 2012	24 January 2013	11,000,000.00
Fourth	Related	26 November 2012	26 March 2013	10,000,000.00
Fifth	Related	20 November 2012	20 April 2013	10,000,000.00
Total				58,000,000.00

2011

No.	Relationship with the Group	Issuing Date	Expiration Date	Amount
First	Non-related	1 July 2011	1 January 2012	24,000,000.00
Second	Non-related	19 September 2011	19 January 2012	10,000,000.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Third	Non-related	21 September 2011	19 January 2012	10,000,000.00
Fourth	Non-related	13 September 2011	13 January 2012	6,300,000.00
Fifth	Non-related	22 September 2011	22 January 2012	5,000,000.00
Total				55,300,000.00

(3) As at 31 December 2012, there are no notes transferred to accounts receivable due to the non-acceptance. (As at 31 December 2011: nil)

(4) As at 31 December 2012, top five notes receivable that endorsed but unexpired are as follows:

2012

No.	Relationship with the Group	Issuing Date	Expiration Date	Amount
First	Non-related	8 October 2012	8 January 2013	32,000,000.00
Second	Non-related	28 September 2012	28 March 2013	30,000,000.00
Third	Non-related	20 September 2012	20 March 2013	23,500,000.00
Fourth	Non-related	15 August 2012	15 February 2013	22,000,000.00
Fifth	Non-related	16 November 2012	16 March 2013	22,000,000.00
Total				129,500,000.00

2011

No.	Relationship with the Group	Issuing Date	Expiration Date	Amount
First	Related	31 August 2011	29 February 2012	32,000,000.00
Second	Related	31 August 2011	10 January 2012	30,000,000.00
Third	Related	22 November 2011	22 May 2012	18,000,000.00
Fourth	Non-related	18 July 2011	18 January 2012	16,000,000.00
Fifth	Non-related	29 November 2011	29 March 2012	12,000,000.00
Total				108,000,000.00

4. Accounts receivable

(1) An aged analysis of the accounts receivable as at the end of the reporting period is as follows:

	2012	2011
Within 1 year	322,415,275.48	359,585,489.36
1 to 2 years	102,286,410.76	144,984,586.10
2 to 3 years	21,281,869.32	3,811,623.24
Over 3 years	<u>52,649,356.60</u>	<u>53,068,671.44</u>
	498,632,912.16	561,450,370.14
Provision	<u>(60,248,591.58)</u>	<u>(55,742,932.09)</u>
	<u>438,384,320.58</u>	<u>505,707,438.05</u>

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

	Beginning	Addition	Deduction	Ending balance
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Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

	balance		Reversal	Write-off	
2012	55,742,932.09	5,171,252.29	665,592.80	-	60,248,591.58
2011	74,464,292.25	3,471,519.60	13,273.00	22,179,606.76	55,742,932.09

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(2) An analysis of the accounts receivable by category as at the end of the reporting period is as follows:

Item	2012				2011			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	72,218,073.18	14.48	-	-	-	-	-	-
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	247,182,892.51	49.57	41,618,088.04	16.84	200,567,443.69	35.73	41,007,836.84	20.45
Group 2. Accounts receivable from related parties	160,601,442.93	32.21	-	-	346,147,831.20	61.65	-	-
Group subtotal	407,784,335.44	81.78	41,618,088.04	10.21	546,715,274.89	97.38	41,007,836.84	7.50
Individually insignificant items but analyzed individually for provision	18,630,503.54	3.74	18,630,503.54	100.00	14,735,095.25	2.62	14,735,095.25	100.00
Total	498,632,912.16	100.00	60,248,591.58		561,450,370.14	100.00	55,742,932.09	

Within groups, accounts receivable analyzed for provision according to aging analysis:

Aging	2012			2011		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	156,497,255.65	63.31	-	104,795,109.99	52.24	-
6 to 12 months	25,524,892.86	10.33	1,276,244.64	19,951,832.15	9.95	997,591.61
Within 1 year subtotal	182,022,148.51	73.64	1,276,244.64	124,746,942.14	62.19	997,591.61
1 to 2 years	13,791,608.60	5.58	1,379,156.41	35,720,754.21	17.81	3,572,075.42

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2 to 3 years	16,976,395.28	6.87	5,091,118.59	3,081,910.30	1.54	924,573.09
3 to 4 years	905,761.00	0.37	452,880.50	2,982,062.64	1.49	1,491,031.32
4 to 5 years	341,456.08	0.14	273,164.86	66,045.00	0.03	52,836.00
Over 5 years	33,145,523.04	13.40	33,145,523.04	33,969,729.40	16.94	33,969,729.40
Total	247,182,892.51	100.00	41,618,088.04	200,567,443.69	100.00	41,007,836.84

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Within groups, accounts receivable analyzed for provision with other methods:

Group	2012		2011	
	Balance	Provision	Balance	Provision
Accounts receivable from related parties	160,601,442.93	-	346,147,831.20	-
Total	160,601,442.93	-	346,147,831.20	-

As at 31 December 2012, individually insignificant items but analyzed individually for provision:

Details of accounts receivable	Balance	Provision	Provision Percentage	Reason for provision
KARAKORAMMOTORS(PVT) LTD	7,719,759.43	7,719,759.43	100.00	Loss contact with customer and unlikely to be recover
AUTOHAUSGOBELNORTHCLIFF(PY) LTD	6,119,941.69	6,119,941.69	100.00	The customer close to bankruptcy and unlikely to be recover
FRIEDSHELF 1100(PROPRIETARY)LIMITED	3,759,257.20	3,759,257.20	100.00	The customer close to bankruptcy and unlikely to be recover
WASANATRADINGLANKA(PVT) LTD	515,739.60	515,739.60	100.00	The customer broke its capital chain due to the civil unrest and unlikely to be recover
Others	515,805.62	515,805.62	100.00	Full provision for small amount receivables which has a long aging
Total	18,630,503.54	18,630,503.54		

As at 31 December 2011, individually insignificant items but analyzed individually for provision:

Details of accounts receivable	Balance	Provision	Provision Percentage	Reason for provision
KARAKORAMMOTORS(PVT) LTD	7,719,759.43	7,719,759.43	100.00	Loss contact with customer and unlikely to be recover
AUTOHAUSGOBELNORTHCLIFF(PY) LTD	6,119,941.69	6,119,941.69	100.00	The customer close to bankruptcy and unlikely to be recover
WASANATRADINGLANKA(PVT) LTD	515,739.60	515,739.60	100.00	The customer broke its capital chain due to the civil unrest and unlikely to be recover
Others	379,654.53	379,654.53	100.00	Full provision for small amount receivables which has a long aging
Total	14,735,095.25	14,735,095.25		

- (3) For the year ended 2012, provision for impairment of accounts receivable amounted to RMB665,592.80 has been reversed. (2011: RMB13,273.00).
- (4) As at 31 December 2012, there is no account receivable due from shareholders that hold 5% or more of the Group voting shares (As at 31 December 2011: nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(5) The provisions write off are as follows:

For the year ended 31 December 2012, there are no provisions written off.

For the year ended 31 December 2011, the provisions written off are as follows:

Debtors	Relationship with the Group	Amount	Reasons
Leqing Yahua Material Trading Co., Ltd	Non-related	560,266.00	Company cancellation, uncollectible
Changsha Changling Trading Co., Ltd	Non-related	35,000.00	Company cancellation uncollectible
Changan Automobile Nanjing Associate Co., Ltd Sales Subsidiary	Non-related	21,410,982.64	Company cancellation uncollectible
Guizhou Anshun Sifang Automobile Trading Co., Ltd	Non-related	19,235.00	Company cancellation uncollectible
Chongqing Yulong Automobile Sales and Services Co., Ltd	Non-related	3,110.00	Company cancellation uncollectible
Hunan Liancheng Automobile Trading and Services Co., Ltd	Non-related	118,484.00	Company cancellation uncollectible
Others	Non-related	32,529.12	Uncollectible
Total:		22,179,606.76	

(6) As at 31 December 2012, top five debtors of accounts receivable are as follows:

Debtors	Relationship with the Group	Amount	Aging	Proportion of total accounts receivable (%)
First	Related	74,538,322.68	Within 2 years	14.95
Second	Related	52,327,516.83	Within 1 year	10.49
Third	Non-related	31,472,547.61	Within 1 year	6.31
Fourth	Non-related	22,612,060.93	Within 1 year	4.53
Fifth	Non-related	18,133,464.64	Within 1 year	3.64
Total		199,083,912.69		39.92

As at 31 December 2011, top five debtors of accounts receivable are as follows:

Debtors	Relationship with the Group	Amount	Aging	Proportion of total accounts receivable (%)
First	Related	226,069,113.86	Within 2 years	40.26
Second	Related	60,527,552.77	Within 2 years	10.78
Third	Related	23,352,773.93	Within 1 year	4.16
Fourth	Related	15,954,383.50	Within 1 year	2.84
Fifth	Non-related	12,744,900.53	Within 1 year	2.27
Total		338,648,724.59		60.31

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(7) As at 31 December 2012, accounts receivable from related parties is as follows:

Debtors	Relationship with the Group	Amount	Proportion of total accounts receivable (%)
Hafei Automobile Co.	Controlled by the same parent company	74,538,322.68	14.95
Changan Ford Automobile Co. (former name: Changan Ford Mazda Automobile Co., Ltd)	Joint venture	52,327,516.83	10.49
Chongqing Changan Suzuki Automobile Co.	Joint venture	11,448,769.63	2.30
Jiangling Holding Co.	Joint venture	7,356,903.60	1.48
Chongqing Changan Kuayue Automobile Co.	Associate	5,532,000.00	1.11
Changan Industries Group Co.	Controlled by the same ultimate holding company	4,018,844.47	0.81
Chongqing Anfu Automobile sales Co.	Controlled by the same parent company	3,099,525.00	0.62
Hefei Changhe Automobile Co.	Controlled by the same parent company	1,362,500.00	0.27
Jiangxi Changhe Automobile Co.	Controlled by the same parent company	906,667.45	0.18
CSIA-Jian'an Automobile Bridge Branch	Branch of the parent company	10,020.75	0.00
Guizhou Wanyou Auto Sales and Service Co.	Controlled by the same ultimate holding company	372.52	0.00
Total		160,601,442.93	32.21

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

As at 31 December 2011, accounts receivable from related parties is as follows:

Debtors	Relationship with the Group	Amount	Proportion of total accounts receivable (%)
Chongqing Anfu Automobile sales Co., Ltd	Controlled by the same parent company	1,070,236.97	0.19
Jiangxi Changhe Suzuki Automobile Co., Ltd	Controlled by the same parent company	15,954,383.50	2.84
Hafei Automobile Co., Ltd.	Controlled by the same parent company	226,069,113.86	40.26
Changan Industries Group Co., Ltd	Controlled by the same ultimate holding company	2,578,195.20	0.46
Hefei Changhe Automobile Co., Ltd	Controlled by the same parent company	960,052.00	0.17
Chongqing Changan Kuayue Automobile Co., Ltd	Associate	457,009.70	0.08
Chongqing Changan Suzuki Automobile Co., Ltd	Joint venture	23,352,773.93	4.16
Jiangling Holding Co., Ltd	Joint venture	7,115,280.75	1.27
Changan Ford Mazda Automobile Co., Ltd	Joint venture	60,527,552.77	10.78
Guizhou Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	372.52	0.00
Jiangxi Changhe Automobile Co., Ltd	Controlled by the same parent company	8,062,860.00	1.44
Total		346,147,831.20	61.65

- (8) There is no accounts receivable derecognized due to transfer of financial assets during 2012 (2011: nil).

5. Prepayments

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

Aging	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	490,444,508.86	98.28	254,821,023.55	79.48
1 to 2 years	6,328,709.88	1.27	65,711,395.93	20.49
2 to 3 years	2,252,579.73	0.45	91,553.20	0.03
Over 3 years	16,843.22	0.00	-	-
Total	499,042,641.69	100.00	320,623,972.68	100.00

- (2) As at 31 December 2012, top five debtors of prepayments are as follows:

Debtors	Relationship with the Group	Amount	Aging	Reason for outstanding
First	Non-related	130,256,877.82	Within 1 year	Goods not received
Second	Non-related	121,750,604.87	Within 1 year	Goods not received

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Third	Non-related	48,488,140.23	Within 1 year	Goods not received
Fourth	Non-related	46,660,795.63	Within 1 year	Goods not received
Fifth	Non-related	23,767,543.96	Within 1 year	Goods not received
Total		370,923,962.51		

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

As at 31 December 2011, top five debtors of prepayments are as follows:

Debtors	Relationship with the Group	Amount	Aging	Reason for outstanding
First	Non-related	163,315,396.47	Within 1 year	Goods not received
Second	Non-related	21,851,764.48	Within 1 year	Goods not received
Third	Non-related	14,928,786.83	Within 1 year	Goods not received
Fourth	Non-related	10,685,227.39	Within 1 year	Goods not received
Fifth	Non-related	8,299,781.20	Within 2 years	Goods not received
Total		219,080,956.37		

Explanation for major companies of prepayments:

The Group purchase steels from Chongqing Baosteel Automobile Steel Parts Co., Ltd. and Chongqing Baojing Steel Processing and Distribution Ltd. According to the contract, the Group should fully prepay the purchase price for steels. The prepayment balance to the two above companies represented the value of goods which has been paid but not been received.

- (3) As at 31 December 2012, there is no prepayment due from shareholders that hold 5% or more of the Company's voting shares (As at 31 December 2011: nil).

6. Dividends receivable

	Beginning	Addition	Deduction	Ending	Reason for outstanding	Impaired or not
Within 1 year	-	-	-	-	-	-
Over 1 year						
Chongqing HelpGo Information Technology Co., Ltd	450,030.00	-	-	450,030.00	The company is liquidated	Not
Total	450,030.00	-	-	450,030.00	-	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

7. Other receivables

(1) An aged analysis of the other receivables as at the end of the reporting period is as follows:

	2012	2011
Within 1 year	116,458,655.77	104,510,291.83
1 to 2 years	8,840,374.83	3,955,649.27
2 to 3 years	1,029,684.00	5,166,930.59
Over 3 years	<u>41,699,430.13</u>	<u>37,977,110.99</u>
	168,028,144.73	151,609,982.68
Provision	<u>(34,164,955.33)</u>	<u>(34,211,360.45)</u>
	<u>133,863,189.40</u>	<u>117,398,622.23</u>

The movements in provision for impairment of other receivables are as follows:

	Beginning balance	Addition	Deduction		Ending balance
			Reversal	Write-off	
2012	34,211,360.45	-	46,405.12	-	34,164,955.33
2011	34,065,683.09	178,129.83	32,452.47	-	34,211,360.45

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(2) An analysis of the other receivables by category as at the end of reporting period is as follows:

Item	2012				2011			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	96,641,000.00	57.51	24,199,000.00	25.04	69,283,000.00	45.70	24,199,000.00	34.93
Other receivables analyzed as groups for provision								
Group 1. Other receivables analyzed for provision according to aging analysis	64,174,918.08	38.20	2,753,728.68	4.29	74,654,304.02	49.24	2,800,133.80	3.75
Group 2. Other receivables from related parties	-	-	-	-	460,452.01	0.30	-	-
Group subtotal	64,174,918.08	38.20	2,753,728.68	4.29	75,114,756.03	49.54	2,800,133.80	3.73
individually insignificant items but analyzed individually for provision	7,212,226.65	4.29	7,212,226.65	100.00	7,212,226.65	4.76	7,212,226.65	100.00
Total	168,028,144.73	100.00	34,164,955.33		151,609,982.68	100.00	34,211,360.45	

Within groups, other receivables analyzed for provision according to aging analysis:

Aging	2012			2011		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	56,272,280.78	87.68	-	67,118,160.79	89.91	-
6 to 12 months	1,806,536.51	2.82	90,326.83	2,962,061.07	3.97	148,103.05
Within 1 year subtotal	58,078,817.29	90.50	90,326.83	70,080,221.86	93.88	148,103.05
1 to 2 years	3,006,453.01	4.68	300,645.30	1,828,459.53	2.45	182,845.96

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2 to 3 years	1,026,684.00	1.60	308,005.20	381,910.60	0.51	114,573.18
3 to 4 years	10,000.00	0.02	5,000.00	18,200.85	0.02	9,100.43
4 to 5 years	16,062.13	0.03	12,849.70	-	-	-
Over 5 years	2,036,901.65	3.17	2,036,901.65	2,345,511.18	3.14	2,345,511.18
Total	64,174,918.08	100.00	2,753,728.68	74,654,304.02	100.00	2,800,133.80

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

As at 31 December 2012 and 31 December 2011, individually insignificant items but analyzed individually for provision are as follows:

Details of other receivables	Balance	Provision	Provision Percentage (%)	Reason for provision
Nanjing Changan Industrial Park Management Committee	4,855,532.43	4,855,532.43	100.00	Whose aging is too long and unlikely to recover
Nanjing Dongchi Automotive Industry (Group) Co., Ltd.	1,884,213.22	1,884,213.22	100.00	Whose aging is too long and unlikely to recover
Nanjing Qiyuan Vocational Technical School	5,000.00	5,000.00	100.00	Not able to fulfill the payment and unlikely to recover
Heibei National Defense Vocational Technical School	467,481.00	467,481.00	100.00	Whose aging is too long and unlikely to recover
Total	7,212,226.65	7,212,226.65		

- (3) For the year ended 2012, provision for impairment of other receivables amounted to RMB46,405.12 has been reversed. (2011: RMB32,452.47).
- (4) There is no write-off of provision for bad debts during 2012 (2011: nil).
- (5) As at 31 December 2012, there is no other receivables due from shareholders that hold 5% or more of the Company's voting shares (As at 31 December 2011: nil).
- (6) As at 31 December 2012, top five debtors of other receivables are as follows:

Debtors	Relationship with the Group	Amount	Aging	Proportion of total other receivables (%)
First	Non-related	56,232,000.00	Within 1 year	33.47
Second	Non-related	24,199,000.00	Within 5 years	14.40
Third	Non-related	16,210,000.00	Within 1 year	9.65
Fourth	Non-related	4,855,532.43	Within 5 years	2.89
Fifth	Non-related	4,000,000.00	Within 1 year	2.38
Total		105,496,532.43		62.79

As at 31 December 2011, top five debtors of other receivables are as follows:

Debtors	Relationship with the Group	Amount	Aging	Proportion of total other receivables (%)
First	Non-related	45,084,000.00	Within 1 year	29.74
Second	Non-related	24,199,000.00	Within 5 years	15.96
Third	Non-related	12,531,562.24	Within 5 years	8.27
Fourth	Non-related	9,104,477.94	Within 1 year	6.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Fifth	Non-related	5,120,000.00	Within 1 year	3.38
Total		96,039,040.18		63.35

(7) As at 31 December 2012, there is no other receivables from related parties.

As at 31 December 2011, the receivable from related parties is as follow:

Debtor	Relationship with the Group	Amount	Proportion of total other receivables (%)
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	460,452.00	0.30
Total		460,452.00	0.30

(8) There is no accounts receivable derecognized due to transfer of financial assets during 2012 (2011: nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

8. Inventory

(1) Classification of inventory

Item	2012			2011		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	509,589,189.38	87,017,455.98	422,571,733.40	504,484,450.06	79,345,153.65	425,139,296.41
Material in transit	134,790,174.55	-	134,790,174.55	136,723,770.46	-	136,723,770.46
Work in progress	633,715,476.24	5,464,558.32	628,250,917.92	333,294,975.51	1,866,763.48	331,428,212.03
Commodity stock	3,665,388,086.52	89,474,105.21	3,575,913,981.31	3,151,425,486.26	31,865,894.90	3,119,559,591.36
Consigned processing material	5,705,591.46	-	5,705,591.46	188,700.85	-	188,700.85
Consumables	138,420,956.81	-	138,420,956.81	127,324,685.44	-	127,324,685.44
Spare parts	5,376,625.21	-	5,376,625.21	3,254,090.92	-	3,254,090.92
Total	5,092,986,100.17	181,956,119.51	4,911,029,980.66	4,256,696,159.50	113,077,812.03	4,143,618,347.47

(2) Provision for inventory

2012

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	79,345,153.65	8,163,270.38	-	490,968.05	87,017,455.98
Work in progress	1,866,763.48	3,597,794.84	-	-	5,464,558.32
Commodity stock	31,865,894.90	83,810,411.44	3,631,102.82	22,571,098.31	89,474,105.21

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Total	113,077,812.03	95,571,476.66	3,631,102.82	23,062,066.36	181,956,119.51
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Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2011

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	98,120,359.58	15,559,349.70	-	34,334,555.63	79,345,153.65
Work in progress	2,723,235.02	278,874.01	-	1,135,345.55	1,866,763.48
Commodity stock	20,952,191.29	24,144,546.93	173,841.48	13,057,001.84	31,865,894.90
Total	121,795,785.89	39,982,770.64	173,841.48	48,526,903.02	113,077,812.03

(3) Explanation for the provision

The Group assesses whether the cost of inventory is higher than the net realizable value and make provision of the difference. On 31 December 2012, there is no reversal of provision for inventory (2011: nil).

Explanation for the inventory

As at 31 December 2012, finished goods of 78,638 cars are transported to the dealers. According to the protocol signed among the Group, the bank and the dealer, corresponding car certificates are pledged in the bank, including: 7,471 cars in Huaxia Bank; 1,051 cars in China Citic Bank; 15,810 cars in China Everbright Bank; 9,317 cars in Bank of Communications Co., Ltd; 44,989 cars in China South Industry Group Finance Co., Ltd.

As at 31 December 2011, finished goods of 61,546 cars are transported to the dealers. According to the protocol signed among the Group, the bank and the dealer, corresponding car certificates are pledged in the bank, including: 7,148 cars in Huaxia Bank; 13,947 cars in China Citic Bank; 4,735 cars in China Everbright Bank; 828 cars in Bank of Communications Co., Ltd; 34,057 cars in China South Industry Group Finance Co., Ltd; 633 cars in Hankou Bank and 198 cars in other banks.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

9. Other current assets

Item	2012	2011
Rental	-	163,456.30
Accrual input tax	4,748,101.12	7,109,683.68
Others	26,618.00	190,027.00
Total	4,774,719.12	7,463,166.98

10. Available-for-sale financial assets

Item	2012	2011
Available-for-sale equity securities	233,814,100.00	225,129,480.00

The available-for-sale equity securities are the 17.75 million shares of Southwest Securities Co., Ltd and 7.28 million shares of HuaXia Bank holding by the Group.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

11. Investment in joint ventures and associates

Investee	Corporate type	Registered place	Legal representative	Nature of the business	Registered capital (RMB0,000)	Shareholding percentage (%)	Voting percentage (%)	Total assets at end	Total liabilities at end	Total net assets at end	Total operating income	Total net profits
I. Joint ventures												
Chongqing Changan Suzuki Automobile Co., Ltd	Co., Ltd.	Chongqing	Xu Liuping	Manufacture and sale of automobiles, and components	USD 19,000	51	51	5,620,322,613.00	2,883,737,739.00	2,736,584,874.00	9,502,561,966.00	112,031,663.00
Jiangling Holding Co., Ltd	Co., Ltd	Nanchang	Xu Liuping	Manufacture and sale of automobiles, and components	200,000	50	50	5,587,050,864.98	2,182,170,474.52	3,404,880,390.46	1,265,541,335.06	423,501,485.82
Changan Ford Automobile Co., Ltd (note) (former name: Changan Ford Mazda Automobile Co., Ltd)	Co., Ltd	Chongqing	Xu Liuping	Manufacture and sale of automobiles, and components	USD 24,047	50	50	21,514,617,843.00	16,055,553,247.00	5,459,064,596.00	54,790,783,724.00	3,207,045,210.00
Changan Mazda Automobile Co., Ltd (note)	Co., Ltd	Nanjing	Xu Liuping	Manufacture and sale of automobiles, and components	USD 11,097	50	50	4,901,080,916.40	2,668,740,950.10	2,232,339,966.30	790,676,108.49	34,941,947.59
Changan Ford Mazda Engine Co., Ltd	Co., Ltd	Nanjing	Xu Liuping	Manufacture and sale of automobiles, and components	USD 20,996	50	50	2,903,169,997.91	1,939,714,978.34	963,455,019.57	2,869,379,099.87	39,103,116.03
II. Associates												
Chongqing HelpGo Information Technology Co., Ltd	Co., Ltd	Chongqing	Ma Jun	Develop, product, and sale of computer software and hardware, provide advice and training related to computer application technology, design and maintain computer network system (except the business which requiring pre-authorization or approval by laws and regulations), sale of office supplies, telecommunication agency for Chongqing Telecom Company	2,100	21.43	21.43	54,536,904.40	8,740,244.23	45,796,660.17	-	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Co., Ltd	Chongqing	Yang Bo	Develop, manufactory, sale of linkage rod	1,900	40	40	34,115,990.31	13,323,740.37	20,792,249.94	42,114,124.65	1,875,919.56
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Investee	Corporate type	Registered place	Legal representative	Nature of the business	Registered capital (RMB0,000)	Shareholding percentage (%)	Voting percentage (%)	Total assets at end	Total liabilities at end	Total net assets at end	Total operating income	Total net profits
Chongqing Changan Kuayue Automobile Co., Ltd	Co., Ltd	Chongqing	Luo Zhilong	Develop, product and sale of automobile and components; import and export goods.	6,533	34.30	34.30	785,579,537.62	646,742,595.96	138,836,941.66	1,299,617,587.62	6,034,545.51
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Co., Ltd	Chongqing	Wang Chongsheng	Sale of Changan Kuayue's automobile and agricultural cars and components. Technical advisory services for automobile	300	34.30	34.30	99,805,085.24	178,933,887.92	(79,128,802.68)	1,078,366,980.77	(35,118,826.90)
Beijing Fang'an Taxi Co., Ltd	Co., Ltd	Beijing	Li Gang	Regional taxi operation	1,420	42.25	42.25	35,377,888.75	26,006,124.80	9,371,763.95	1,654,881.00	(4,828,236.05)

Note: Pursuant to the resolution of the board of directors and the division agreement signed by the investors, Changan Ford Mazda Automobile Co., Ltd, one joint venture of the Company, was divided into two companies on split-off basis as at 30 November, 2012. After the division, Changan Ford Mazda Automobile Co., Ltd continued to exist as a legal entity in Chongqing China and renamed as Changan Ford Automobile Co., Ltd with the same location and legal representative. The new company established named as Changan Mazda Automobile Co., Ltd. This division has been approved by National Development and Reform Commission with Fa Gai Chan Ye [2012] No. 2600 and by Ministry of Commerce of the People's Republic of China with Shang Zi Pi [2012] No. 1408. These two companies have received the new business licenses separately. After the division, the Company holds 50% equity interests in Changan Ford Automobile Co., Ltd and Changan Mazda Automobile Co., Ltd respectively, same proportion as the equity interest in Changan Ford Mazda Automobile Co., Ltd hold by the Company before. Changan Ford Automotive Co., Ltd and Changan Mazda Automotive Co., Ltd are still the joint venture of the Company.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

12. Long-term equity investments

2012

Investee	Accounting method	Initial amount	Beginning	Addition/ (deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	239,905,266.00	1,372,612,641.40	49,340,446.81	1,421,953,088.21	51.00	51.00	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,000,000,000.00	1,492,969,790.10	213,752,535.42	1,706,722,325.52	50.00	50.00	N/A	-	-	-
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	Equity	951,589,136.29	4,011,538,873.50	(1,333,860,962.27)	2,677,677,911.23	50.00	50.00	N/A	-	-	1,800,000,000.00
Changan Mazda Automobile Co., Ltd	Equity	1,097,839,635.00	-	1,115,310,608.80	1,115,310,608.80	50.00	50.00	N/A			
Changan Ford Mazda Engine Co., Ltd	Equity	786,734,634.10	343,195,182.39	132,041,116.43	475,236,298.82	50.00	50.00	N/A	-	-	-
Associates											
Chongqing HelpGo Information Technology Co., Ltd	Equity	4,500,000.00	11,776,292.44	(1,460,080.64)	10,316,211.80	21.43	21.43	N/A	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	6,714,720.64	7,664,634.71	750,367.82	8,415,002.53	40.00	40.00	N/A	-	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	Equity	61,800,885.00	61,800,885.00	2,069,849.11	63,870,734.11	34.30	34.30	N/A	-	-	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	1.00	(1.00)	-	34.30	34.30	N/A	-	-	-
Beijing Fangan Taxi LLC	Equity	6,000,000.00	-	6,000,000.00	6,000,000.00	42.25	42.25	N/A	-	-	-
Other											

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

China South Industry Group Finance Co., Ltd	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-	-	6,000,000.00
Chongqing Ante Import and Export Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10.00	10.00	N/A	-	-	-

Investee	Accounting method	Initial amount	Beginning	Addition/ (deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Sichuan Glass Co., Ltd	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-	-	-
Zhong Fa Lian Investment Co., Ltd	Cost	21,000,000.00	21,000,000.00	-	21,000,000.00	10.00	10.00	N/A	-	-	-
CAERI(Beijing) automotive Lightweight Technology Research Institution Co., Ltd	Cost	3,000,000.00	-	3,000,000.00	3,000,000.00	6.89	6.89	N/A	-	-	-
Total	-	4,263,893,552.03	7,407,367,574.54	186,943,880.48	7,594,311,455.02	--	--	--	-	-	1,806,000,000.00

2011

Investee	Accounting method	Initial amount	Beginning	Addition/ (deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	239,905,266.00	1,278,115,624.71	94,497,016.69	1,372,612,641.40	51.00	51.00	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,000,000,000.00	1,206,654,839.34	286,314,950.76	1,492,969,790.10	50.00	50.00	N/A	-	-	-
Changan Ford Mazda Automobile Co., Ltd	Equity	1,395,110,717.00	2,707,612,398.70	1,303,926,474.80	4,011,538,873.50	50.00	50.00	N/A	-	-	-
Changan Ford Mazda Engine Co., Ltd	Equity	669,512,935.00	353,568,055.95	(10,372,873.56)	343,195,182.39	50.00	50.00	N/A	-	-	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Investee	Accounting method	Initial amount	Beginning	Addition/ (deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Associates											
Chongqing HelpGo Information Technology Co., Ltd	Equity	4,500,000.00	11,444,603.12	331,689.32	11,776,292.44	21.43	21.43	N/A	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	6,714,720.64	6,818,138.79	846,495.92	7,664,634.71	40.00	40.00	N/A	-	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	Equity	61,800,885.00	-	61,800,885.00	61,800,885.00	34.30	34.30	N/A	-	-	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	-	1.00	1.00	34.30	34.30	N/A	-	-	-
Other											
China South Industry Group Finance Co., Ltd	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-	-	6,000,000.00
Chongqing Ante Import and Export Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10.00	10.00	N/A	-	-	-
Sichuan Glass Co., Ltd	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-	-	-
Zhong Fa Lian Investment Co., Ltd	Cost	21,000,000.00	21,000,000.00	-	21,000,000.00	10.00	10.00	N/A	-	-	-
Total	—	3,483,353,798.64	5,670,022,934.61	1,737,344,639.93	7,407,367,574.54	--	--	--	-	-	6,000,000.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

13. Investment property

2012

Item	Beginning	Addition	Deduction	Ending
I. Original cost	84,210,075.73	-	82,748,954.08	1,461,121.65
1. Buildings	37,521,741.65	-	36,060,620.00	1,461,121.65
2. Land use right	46,688,334.08	-	46,688,334.08	-
II. Accumulated depreciation and amortization	22,859,697.48	2,372,133.45	24,852,274.79	379,556.14
1. Buildings	12,008,921.83	1,517,007.31	13,146,373.00	379,556.14
2. Land use right	10,850,775.65	855,126.14	11,705,901.79	-
III. Net Value	61,350,378.25	(2,372,133.45)	57,896,679.29	1,081,565.51
1. Buildings	25,512,819.82	(1,517,007.31)	22,914,247.00	1,081,565.51
2. Land use right	35,837,558.43	(855,126.14)	34,982,432.29	-
IV. Impairment Provision	-	-	-	-
1. Buildings	-	-	-	-
2. Land use right	-	-	-	-
V. Book Value	61,350,378.25	(2,372,133.45)	57,896,679.29	1,081,565.51
1. Buildings	25,512,819.82	(1,517,007.31)	22,914,247.00	1,081,565.51
2. Land use right	35,837,558.43	(855,126.14)	34,982,432.29	-

2011

Item	Beginning	Addition	Deduction	Ending
I. Original cost	84,210,075.73	-	-	84,210,075.73
1. Buildings	37,521,741.65	-	-	37,521,741.65
2. Land use right	46,688,334.08	-	-	46,688,334.08
II. Accumulated depreciation and amortization	20,215,531.18	2,644,166.30	-	22,859,697.48
1. Buildings	10,297,620.35	1,711,301.48	-	12,008,921.83
2. Land use right	9,917,910.83	932,864.82	-	10,850,775.65
III. Net Value	63,994,544.55	(2,644,166.30)	-	61,350,378.25
1. Buildings	27,224,121.30	(1,711,301.48)	-	25,512,819.82
2. Land use right	36,770,423.25	(932,864.82)	-	35,837,558.43
IV. Impairment Provision	-	-	-	-
1. Buildings	-	-	-	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2. Land use right	-	-	-	-
V. Book Value	63,994,544.55	(2,644,166.30)	-	61,350,378.25
1. Buildings	27,224,121.30	(1,711,301.48)	-	25,512,819.82
2. Land use right	36,770,423.25	(932,864.82)	-	35,837,558.43

Note: For the year ended 31 December 2012, Nanjing Municipal Government planed to requisition the land of Zijin factory which located in No. 139, Yaoshang Village, Xiaguan District, Nanjing City and belonged to Nanjing Changan Automobile Co., Ltd, the subsidiary of the Company. The land and the buildings on the ground were used for lease in previous years. According to the requisition agreement, Nanjing Changan Automobile Co., Ltd has terminated the leasing of land and buildings. The land use right of the Zijin factory and the buildings do not meet the conditions of recognition of investment property any more. The buildings with original cost of RMB 36,060,620.00 and accumulated depreciation of RMB 13,146,373.00, the land use rights with original cost of RMB 46,688,334.08 and accumulated amortization of RMB 11,705,901.79 were reclassified to fixed assets and intangible assets respectively.

During 2012, the depreciation and amortization of Investment property is RMB2,372,133.45 (2011: RMB2,644,166.30).

There is no provision of impairment for Investment property in 2012 (2011: nil).

As at 31 December 2012, there is no Investment property whose certificate of title is not completed (As at 31 December 2011, nil).

14. Fixed assets

(1) Details of fixed assets

2012

Item	Beginning	Addition	Deduction	Ending
I. Original cost	11,239,242,277.59	5,157,906,561.69	139,048,867.81	16,258,099,971.47
Buildings	2,491,847,341.14	1,794,486,308.45	-	4,286,333,649.59
Machinery	6,492,143,885.80	2,597,142,390.44	112,628,693.43	8,976,657,582.81
Vehicles	68,411,425.64	20,556,632.30	3,328,818.28	85,639,239.66
Other Equipments	2,186,839,625.01	745,721,230.50	23,091,356.10	2,909,469,499.41
II. Accumulated depreciation	3,381,635,446.79	911,988,143.23	67,578,497.15	4,226,045,092.87
Buildings	383,489,547.96	139,725,418.16	-	523,214,966.12
Machinery	2,175,657,007.65	571,825,930.69	46,913,670.02	2,700,569,268.32
Vehicles	28,818,814.67	8,150,174.06	2,432,517.26	34,536,471.47
Other Equipments	793,670,076.51	192,286,620.32	18,232,309.87	967,724,386.96
III. Net Value	7,857,606,830.80	4,245,918,418.46	71,470,370.66	12,032,054,878.60
Buildings	2,108,357,793.18	1,654,760,890.29	-	3,763,118,683.47

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Machinery	4,316,486,878.15	2,025,316,459.75	65,715,023.41	6,276,088,314.49
Vehicles	39,592,610.97	12,406,458.24	896,301.02	51,102,768.19
Other Equipments	1,393,169,548.50	553,434,610.18	4,859,046.23	1,941,745,112.45
IV. Impairment Provision	315,469,242.91	153,192,851.11	63,675,324.20	404,986,769.82
Buildings	-	-	-	-
Machinery	306,665,047.71	148,626,821.29	62,834,922.60	392,456,946.40
Vehicles	-	-	-	-
Other Equipments	8,804,195.20	4,566,029.82	840,401.60	12,529,823.42
V. Book Value	7,542,137,587.89	4,092,725,567.35	7,795,046.46	11,627,068,108.78
Buildings	2,108,357,793.18	1,654,760,890.29	-	3,763,118,683.47
Machinery	4,009,821,830.44	1,876,689,638.46	2,880,100.81	5,883,631,368.09
Vehicles	39,592,610.97	12,406,458.24	896,301.02	51,102,768.19
Other Equipments	1,384,365,353.30	548,868,580.36	4,018,644.63	1,929,215,289.03

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2011

Item	Beginning	Addition	Deduction	Ending
I. Original cost	7,545,366,692.50	3,914,857,192.35	220,981,607.26	11,239,242,277.59
Buildings	1,347,458,919.41	1,167,867,186.84	23,478,765.11	2,491,847,341.14
Machinery	4,266,626,615.66	2,395,032,514.10	169,515,243.96	6,492,143,885.80
Vehicles	59,346,008.70	13,111,785.18	4,046,368.24	68,411,425.64
Other Equipments	1,871,935,148.73	338,845,706.23	23,941,229.95	2,186,839,625.01
II. Accumulated depreciation	2,802,568,256.61	661,477,268.30	82,410,078.12	3,381,635,446.79
Buildings	328,529,304.18	64,397,717.80	9,437,474.02	383,489,547.96
Machinery	1,794,309,736.73	434,481,323.69	53,134,052.77	2,175,657,007.65
Vehicles	24,128,341.00	7,367,753.90	2,677,280.23	28,818,814.67
Other Equipments	655,600,874.70	155,230,472.91	17,161,271.10	793,670,076.51
III. Net Value	4,742,798,435.89	3,253,379,924.05	138,571,529.14	7,857,606,830.80
Buildings	1,018,929,615.23	1,103,469,469.04	14,041,291.09	2,108,357,793.18
Machinery	2,472,316,878.93	1,960,551,190.41	116,381,191.19	4,316,486,878.15
Vehicles	35,217,667.70	5,744,031.28	1,369,088.01	39,592,610.97
Other Equipments	1,216,334,274.03	183,615,233.32	6,779,958.85	1,393,169,548.50
IV. Impairment Provision	412,487,715.35	4,722,548.96	101,741,021.40	315,469,242.91
Buildings	-	-	-	-
Machinery	405,658,832.99	2,218,165.58	101,211,950.86	306,665,047.71
Vehicles	-	-	-	-
Other Equipments	6,828,882.36	2,504,383.38	529,070.54	8,804,195.20
V. Book Value	4,330,310,720.54	3,248,657,375.09	36,830,507.74	7,542,137,587.89
Buildings	1,018,929,615.23	1,103,469,469.04	14,041,291.09	2,108,357,793.18
Machinery	2,066,658,045.94	1,958,333,024.83	15,169,240.33	4,009,821,830.44
Vehicles	35,217,667.70	5,744,031.28	1,369,088.01	39,592,610.97
Other Equipments	1,209,505,391.67	181,110,849.94	6,250,888.31	1,384,365,353.30

Note: The addition of original cost and accumulated depreciation of this year contains the amount that transferred from the investment property. Refer to Note V 13.

During 2012, the depreciation of fixed assets is RMB 898,841,770.23 (2011: RMB 661,477,268.30).

During 2012, the fixed assets amounted to RMB 4,084,965,021.13 (2011: RMB 3,101,269,201.06) have been transferred from construction in progress.

As at 31 December 2012, buildings with the book value of RMB 171,358,422.99 (2011: RMB 178,261,413.17), and machinery with the book value of RMB 234,920,690.41 (2011: RMB 186,574,687.03) is restricted to get the bank facilities. Including, the restricted buildings with book value of RMB

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

93,990,396.88 (2011: nil) and the restricted machinery with book value of RMB 28,800,385.56 (2011: nil) was mortgaged to obtain loans, Refer to Note V 24 and 36.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(2) Fixed assets that are temporarily unused

2012

Item	Original cost	Accumulated depreciation	Impairment provision	Book value	Note
Machinery	415,709,534.85	125,442,635.51	290,009,749.27	257,150.07	
Other Equipments	28,686,083.39	16,156,259.97	12,529,823.42	-	
Total	444,395,618.24	141,598,895.48	302,539,572.69	257,150.07	

2011

Item	Original cost	Accumulated depreciation	Impairment provision	Book value	Note
Machinery	394,664,504.86	86,527,094.29	305,234,993.69	2,902,416.88	
Other Equipments	18,089,196.63	9,281,280.82	8,804,195.20	3,720.61	
Total	412,753,701.49	95,808,375.11	314,039,188.89	2,906,137.49	

(3) As at 31 December 2012, there is no fixed assets which are rented into under finance leases, rented out under operating leases, or held for sale (As at 31 December 2011: Nil).

(4) Fixed assets whose certificate of title is not completed

Item	Reason for incomplete certificate of title	Estimate time for completion of certificate of title
Painting plant	Under processing	2013
Welding plant	Under processing	2013
Assemble plant	Under processing	2013
Stamping plant	Under processing	2013
Painting workshop	Under processing	2013
The second phase Assemble workshop	Under processing	2013
New Energy and trial plant	Under processing	2013
Packaging plant	Under processing	2013
Employees center and dormitory	Under processing	2013
Office building	Under processing	2013
Welding workshop in factory 5th	Under processing	2013
Power station	Under processing	2013
Assembly trial and detection workshop	Under processing	2013
Visual inspection plant	Under processing	2013
Exhibition Centre	Under processing	2013
Sewage treatment station	Under processing	2013
main road and pipe network in factory 5th	Under processing	2013

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Building for vehicle safety department in factory 5th	Under processing	2013
Stamping workshop in factory 5th	Under processing	2013
Total		

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

15. Construction in progress

(1) Details of construction in progress

Item	2012			2011		
	Balance	Provision	Book value	Balance	Provision	Book value
Mini-bus production equipment	5,351,731.68	-	5,351,731.68	3,229,748.52	-	3,229,748.52
Yuzui motor city project	44,396,939.00	-	44,396,939.00	61,729,037.54	-	61,729,037.54
Changan industrial garden project	8,980,021.25	-	8,980,021.25	99,207,943.92	-	99,207,943.92
Sedan production equipment	48,529,810.27	-	48,529,810.27	96,863,650.79	-	96,863,650.79
Engine production	1,356,956,576.22	-	1,356,956,576.22	676,224,425.42	-	676,224,425.42
Vehicle research institution	133,651,791.31	-	133,651,791.31	238,530,573.53	-	238,530,573.53
Car moulds	226,624,484.08	-	226,624,484.08	173,514,613.60	-	173,514,613.60
Hebei M201 bus production plant project	36,064,353.60	-	36,064,353.60	101,201,173.86	-	101,201,173.86
Plant for vehicle test project	688,512,568.10	-	688,512,568.10	417,378,969.64	-	417,378,969.64
Beijing vehicle construction project	26,246,205.34	-	26,246,205.34	655,945,083.74	-	655,945,083.74
Others	230,014,405.21	-	230,014,405.21	271,711,688.42	-	271,711,688.42
Total	2,805,328,886.06	-	2,805,328,886.06	2,795,536,908.98	-	2,795,536,908.98

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(2) Significant movements of construction in progress

2012

Project	Budget (RMB0,000)	31 Decemehr, 2011	Addition	Transfer to fixed assets	Other deduction	The project investments' proportion of budget	Progress of construction	Accumulated capitalized interest	Including: Current capitalized interest	Current capitalization rate	Source of funds	31 Decemehr, 2012
Mini-bus production equipment	99,270.00	3,229,748.52	12,576,296.54	10,454,313.38	-	100%	99%	412,957.05	-	-	Raised	5,351,731.68
Yuzui motor city project	157,735.00	61,729,037.54	284,535,757.47	301,865,230.01	2,626.00	85%	85%	-	-	-	Raised	44,396,939.00
Changan industrial garden project	149,031.00	99,207,943.92	6,609,168.14	96,837,090.81	-	95%	95%	19,943,614.65	-	-	Raised	8,980,021.25
Sedan production equipment	81,671.00	96,863,650.79	54,676,594.19	103,010,434.71	-	60%	60%	505,924.12	-	-	Raised	48,529,810.27
Engine production	422,611.20	676,224,425.42	1,925,829,791.20	1,244,752,771.27	344,869.13	60%	60%	12,926,342.81	-	-	Raised	1,356,956,576.22
Vehicle research institution	71,400.00	238,530,573.53	66,568,952.96	171,447,735.18	-	83%	80%	863,669.92	-	-	Raised	133,651,791.31
Car moulds	63,501.54	173,514,613.60	312,171,782.82	259,061,912.34	-	93%	93%	3,397,900.43	-	-	Raised	226,624,484.08
Hebei M201 bus production plant project	26,811.97	101,201,173.86	91,651,414.20	156,788,234.46	-	86%	86%	-	-	-	Raised	36,064,353.60
Plant for vehicle test project	130,000.00	417,378,969.64	271,160,265.13	26,666.67	-	57%	60%	-	-	-	Raised	688,512,568.10
Beijing vehicle construction project	191,943.00	655,945,083.74	784,185,925.91	1,410,862,737.50	3,022,066.81	93%	93%	-	-	-	Raised	26,246,205.34
Others	-	271,711,688.42	288,936,573.23	329,857,894.80	775,961.64	-	-	2,074,266.72	2,074,266.72	6.15%	Raised and loans	230,014,405.21
Total		2,795,536,908.98	4,098,902,521.79	4,084,965,021.13	4,145,523.58	-	-	40,124,675.70	2,074,266.72			2,805,328,886.06

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2011

Project	Budget (RMB0,000)	31 Decemebr, 2010	Addition	Transfer to fixed assets	Other deduction	The project investments' proportion of budget	Progress of construction	Accumulated capitalized interest	Including: Current capitalized interest	Current capitalization rate	Source of funds	31 December, 2011
Mini-bus production equipment	99,270.00	40,346,251.80	17,171,263.41	54,287,766.69	-	92%	99%	412,957.05	-	-	Raised	3,229,748.52
Yuzui motor city project	157,735.00	433,465,059.39	615,178,255.00	986,769,276.85	145,000.00	66%	67%	-	-	-	Raised	61,729,037.54
Changan industrial garden project	149,031.00	178,508,889.22	113,137,901.82	191,881,854.12	556,993.00	80%	94%	19,943,614.65	-	-	Raised	99,207,943.92
Sedan production equipment	65,308.00	32,759,619.50	116,641,178.20	52,537,146.91	-	56%	60%	505,924.12	-	-	Raised	96,863,650.79
Engine production	438,308.00	653,499,793.89	1,164,993,452.67	1,142,268,821.14	-	43%	50%	12,926,342.81	-	-	Raised	676,224,425.42
Vehicle research institution	61,660.00	126,705,592.30	136,753,959.24	24,928,978.01	-	50%	50%	863,669.92	-	-	Raised	238,530,573.53
Car moulds	39,691.00	75,941,499.46	168,569,209.84	70,996,095.70	-	67%	70%	3,397,900.43	-	-	Raised	173,514,613.60
Hebei Changan new district construction project	52,870.00	328,334,765.82	57,624,593.84	385,959,359.66	-	73%	100%	-	-	-	Raised	-
Hebei M201 bus production plant project	26,811.97	-	101,201,173.86	-	-	37%	40%	-	-	-	Raised	101,201,173.86
Plant for vehicle test project	120,000.00	15,487,559.73	402,128,162.05	236,752.14	-	34%	40%	-	-	-	Raised	417,378,969.64
Beijing vehicle construction project	191,943.00	861,717.00	655,457,946.21	374,579.47	-	34%	34%	-	-	-	Raised	655,945,083.74

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Others	-	149,965,938.29	313,036,713.66	191,028,570.37	262,393.16	-	-	-	-	Raised	271,711,688.42
Total		2,035,876,686.40	3,861,893,809.80	3,101,269,201.06	964,386.16	-		38,050,408.98	-		2,795,536,908.98

(3) As at 31 December 2012, there is no provision for the impairment of construction in progress (As at 31 December 2011: Nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

16. Construction materials

Item	2011	Addition	Deduction	2012
Specific materials	795,898.75	-	-	795,898.75
Total	795,898.75	-	-	795,898.75

17. Intangible assets

2012

Item	Beginning	Addition	Deduction	Ending
I. Original cost	2,211,127,833.78	594,716,654.19	-	2,805,844,487.97
Land use rights	1,259,708,056.02	46,688,334.00	-	1,306,396,390.02
Software use rights	158,164,125.63	30,008,923.30	-	188,173,048.93
Trademark use rights	211,770,000.00	14,400.00	-	211,784,400.00
Non-patent technology	581,485,652.13	518,004,996.89	-	1,099,490,649.02
II. Accumulated amortization	382,328,408.50	274,534,885.83	-	656,863,294.33
Land use rights	46,373,015.58	39,825,332.80	-	86,198,348.38
Software use rights	94,079,259.78	52,547,829.19	-	146,627,088.97
Trademark use rights	40,061,278.54	19,951,332.47	-	60,012,611.01
Non-patent technology	201,814,854.60	162,210,391.37	-	364,025,245.97
III. Net Value	1,828,799,425.28	320,181,768.36	-	2,148,981,193.64
Land use rights	1,213,335,040.44	6,863,001.20	-	1,220,198,041.64
Software use rights	64,084,865.85	(22,538,905.89)	-	41,545,959.96
Trademark use rights	171,708,721.46	(19,936,932.47)	-	151,771,788.99
Non-patent technology	379,670,797.53	355,794,605.52	-	735,465,403.05
IV. Impairment Provision	6,700,000.00	9,126,515.83	-	15,826,515.83
Land use rights	6,700,000.00	-	-	6,700,000.00
Software use rights	-	-	-	-
Trademark use rights	-	-	-	-
Non-patent technology	-	9,126,515.83	-	9,126,515.83
V. Book Value	1,822,099,425.28	311,055,252.53	-	2,133,154,677.81
Land use rights	1,206,635,040.44	6,863,001.20	-	1,213,498,041.64
Software use rights	64,084,865.85	(22,538,905.89)	-	41,545,959.96
Trademark use rights	171,708,721.46	(19,936,932.47)	-	151,771,788.99
Non-patent technology	379,670,797.53	346,668,089.69	-	726,338,887.22

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2011

Item	Beginning	Addition	Deduction	Ending
I. Original cost	1,151,528,105.37	1,059,599,728.41	-	2,211,127,833.78
Land use rights	604,228,952.58	655,479,103.44	-	1,259,708,056.02
Software use rights	85,918,260.48	72,245,865.15	-	158,164,125.63
Trademark use rights	36,770,000.00	175,000,000.00	-	211,770,000.00
Non-patent technology	424,610,892.31	156,874,759.82	-	581,485,652.13
II. Accumulated amortization	212,993,281.00	169,335,127.50	-	382,328,408.50
Land use rights	29,472,319.86	16,900,695.72	-	46,373,015.58
Software use rights	51,244,794.98	42,834,464.80	-	94,079,259.78
Trademark use rights	25,943,278.51	14,118,000.03	-	40,061,278.54
Non-patent technology	106,332,887.65	95,481,966.95	-	201,814,854.60
III. Net Value	938,534,824.37	890,264,600.91		1,828,799,425.28
Land use rights	574,756,632.72	638,578,407.72		1,213,335,040.44
Software use rights	34,673,465.50	29,411,400.35		64,084,865.85
Trademark use rights	10,826,721.49	160,881,999.97		171,708,721.46
Non-patent technology	318,278,004.66	61,392,792.87		379,670,797.53
IV. Impairment Provision	6,700,000.00	-	-	6,700,000.00
Land use rights	6,700,000.00	-	-	6,700,000.00
Software use rights	-	-	-	-
Trademark use rights	-	-	-	-
Non-patent technology	-	-	-	-
V. Book Value	931,834,824.37	890,264,600.91	-	1,822,099,425.28
Land use rights	568,056,632.72	638,578,407.72	-	1,206,635,040.44
Software use rights	34,673,465.50	29,411,400.35	-	64,084,865.85
Trademark use rights	10,826,721.49	160,881,999.97	-	171,708,721.46
Non-patent technology	318,278,004.66	61,392,792.87	-	379,670,797.53

Note: The addition of original cost and accumulated amortization of this year contains the amount that

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

transferred from the investment property. Refer to Note V 13.

During 2012, the amortization of intangible assets is RMB 262,828,984.04 (2011: RMB 169,335,127.50).

As at 31 December 2012, land use rights with the book value of RMB 119,826,789.52 (as at 31 December 2011: RMB 116,585,164.60) are restricted to get the bank facilities. During 2012, the amortization of the land use rights is RMB 4,567,361.67 (2011: RMB 3,580,990.95). Including, the restricted land use rights with the book value of RMB 91,285,024.74 (2011: nil) was mortgaged to obtain loans. Refer to note V 24 and 36.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

18. Development expenditure

2012

Item	31 December 2011	Addition	Deduction		31 December 2012
			Charged to income Statement of the Current period	Recognized as intangible assets	
Automobile Development	426,379,528.16	531,435,083.19	66,749,883.80	518,004,996.89	373,059,730.66
Total	426,379,528.16	531,435,083.19	66,749,883.80	518,004,996.89	373,059,730.66

2011

Item	31 December 2010	Addition	Deduction		31 December 2011
			Charged to income Statement of the Current period	Recognized as intangible assets	
Automobile Development	204,312,934.30	422,266,015.46	43,324,661.78	156,874,759.82	426,379,528.16
Total	204,312,934.30	422,266,015.46	43,324,661.78	156,874,759.82	426,379,528.16

In 2012, development expenditure accounts for 31.35% of total research and development expenditure (as at 31 December 2011: 26.93%).

As at 31 December 2012, development expenditure recognized as intangible assets accounts for 34.05% of total intangible assets (as at 31 December 2011: 20.84%).

19. Goodwill

2012

Investee	31 December 2011	Addition	Deduction	31 December 2012	Impairment provision
Hebei Changan Automobile Co., Ltd	9,804,394.00	-	-	9,804,394.00	-
Nanjing Changan Automobile Co., Ltd	73,465,335.00	-	-	73,465,335.00	73,465,335.00
Total	83,269,729.00	-	-	83,269,729.00	73,465,335.00

2011

Investee	31 December 2010	Addition	Deduction	31 December 2011	Impairment provision
Hebei Changan Automobile Co., Ltd	9,804,394.00	-	-	9,804,394.00	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Nanjing Changan Automobile Co., Ltd	73,465,335.00	-	-	73,465,335.00	73,465,335.00
Total	83,269,729.00	-	-	83,269,729.00	73,465,335.00

Due to the accumulated losses of Nanjing Changan Automobile Co., Ltd, the full provision for the impairment loss has been made to the related goodwill of RMB 73,465,335.00.

20. Long-term deferred expenses

2012

Item	Beginning	Addition	Amortization	Ending
Gaobao Lake Reservoir Greening	900,400.00	-	180,080.00	720,320.00
Others	1,168,756.74	1,407,002.35	1,240,914.64	1,334,844.45
Total	2,069,156.74	1,407,002.35	1,420,994.64	2,055,164.45

2011

Item	Beginning	Addition	Amortization	Ending
Gaobao Lake Reservoir Greening	1,080,480.00	-	180,080.00	900,400.00
Improvement on leasing buildings	437,296.99	-	437,296.99	-
Others	1,028,399.03	705,785.47	565,427.76	1,168,756.74
Total	2,546,176.02	705,785.47	1,182,804.75	2,069,156.74

21. Deferred tax assets and liabilities

Deferred tax assets and liabilities are listed separately.

(1) Recognized deferred tax assets and liabilities:

Item	2012	2011
Deferred tax assets		
Provision for the impairment of assets	89,752,749.14	65,663,301.01
Accrued expenses and contingent liabilities	283,175,938.14	239,346,491.35
Unpaid tech development expense and advertisement expense	32,703,826.49	17,009,906.01
Deferred income	350,416,972.76	198,080,933.15
Unpaid salary and bonus and others	103,217,699.67	59,824,266.41
Subtotal	859,267,186.20	579,924,897.93
Deferred tax liabilities		
Available-for-sale financial assets on the changes in fair value	37,741,632.06	37,079,227.06

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(2) The deductible loss of unrecognized deferred tax assets and the maturity:

Year	2012	2011
2012	-	175,380,803.49
2013	121,605,072.56	121,605,072.56
2014	9,499,981.79	9,499,981.79
2015	-	-
2016	298,254,160.23	541,381,058.12
2017	300,793,298.37	-
Total	730,152,512.95	847,866,915.96

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

(3) The temporary differences related to assets and liabilities which caused the temporary differences

Item	2012	2011
Taxable temporary difference		
Provision for the impairment of assets	592,570,375.83	431,173,851.24
Accrued expenses and contingent liabilities	1,887,669,903.68	1,595,643,275.68
Unpaid tech development expense and advertisement expense	218,025,509.98	113,399,373.41
Deferred income	2,336,113,151.75	1,320,539,554.31
Unpaid salary and bonus and others	694,298,557.42	399,383,748.32
Subtotal	5,728,677,498.66	3,860,139,802.96
Deductible temporary difference		
Available-for-sale financial assets on the changes in fair value	205,217,528.29	196,532,908.29

22. Provision for the impairment of assets

2012

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	89,954,292.54	5,171,252.29	711,997.92	-	94,413,546.91
II. Provision for obsolete inventory	113,077,812.03	95,571,476.66	3,631,102.82	23,062,066.36	181,956,119.51
III. Provision for the impairment of fixed assets	315,469,242.91	153,192,851.11	-	63,675,324.20	404,986,769.82
IV. Provision for the	6,700,000.00	9,126,515.83	-	-	15,826,515.83

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

impairment of intangible assets					
V. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
Total	598,666,682.48	263,062,095.89	4,343,100.74	86,737,390.56	770,648,287.07

Note: The increase of impairment of fixed assets is mainly due to the impairment of machinery for the discontinued productions this year.

The impairment of inventory this year is mainly due to the cost of vehicle that manufactured by Changan Automobile (Beijing) Company, branch of Chongqing Changan Automobile Company Limited, is lower than the net realizable value.

2011

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	108,529,975.34	3,649,649.43	45,725.47	22,179,606.76	89,954,292.54
II. Provision for obsolete inventory	121,795,785.89	39,982,770.64	173,841.48	48,526,903.02	113,077,812.03
III. Provision for the impairment of fixed assets	412,487,715.35	4,722,548.96	-	101,741,021.40	315,469,242.91
IV. Provision for the impairment of intangible assets	6,700,000.00	-	-	-	6,700,000.00
V. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
Total	722,978,811.58	48,354,969.03	219,566.95	172,447,531.18	598,666,682.48

23. Other non-current assets

Item	2012	2011
Prepayment of land(Note 1)	220,380,024.00	-
Prepayment of equity investment(Note 2)	703,015,710.00	-
Total	923,395,734.00	-

Note 1: As at 31 December 2012, the prepayment of land is paid to acquire the land use right of 1214 mu located in Chongqing Liangjiang New Area Yuzui motor city.

Note 2: As at 26 December 2012, the Company signed an agreement with the parent company China Changan to purchase the 50% equity interest of Changan PSA automobiles co.,Ltd with total price of RMB 2,007,424,600.00. As at 26 December 2012, the Company has prepaid RMB 703,015,710.00.

24. Short-term loans

(1) Classification of short-term loans

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Item	2012	2011
Pledge loans	-	80,000,000.00
Mortgage loans	60,000,000.00	-
Credit loans	1,190,000,000.00	896,890,000.00
Total	1,250,000,000.00	976,890,000.00

As at 31 December 2012, the interest rate of the above loans was 4.92%-6.30% (as at 31 December 2011: 5.48%-7.32%).

As at 31 December 2012, there is no short-term loan which is due but not repaid (as at 31 December 2011: nil).

For the year ended of 2012, the Group obtained credit short-term loan of RMB270,000,000.00 from Bank of China; credit short-term loan of RMB200,000,000.00 from The Export-import Bank of China; credit short-term loan of RMB200,000,000.00 from Industrial and Commercial Bank of China; credit short-term loan of RMB500,000,000.00 from China South Industry Group Finance Co., Ltd; and credit short-term loan of RMB20,000,000.00 from China CITIC Bank.

For the year ended of 2012, the short-term loan of RMB30,000,000.00 from China CITIC Bank was secured by the mortgages of the land use rights amounted to RMB2,682,306.32, buildings amounted to RMB4,918,832.00 and machinery amounted to RMB28,800,385.56. The short-term loan of RMB30,000,000.00 from Hangzhou Bank was secured by the mortgages of the land use rights amounted to RMB14,948,122.32 and the buildings amounted to RMB15,815,581.90.

For the year ended of 2011, the Group obtains credit short-term loan of RMB296,890,000.00 from Bank of China; credit short-term loan of RMB200,000,000.00 from The Export-import Bank of China; and credit short-term loan of RMB400,000,000.00 from China Construction Bank. The short-term loan of RMB80,000,000.00 from China South Industry Group Finance Co., Ltd was secured by the pledge of the bank acceptance bill amounted to RMB85,047,800.00.

25. Notes payable

Item	2012	2011
Commercial acceptance bill	297,776,543.00	-
Bank acceptance bill	7,511,221,549.99	6,671,345,457.57
Total	7,808,998,092.99	6,671,345,457.57

As at 31 December 2012, the notes payable amounted to RMB7,808,998,092.99 will be due in the next accounting period (31 December 2011: RMB6,671,345,457.57).

26. Accounts payable

(1) Accounts payable

Item	2012	2011
Accounts payable	7,201,763,448.59	5,946,877,115.16

(2) Accounts payable to related parties is as follows:

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Relationship with the Group	2012		2011	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	Controlled by the same ultimate holding company	111,132.50	0.00	157,467.56	0.00
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	Joint venture	15,325,291.06	0.21	19,360,871.82	0.33
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	Controlled by the same ultimate holding company	10,802,258.00	0.15	7,955,301.86	0.13
Chengdu Lingchuan Special Industry Co., Ltd	Controlled by the same ultimate holding company	21,569,256.54	0.30	28,452,815.27	0.48
Chengdu Wanyou Filter Co., Ltd	Controlled by the same ultimate holding company	11,680,132.47	0.16	8,489,786.57	0.14
Hafei Motor Co., Ltd.	Controlled by the same parent company	128,719,099.88	1.79	-	-
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	Controlled by the same ultimate holding company	40,464,945.09	0.56	11,345,297.28	0.19
South Tianhe Chassis System Co., Ltd	Controlled by the same parent company	124,459,879.25	1.74	109,317,550.12	1.84
South Inter Air-conditioner Co., Ltd	Controlled by the same parent company	22,765,958.34	0.32	13,626,900.59	0.23
Sichuan Hongguang Machinery and Electrics Co., Ltd	Controlled by the same ultimate holding company	10,248,221.07	0.14	3,106,950.68	0.05
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	Controlled by the same ultimate holding company	4,952,442.79	0.07	6,950,783.49	0.12
Longchang Shanchuan Shock-absorbing Works Industries Co., Ltd	Controlled by the same ultimate holding company	20,163,372.52	0.28	21,630,415.60	0.36
Yunnan Xiyi Industries Co., Ltd	Controlled by the same ultimate holding company	5,546,058.68	0.08	4,763,329.28	0.08

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Relationship with the Group	2012		2011	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
CSIA-Chongqing Tsingshan Transmission Branch	Branch of parent	18,447,802.84	0.26	6,509,537.07	0.11
Changan Industries Group Co. Ltd	Controlled by the same ultimate holding company	1,782,289.62	0.02	10,678,119.63	0.18
Chongqing Changan Kuayue Automobile Co., Ltd	Associate	77,208.01	0.00	7,188,070.25	0.12
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	72,760,462.77	1.02	60,894,850.77	1.02
Chongqing Changfeng Jiquan Machinery Co., Ltd	Controlled by the same parent company	4,142,674.18	0.06	224,163.26	0.00

Related parties	Relationship with the Group	2012		2011	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Chongqing Changrong Machine Co., Ltd.	Controlled by the same ultimate holding company	12,053,763.58	0.17	16,126,873.09	0.27
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Controlled by the same ultimate holding company	4,590,162.30	0.06	149,372.44	0.00
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Controlled by the same ultimate holding company	293,172.96	0.00	169,862.32	0.00
CSIA-Jian'an Automobile Bridge Branch	Branch of parent	111,077,271.38	1.55	43,273,901.53	0.73
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Controlled by the same ultimate holding company	49,801,432.27	0.69	7,696,553.29	0.13
Chongqing Automobile Air-conditioner Co., Ltd.	Controlled by the same parent company	205,041.51	0.00	1,407,497.49	0.02
Chongqing Qingshan Transmission Sales Co., Ltd. (former name: Chongqing Qingshan Sales Corporation)	Controlled by the same ultimate holding company	4,654,778.54	0.06	3,577,241.59	0.06

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Relationship with the Group	2012		2011	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Chongqing Shangfang Automobile Parts Co., Ltd.	Controlled by the same ultimate holding company	20,743,902.88	0.29	32,170,010.80	0.54
Chongqing Wanyou Economic Development Co., Ltd.	Controlled by the same ultimate holding company	17,004,418.71	0.24	10,320,503.54	0.17
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Associate	5,392,451.59	0.07	3,276,385.24	0.06
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Controlled by the same ultimate holding company	990,540.33	0.01	2,117,579.03	0.04
Chengdu Ningxing Automobile Spring Co., Ltd.	Controlled by the same parent company	1,838,710.24	0.03	1,299,640.07	0.02
Harbin Dongan Automobile Engine Manufacture Co., Ltd.	Controlled by the same parent company	136,313,412.28	1.89	4,797,604.40	0.08
Chengdu Huachuan Electric Equipment Co., Ltd	Controlled by the same parent company	25,308,680.22	0.35	13,242,761.80	0.22
Jiangxi Changhe Suzuki Automobile Co., Ltd	Controlled by the same parent company	-	-	5,434,910.00	0.09
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	Controlled by the same parent company	229,162.79	0.00	3,655,993.14	0.06
Chongqing Changan Construction Engineering Co., Ltd	Controlled by the same ultimate holding company	-	-	45,419,555.55	0.76
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Controlled by the same ultimate holding company	7,311,121.96	0.10	11,740,434.56	0.20
Dongan Auto Engine Co., Ltd	Controlled by the same parent company	17,484,703.93	0.24	-	-
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd	Controlled by the same ultimate holding company	230,810.22	0.00	-	-
Total		929,542,023.30	12.91	526,528,890.98	8.83

(3) As at 31 December 2012, there is no accounts payable aged over one year.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(4) As at 31 December 2012, there is no amount due to shareholders that hold 5% or more of the Parent Company's voting shares (As at 31 December 2011: nil).

27. Advances from customers

(1) Advances from customers

Item	2012	2011
Advances from customers	4,251,355,201.70	3,105,626,115.15

(2) As at 31 December 2012, the advances from customers of RMB 130,394,625.16 aged over one year is mainly earnest money charged to the dealer.

(3) As at 31 December 2012, there is no amount due to shareholders that hold 5% or more of the Parent Company's voting shares (As at 31 December 2011: nil).

(4) Advances from customers from related parties is as follows:

Related parties	Relationship with the Group	2012		2011	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Chengdu Wanyou Economic Technological Development Co., Ltd	Controlled by the same ultimate holding company	46,527,059.64	1.09	110,587,256.09	3.56
Southwest Ordnance Industry Corporation	Controlled by the same ultimate holding company	131,909,063.75	3.10	17,462,486.31	0.56
Chongqing Wanyou Economic Development Co., Ltd	Controlled by the same ultimate holding company	55,459,817.10	1.30	13,269,752.74	0.43

Related parties	Relationship with the Group	2012		2011	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Guangxi Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	5,567,939.76	0.13	1,809,544.42	0.06
Guizhou Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	24,183,609.06	0.57	17,754,797.97	0.57
Changan Ford Mazda	Joint Venture	1,791,202.38	0.04	1,475,695.70	0.05

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Engine Co., Ltd.					
Yunnan Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	7,881,469.40	0.19	12,255,509.17	0.40
China Changan Automobile Group Tianjin Sales Co., Ltd	Controlled by the same parent company	4,518,058.00	0.11	123,062.00	0.00
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	Controlled by the same parent company	459,214.05	0.01	6,227,986.50	0.20
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	345,450.10	0.01	290,876.84	0.01
China Changan automobile Industry (Group) Co., Ltd	Controlled by the same ultimate holding company	-	-	401,425.70	0.01
Nanning Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	1,153,450.87	0.03	413,470.98	0.01
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	35,500,225.54	0.84	2,194,207.07	0.07
Changan Mazda Automobile Co., Ltd.	Joint venture	76,663.28	0.00	-	-
Total		315,373,222.93	7.42	184,266,071.49	5.93

28. Payroll payable

2012

Item	Beginning	Addition	Deduction	Ending
I. Salary, bonus, allowance and subsidy	180,631,806.23	1,823,102,689.83	1,720,311,229.48	283,423,266.58
II. Employee benefit	269,198.56	94,725,741.79	94,709,815.77	285,124.58
III. Social insurance	68,167,488.60	338,741,936.07	344,748,516.12	62,160,908.55
IV. Housing accumulation fund	24,541,053.40	167,235,739.35	115,235,042.39	76,541,750.36
V. Labor fund and employee education fund	5,199,147.21	43,673,382.07	43,367,805.39	5,504,723.89
Total	278,808,694.00	2,467,479,489.11	2,318,372,409.15	427,915,773.96

2011

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Item	Beginning	Addition	Deduction	Ending
I. Salary, bonus, allowance and subsidy	142,469,531.02	1,523,112,782.88	1,484,950,507.67	180,631,806.23
II. Employee benefit	779,016.84	87,021,490.44	87,531,308.72	269,198.56
III. Social insurance	59,505,307.60	334,315,125.33	325,652,944.33	68,167,488.60
IV. Housing accumulation fund	(1,765,506.22)	75,008,175.94	48,701,616.32	24,541,053.40
V. Labor fund and employee education fund	4,789,852.28	38,447,809.09	38,038,514.16	5,199,147.21
Total	205,778,201.52	2,057,905,383.68	1,984,874,891.20	278,808,694.00

As at 31 December 2012, there is no balance which is in arrears (31 December 2011: nil).

As at 31 December 2012, there is no balance which is non-monetary benefits (31 December 2011: nil).

As at 31 December 2012, there is no balance which is the compensation for cancelling the labor relationship (31 December 2011: nil).

29. Taxes payable

Item	2012	2011
Value-added tax	(310,531,923.86)	(438,348,406.47)
Consumption tax	208,180,850.74	146,371,397.20
Business tax	1,924,079.63	227,581.31
Corporate income tax	135,838,776.64	90,016,244.47
Individual Income tax	525,886.83	1,800,604.83
City maintenance and construction tax	7,643,259.72	3,137,207.61
Education additional expenses	5,254,758.08	2,108,212.84
Others	1,046,639.15	5,067,460.88
Total	49,882,326.93	(189,619,697.33)

30. Interest payable

Item	2012	2011
Long-term loan interest	2,489,194.44	-
Short-term loan interest	1,368,897.23	1,485,285.83
Corporate bonds interest	73,458,000.00	-
Total	77,316,091.67	1,485,285.83

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

31. Dividend payable

Item	2012	2011
Dividend payable - Hebei Changan Minority interests	79,742.80	79,742.80
Total	79,742.80	79,742.80

32. Other payables

(1) Details of other payables

Item	2012	2011
Dealer earnest money	115,765,906.73	148,062,447.87
Warranty	10,693,731.97	73,503,617.89
Repair fees	125,702,517.71	114,333,956.68
Advertisement fees	185,351,368.09	54,805,209.31
Sales bonus	79,752.99	64,017,941.14
Warehousing and transport fees	319,543,794.23	239,357,064.79
Loans temporarily	2,575,021.77	45,867,754.69
Project funds	1,030,866,246.95	772,543,854.45
Others	127,671,080.05	165,255,288.50
Total	1,918,249,420.49	1,677,747,135.32

(2) As at 31 December 2012, there is no amount due to shareholders that hold 5% or more of the parent company's voting shares (As at 31 December 2011: nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(3) As at 31 December 2012, other payables to related parties are as follows:

Related parties	Relationship with the Group	2012		2011	
		Amount	Proportion of total other payables (%)	Amount	Proportion of total other payables (%)
Chengdu Wanyou Economic Technological Development Co., Ltd	Controlled by the same ultimate holding company	245,808.15	0.01	1,602,227.24	0.09
Chengdu Wanyou Filter Co., Ltd	Controlled by the same ultimate holding company	120,000.00	0.01	120,000.00	0.01
Guangxi Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	-	-	177,856.43	0.01
Guizhou Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	-	-	1,123,417.66	0.07
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	Controlled by the same ultimate holding company	3,164.00	0.00	-	-
Yunnan Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	1,270.40	0.00	2,634,599.27	0.16
Chongqing Changan Real Estate Development Co., Ltd	Controlled by the same ultimate holding company	189,027.00	0.01	-	-
Changan Industries Group Co. Ltd	Controlled by the same ultimate holding company	1,871,136.20	0.10	70,697,197.25	4.22
Chongqing Changan Construction Co., Ltd	Controlled by the same ultimate holding company	73,671,074.05	3.84	18,044,973.45	1.08
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	228,316,728.17	11.89	189,351,358.72	11.28
Chongqing Changan Property Management Ltd.	Controlled by the same ultimate holding company	1,829,133.79	0.10	-	-
Chongqing HelpGo Information Technology Co., Ltd	Associate	17,171,978.77	0.90	10,388,323.08	0.62
Chongqing Shangfang Automobile Fittings Co., Ltd	Controlled by the same ultimate holding company	51,618.40	0.00	51,854.20	0.00
Chongqing Wanyou Economic Development Co., Ltd	Controlled by the same ultimate holding company	-	-	3,275,538.05	0.20
Chongqing Wanyou Auto Sales and Service Co., Ltd. (former name: Chongqing Wanyou Auto Sales and Service	Controlled by the same ultimate holding company	4,982.00	0.00	-	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Relationship with the Group	2012		2011	
		Amount	Proportion of total other payables (%)	Amount	Proportion of total other payables (%)
Corporation					
Chongqing Changan Kuayue Automobile Co., Ltd	Associate	-	-	11,316,912.58	0.67
CSIA-Chongqing Tsingshan Transmission Branch	Branch of parent	831,379.12	0.04	494,269.85	0.03
China Changan Automobile Group Tianjin Sales Co., Ltd	Controlled by the same parent company	-	-	10,610.00	0.00
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	Controlled by the same parent company	-	-	47,862.37	0.00
Hafei Motor Co., Ltd.	Controlled by the same parent company	2,404,233.00	0.13	27,161,478.07	1.62
Nanning Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	-	-	120,991.96	0.01
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	-	-	1,105,344.87	0.07
Jiangxi Changhe Automobile Co., Ltd.	Controlled by the same ultimate holding company	-	-	1,006,000.00	0.06
Total		326,711,533.05	17.03	338,730,815.05	20.20

As at 31 December 2012, RMB 118,793,920.65 of other payables aged over one year was mainly were mainly security deposits from dealers and suppliers.

33. Contingent liabilities

2012

Item	Beginning	Addition	Deduction	Ending
Warranty	589,154,705.34	545,460,949.52	458,353,986.46	676,261,668.40
Total	589,154,705.34	545,460,949.52	458,353,986.46	676,261,668.40

2011

Item	Beginning	Addition	Deduction	Ending
Warranty	619,547,105.86	501,519,942.61	531,912,343.13	589,154,705.34
Total	619,547,105.86	501,519,942.61	531,912,343.13	589,154,705.34

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Note: Warranty is the estimated repair expenses for the sold vehicles within warranty period.

34. Long-term loans within one year

(1) Long-term loans within one year are as follows:

Item	2012	2011
Mortgage loans	18,000,000.00	-
Total	18,000,000.00	-

(2) As at 31 December 2012, the Company's subsidiary Nanjing Changan Automobile Co., Ltd obtained a long-term mortgage loan of RMB 110,000,000.00 from China South Industry Group Finance Co., Ltd, including RMB 18,000,000.00 to be repaid within one year. Refer to Note V 36 for more information.

(3) As at 31 December 2012, there was no overdue long-term loan within one year which had been extended (31 December 2011: nil).

(4) As at 31 December 2012, there was no long-term loan within one year which was due but to be repaid (31 December 2011: nil).

35. Other current liabilities

Item	2012	2011
Accrued utilities	21,912,043.20	3,788,959.08
Accrued transportation fee	270,098,933.35	150,784,676.52
Accrued labor service fee	18,482,138.54	14,790,627.39
Accrued technology royalty	118,916,218.60	6,997,312.70
Accrued commercial discount payable	963,786,289.74	1,052,642,976.78
Accrued market development expense	85,300,072.39	25,489,939.71
Accrued rental	3,321,000.00	5,010,000.00
Retirement benefits (Note V 39)	6,088,000.00	4,289,000.00
Others	30,612,242.85	30,642,017.78
Total	1,518,516,938.67	1,294,435,509.96

36. Long-term loans

(1) The classification of long-term loans is as follows:

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Item	2012	2011
Credit loans	900,000,000.00	-
Mortgage loans	92,000,000.00	-
Total	992,000,000.00	-

Long-term loans are the loans borrowed by the Group from the bank or other financial institution longer than one year (not including one year).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

As at 31 December 2012, details of long-term credit loans are as follows:

Lender	Starting date	Expiring date	Currency	Interest rate (%)	2012		2011	
					Original currency	Equivalent to RMB	Original currency	Equivalent to RMB
China South Industry Group Finance Co., Ltd	5 November 2012	5 November 2015	RMB	5.535	-	300,000,000.00	-	-
China South Industry Group Finance Co., Ltd	7 November 2012	7 November 2015	RMB	5.535	-	200,000,000.00	-	-
Chongqing Guanyinqiao branch of China Construction Bank	3 December 2012	2 December 2014	RMB	5.530	-	400,000,000.00	-	-
Total				--		900,000,000.00		-

(3) As at 31 December 2012, details of long-term mortgage loans are as follows:

Lender	Starting date	Expiring date	Currency	Interest rate (%)	2012		2011	
					Original currency	Equivalent to RMB	Original currency	Equivalent to RMB
China South Industry Group Finance Co., Ltd	31 August 2012	30 September 2013	RMB	6.150	-	9,000,000.00	-	-
China South Industry Group Finance Co., Ltd	31 August 2012	31 December 2013	RMB	6.150	-	9,000,000.00	-	-
China South Industry Group Finance Co., Ltd	31 August 2012	31 March 2014	RMB	6.150	-	9,000,000.00	-	-
China South Industry Group Finance Co., Ltd	31 August 2012	30 June 2014	RMB	6.150	-	9,000,000.00	-	-
China South Industry Group Finance Co., Ltd	31 August 2012	30 September 2014	RMB	6.150	-	18,000,000.00	-	-
China South Industry Group Finance Co., Ltd	31 August 2012	31 December 2014	RMB	6.150	-	18,000,000.00	-	-
China South Industry Group Finance Co., Ltd	31 August 2012	31 March 2015	RMB	6.150	-	18,000,000.00	-	-
China South Industry Group Finance Co., Ltd	31 August 2012	30 June 2015	RMB	6.150	-	18,000,000.00	-	-
China South Industry Group Finance Co., Ltd	31 August 2012	31 August 2015	RMB	6.150	-	2,000,000.00	-	-
Total				--		110,000,000.00		-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

As at 31 December 2012, the Company's subsidiary Nanjing Changan Automobile Co., Ltd obtained a long-term loan of RMB 110,000,000.00 from China South Industry Group Finance Co., Ltd by mortgaging the buildings with book value of RMB 73,255,982.98 and lands use rights with book value of RMB 73,654,596.10. In accordance with the repayment terms the long-term loan due within one year was RMB 18,000,000.00. Refer to Note V 34.

As at 31 December 2012, there is no long-term loan which is due but to be repaid (31 December 2011: nil).

As at 31 December 2012, there is no long-term loan formed by extension of overdue loans (31 December 2011: nil).

37. Bonds payables

Details of bonds payables are as follows:

Item	Beginning	Addition	Deduction	Ending
Corporate bonds	-	1,963,348,839.97	-	1,963,348,839.97

With approval of circular Zheng Jian Xu Ke [2012] No. 388 issued by China Securities Regulatory Commission, the Company issued bonds with the face value of RMB 1,980,000,000.00 to the public. The face interest rate is fixed at 5.30% and the interests shall be repaid annually on 23 April each year. The final redemption date is 23 April 2017. After the deduction of issuance costs amounted to RMB 19,589,600.00, the Company raised RMB 1,960,410,400.00 totally. The bond is guaranteed by China Changan unconditionally and irrevocably.

Bonds payable is measured at amortized cost using the effective interest.

Movement of interest of bonds payable is as follows:

Item	Beginning	Addition	Deduction	Ending
Interest payables(Refer to Note V 30)	-	73,458,000.00	-	73,458,000.00

38. Special payables

2012

Item	Beginning	Addition	Deduction	Ending
Project 863	27,682,405.12	23,229,200.00	28,538,851.62	22,372,753.50
Test on key technology of hybrid electric vehicles	828,912.36	-	542,439.28	286,473.08
Development of Hydrogen internal-combustion engine	32,236.14	-	30,444.30	1,791.84
New Vehicle product	2,595,134.82	3,780,000.00	563,775.41	5,811,359.41
Automobile product chain sharing platform	4,460,605.54	-	100,000.00	4,360,605.54
Lightweight design of automotive structures	1,484,851.36	165,000.00	1,265,897.31	383,954.05

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Gasoline Engine Development	3,920,000.00	-	1,843,384.90	2,076,615.10
Development and industrialization of the embedded software platform for automotive electronic controllers	6,416,087.01	-	599,082.14	5,817,004.87
Changan automobile E class Gasoline engine cylinder block, cylinder head production line project	23,230,000.00	-	570,000.00	22,660,000.00

Item	Beginning	Addition	Deduction	Ending
Land relocation compensation	29,550,709.40	20,800,000.00	-	50,350,709.40
Project 973	-	750,000.00	436,509.50	313,490.50
Automotive order to delivery system project	-	1,000,000.00	8,953.00	991,047.00
Industrialization of patented technologies	-	600,000.00	7,000.00	593,000.00
Vehicle network intelligent information terminal middleware key technologies research and application	-	2,400,000.00	-	2,400,000.00
Others	13,273,544.77	7,768,480.00	8,407,305.10	12,634,719.67
Total	113,474,486.52	60,492,680.00	42,913,642.56	131,053,523.96

2011

Item	Beginning	Addition	Deduction	Ending
Project 863	8,678,141.37	30,211,800.00	11,207,536.25	27,682,405.12
Test on key technology of hybrid electric vehicles	5,454,361.98	1,000,000.00	5,625,449.62	828,912.36
Development of Hydrogen internal-combustion engine	267,809.74	-	235,573.60	32,236.14
Development of technology on trans-region platform	687,500.10	-	687,500.00	0.10
New Vehicle product	4,452,360.19	800,000.00	2,657,225.37	2,595,134.82
Automobile product chain sharing platform	1,187,354.10	3,500,000.00	226,748.56	4,460,605.54
Yuzui land subsidy	278,500,000.00	-	278,500,000.00	-
The revitalization and transformation of key industrial technology project	191,590,000.00	-	191,590,000.00	-
Lightweight design of automotive structures	(94,602.64)	1,616,885.00	37,431.00	1,484,851.36
Gasoline Engine Development	720,000.00	3,200,000.00	-	3,920,000.00
Development and industrialization of the embedded software platform for automotive electronic controllers	6,700,028.56	700,000.00	983,941.55	6,416,087.01

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Changan automobile E class Gasoline engine cylinder block, cylinder head production line project	-	23,230,000.00	-	23,230,000.00
Land relocation compensation	-	110,000,000.00	80,449,290.60	29,550,709.40
Others	5,458,137.99	13,745,714.52	5,930,307.84	13,273,544.67
Total	503,601,091.39	188,004,399.52	578,131,004.39	113,474,486.52

39. Other non-current liabilities

Item	2012	2011
Retirement benefits	35,457,000.00	20,372,000.00
Deferred income	2,368,737,366.91	1,359,736,565.16
Total	2,404,194,366.91	1,380,108,565.16

As at 31 December 2012, the balance of retirement benefits is RMB 41,545,000.00 (31 December 2011: RMB 24,661,000.00), including RMB 6,088,000.00 to be paid within one year, which is recorded in other current liabilities (31 December 2011: RMB 4,289,000.00). Refer to Note V 35.

As at 31 December 2012, details of deferred income related to assets are as follows:

Item	31 December, 2012	31 December, 2011
Government grants relating to assets:		
Subsidies for the automobile comprehensive testing ground project	575,820,000.00	375,820,000.00
Funds for Yuzui motor city project	267,132,653.06	272,816,326.53
Funds for Beijing Changan project	1,158,927,304.24	324,384,200.00
Funds for technology innovation	16,150,000.00	16,150,000.00
Funds for expansion of production capacity of auto mold	17,420,000.00	17,420,000.00
Funds for H series engine	64,000,000.00	64,000,000.00
Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line	172,483,194.45	188,449,027.78
Expansion of production capacity project	68,624,215.16	75,197,010.85
Funds for the project of Ministry of Industry and Information Technology	23,180,000.00	25,500,000.00
Subsidies for the construction of Hebei new plant	5,000,000.00	-
Total	2,368,737,366.91	1,359,736,565.16

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

40. Share capital

As at 31 December 2012 the registered and paid-in share capital of the Company was RMB4,662,886,108.00 (31 December 2011: RMB4,834,482,546.00); the face value of each share is RMB1.00, and the category and structure of the shares are as follows:

		31 December, 2011	Current movement				Subtotal	31 December, 2012
			Issuance of shares	Stock dividend	Transfer of reserve to common shares	Others		
I.	Restricted shares							
1	State-owned shares	-	-	-	-	-	-	-
2	Shares held by state-owned legal persons	373,358,342	-	-	-	-	-	373,358,342
3	Other domestic shares	-	-					
	Including:							
	Shares held by non-state-owned legal persons	-	-					
	Shares held by legal persons	-	-					
	Shares held by domestic natural person	17,246	-	-	-	-	-	17,246
4	Foreign Shares							
	Including:							
	Shares held by foreign legal persons	-	-	-	-	-	-	-
	Shares held by foreign natural persons	-	-	-	-	-	-	-
	Total of restricted shares	373,375,588	-	-	-	-	-	373,375,588
II.	Unrestricted shares							
1	RMB ordinary shares	3,387,524,378	-	-	-	-	-	3,387,524,378
2	Foreign-funded shares listed domestically	1,073,582,580		-	-	(171,596,438)	(171,596,438)	901,986,142

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

3	Foreign-funded shares listed overseas	-	-	-	-	-	-	-
4	Others	-	-	-	-	-	-	-
Total of unrestricted shares		4,461,106,958	-	-	-	(171,596,438)	(171,596,438)	4,289,510,520
III.	Total shares	4,834,482,546	-	-	-	(171,596,438)	(171,596,438)	4,662,886,108

2011

		Current movement						
		31 December, 2010	Issuance of shares	Stock dividend	Transfer of reserve to common shares	Others	Subtotal	31 December, 2011
I.	Restricted shares							
1	State-owned shares	-	-	-	-	-	-	-
2	Shares held by state-owned legal persons	207,421,301	-	82,968,520	82,968,521	-	165,937,041	373,358,342
3	Other domestic shares	-	-					
	Including:							
	Shares held by non-state-owned legal persons	-	-					
	Shares held by legal persons	-	-					
	Shares held by domestic natural person	9,581	-	3,833	3,832	-	7,665	17,246
4	Foreign Shares							
	Including:							
	Shares held by foreign legal persons	-	-	-	-	-	-	-
	Shares held by foreign natural persons	-	-	-	-	-	-	-
Total of restricted shares		207,430,882	-	82,972,353	82,972,353	-	165,944,706	373,375,588
II.	Unrestricted shares							
1	RMBordinary shares	1,521,791,966	360,166,022	752,783,195	752,783,195	-	1,865,732,412	3,387,524,378

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2	Foreign-funded shares listed domestically	596,434,767		238,573,906	238,573,907	-	477,147,813	1,073,582,580
3	Foreign-funded shares listed overseas	-	-	-	-	-	-	-
4	Others	-	-	-	-	-	-	-
Total of unrestricted shares		2,118,226,733	360,166,022	991,357,101	991,357,102	-	2,342,880,225	4,461,106,958
III.	Total shares	2,325,657,615	360,166,022	1,074,329,454	1,074,329,455	-	2,508,824,931	4,834,482,546

Refer to Note I for the explanation for the movement of share capital.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

41. Capital reserves

2012

Item	31 December, 2011	Addition	Deduction	31 December, 2012
Share premium	3,144,341,824.65	-	325,330,460.50	2,819,011,364.15
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Impairment of equity investment	17,015,985.20	-	-	17,015,985.20
Others	200,388,897.08	8,022,215.00	-	208,411,112.08
Total	3,406,243,605.93	8,022,215.00	325,330,460.50	3,088,935,360.43

2011

Item	31 December, 2010	Addition	Deduction	31 December, 2011
Share premium	1,334,755,778.02	3,086,625,501.63	1,277,039,455.00	3,144,341,824.65
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Impairment of equity investment	17,015,985.20	-	-	17,015,985.20
Others	239,999,226.38	-	39,610,329.30	200,388,897.08
Total	1,636,267,888.60	3,086,625,501.63	1,316,649,784.30	3,406,243,605.93

The deduction of share premium was due to the repurchase of B share.

The addition of other capital reserves is due to the fair value fluctuation of available-for-sale financial assets amounted to RMB 8,022,215.00. (2011: deduction of RMB 39,610,329.30)

42. Surplus reserves

Item	31 December, 2011	Addition	Deduction	31 December, 2012
Statutory surplus	1,279,333,001.49	162,150,899.77	-	1,441,483,901.26

The Company appropriated statutory surplus reserves amounted to 10% of profit after tax.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

43. Retained earnings

Item	2012	2011
Retained earnings at beginning of year before adjustments	5,238,240,172.61	5,594,695,154.55
Total adjustments for beginning retained earnings	-	77,121,301.03
Retained earnings at beginning of year after adjustments	5,238,240,172.61	5,671,816,455.58
Add: Net profit belong to parent company	1,446,409,591.28	967,940,639.48
Less: Appropriation to statutory surplus reserves	162,150,899.77	112,321,577.49
Ordinary share dividend of cash	186,708,334.26	214,865,890.96
Ordinary share dividend of share	-	1,074,329,454.00
Retained earnings at the end of year	6,335,790,529.86	5,238,240,172.61

The retained earnings at the beginning of 2011 increased by RMB 77,121,301.03 due to the change of consolidation scope caused by the business combination involving entities under common control.

According to the resolution of the tenth meeting of the sixth session of the Board of Directors, the profit distribution plan of 2012 is as follow: on the base of the existing share capital of 4,662,886,108 shares (the total share of 4,834,482,546 shares at 31 December 2011 minus the repurchased B shares of 171,596,438 shares in March 2012), the Group will issue cash dividends of RMB0.50 to every 10 shares, RMB 233,144,305.40 in total (tax included). This profit distribution plan should be approved in the meeting of the shareholder.

44. Operating revenue and cost

(1) Operating revenue

Item	2012	2011
Operating revenue	28,868,867,429.95	25,712,642,847.00
Other operating revenue	593,721,323.61	839,203,701.17
Total revenue	29,462,588,753.56	26,551,846,548.17
Operating cost	24,040,087,067.12	22,626,040,612.10

(2) Operating revenue listed as follows:

Product	2012		2011	
	Revenue	Cost of sales	Revenue	Cost of sales
Sale of goods	28,639,375,397.24	23,096,254,538.16	25,272,307,006.79	21,367,624,234.87
Outsourcing processing	229,492,032.71	212,697,469.77	440,335,840.21	431,428,173.93
Total	28,868,867,429.95	23,308,952,007.93	25,712,642,847.00	21,799,052,408.80

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(3) Top five customers of operating revenue are as follows:

2012

Customer	Amount	Proportion of total operating revenue (%)
First	769,323,702.75	2.61
Second	661,441,223.09	2.25
Third	660,073,017.95	2.24
Fourth	413,749,116.62	1.40
Fifth	388,542,078.83	1.32
Total	2,893,129,139.24	9.82

2011

Customer	Amount	Proportion of total operating revenue (%)
First	1,138,448,344.96	4.29
Second	864,620,352.19	3.25
Third	644,614,565.68	2.43
Fourth	578,949,583.36	2.18
Fifth	515,491,169.66	1.94
Total	3,742,124,015.85	14.09

The Group's operating activities are principally related to the sales of motor vehicles and accessories. The 99% of sales were domestic (2011: 98%). So segment reporting information was not needed.

45. Business tax and surcharges

Item	2012	2011	The standard for calculation and payment
Business tax	2,192,642.09	12,332,706.54	Refer to Note III
Consumption tax	652,197,517.05	439,771,161.26	Refer to Note III
City maintenance and construction tax	72,104,817.20	56,366,147.22	Refer to Note III
Education additional expenses	33,012,468.57	29,145,724.18	Refer to Note III
Others	125,765.15	117,902.51	Refer to Note III
Total	759,633,210.06	537,733,641.71	

46. Operating expenses

Item	2012	2011
Payroll and welfare	190,920,529.65	191,287,166.72
Promotion fee	623,119,494.40	416,904,026.52

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Transportation expenses	1,255,777,527.47	1,109,251,650.58
Travelling expenses	70,918,254.22	62,355,707.68
Package expenses	15,239,943.59	15,094,368.74
Administrative expenses	8,282,021.85	9,191,136.85
Selling service fee	491,545,078.52	461,889,234.96
Sales discount	(90,094,149.86)	(183,369,980.29)
Others	64,126,359.55	59,722,527.91
Total	2,629,835,059.39	2,142,325,839.67

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

47. General and administrative expenses

Item	2012	2011
Payroll and welfare	736,355,108.76	549,930,516.69
Technology research expenses	1,163,628,140.49	1,189,081,455.54
Administrative expenses	209,845,435.47	136,595,409.43
Depreciation and amortization	310,430,612.53	203,150,500.05
Miscellaneous service charges	24,029,449.84	53,636,006.75
Tax fee	114,677,635.08	76,561,918.36
Traffic expenses	29,545,189.36	22,796,678.26
Travelling expenses	24,354,902.50	28,198,252.73
Entertainment expenses	30,938,753.14	34,699,877.54
Others	46,442,003.11	37,998,698.02
Total	2,690,247,230.28	2,332,649,313.37

48. Financial expenses/ (income)

Item	2012	2011
Interest expense	142,198,712.84	10,328,427.26
Less: interest income	117,277,942.68	201,666,132.61
capitalized interest	2,074,266.72	-
Exchange gain or loss	(1,904,382.55)	(830,490.34)
Others	7,995,751.13	8,134,257.89
Total	28,937,872.02	(184,033,937.80)

The capitalized interest cost had been recorded in construction in process.

49. Impairment loss on assets

Item	2012	2011
1. Bad debt loss	4,459,254.37	3,603,923.96
2. Impairment provision of obsolete inventory	91,940,373.84	39,808,929.16
3. Impairment provision of fixed assets	153,192,851.11	4,722,548.96
4. Impairment provision of intangible assets	9,126,515.83	-
Total	258,718,995.15	48,135,402.08

50. Profit and loss from fair value changes

Sources of fair value changes	2012	2011
Financial assets held for trading	(1,193,392.63)	1,525,799.63
Total	(1,193,392.63)	1,525,799.63

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

51. Investment income

(1) Details of investment income

Item	2012	2011
Long-term equity investment income under cost method	6,000,000.00	6,000,000.00
Long-term equity investment income under equity method	1,860,722,181.38	1,675,543,753.93
stock dividend income from available-for-sale financial assets	1,819,000.00	-
Available-for-sale financial assets investment income through disposal	-	20,686,577.52
Total	1,868,541,181.38	1,702,230,331.45

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

Investee	2012	2011	Reason for the fluctuation
China South Industry Group Finance Co., Ltd	6,000,000.00	6,000,000.00	-
Total	6,000,000.00	6,000,000.00	-

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

Investee	2012	2011	Reason for the fluctuation
Changan Ford Automobile Co., Ltd. (former name: Changan Ford Mazda Automobile Co., Ltd)	1,563,978,672.73	1,303,926,474.80	Increase in profit due to sales expansion
Changan Mazda Automobile Co., Ltd	17,470,973.80	-	New joint venture split from Changan Ford Mazda Automobile Co., Ltd. (Refer to Note V 11)
Chongqing Changan Suzuki Automobile Co., Ltd	49,340,446.81	94,497,016.69	Decrease in profit due to sales deduction
Changan Ford Mazda Engine Co., Ltd	14,819,417.33	(10,372,873.56)	Increase in profit due to sales expansion
Jiangling Holding Co., Ltd	213,752,535.42	286,314,950.76	Decrease in profit due to sales deduction
Chongqing HelpGo Information Technology Co., Ltd	(1,460,080.64)	331,689.32	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	750,367.82	846,495.92	-
Chongqing Changan Kuayue Automobile sales Co.,Ltd	(1.00)	-	-
Chongqing Changan Kuayue	2,069,849.11	-	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Automobile Co.,Ltd			
Total	1,860,722,181.38	1,675,543,753.93	

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

52. Non-operating income

Item	2012	2011	Amount recognized as non-recurring profit and loss
Gain on the disposal of fixed assets	1,456,604.43	37,627,210.23	1,456,604.43
Government grants	402,264,192.28	185,511,424.09	402,264,192.28
Others	16,881,854.16	17,977,467.62	16,881,854.16
Total	420,602,650.87	241,116,101.94	420,602,650.87

Government grants recognized as current income

Item	2012	2011	Type and time
Tax return for new products	4,843,000.00	68,978,000.00	Cash grants and recognized as income when receipt
Government grants for technology research expenses	109,863,900.41	44,887,500.00	Cash grants and recognized as income when receipt
Technology innovation and industrialization funds	228,210,000.00	32,260,000.00	Cash grants and recognized as income when receipt
Amortization of deferred income	55,999,198.25	18,217,462.36	
Others	3,348,093.62	21,168,461.73	Cash grants and recognized as income when receipt
Total	402,264,192.28	185,511,424.09	

53. Non-operating expenses

Item	2012	2011	Amount recognized as non-recurring profit and loss
Loss on the disposal of fixed assets	4,115,881.11	26,004,571.23	4,115,881.11
Donation	6,993,629.00	4,361,321.77	6,993,629.00
Vehicle premium	591,800.00	7,594,460.00	591,800.00
Others	3,944,595.32	7,275,984.93	3,944,595.32
Total	15,645,905.43	45,236,337.93	15,645,905.43

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

54. Income tax expense

The relationship between income tax expense and total profit is as follows:

Item	2012	2011
Current income tax expense	191,768,486.79	166,950,339.69
Deferred income tax expense	(279,342,288.27)	(143,968,080.89)
Total	(87,573,801.48)	22,982,258.80

Item	2012	2011
Total profit	1,327,433,853.73	948,631,572.13
Tax at the applicable tax rate (Note)	265,486,770.75	189,726,314.43
Impact of non-uniform tax rates of subsidiaries	97,315,485.16	75,923,437.56
Adjustments to current income tax of previous period	7,418,071.08	15,102,452.15
Profit or loss attributable to joint ventures and associates	(372,144,436.28)	(335,108,750.79)
Income not subject to tax	(1,200,000.00)	(1,200,000.00)
Non-deductible tax expense	20,369,455.81	40,679,375.00
Deductible loss of previous period	(93,217,925.56)	(63,251.65)
Unrecognized tax loss	75,198,324.59	42,808,348.49
Additional deduction arising from research and development expense	(86,799,547.03)	(74,369,278.08)
Change of tax rate for defer tax assets	-	69,483,611.69
Tax expense under actual tax rate of the Group	(87,573,801.48)	22,982,258.80

Note: The Group accrues the income tax according to the estimated taxable income acquired within PRC and offshore and suitable tax rate. The applicable tax rate for the Company is 15% (Note V 2), the applicable tax rate for the Company's Branch Changan Automobile (Beijing) Company is 25%. As the Company and the branch are located in areas with different tax rates, according to the Circular of the State Administration of Taxation on Issues concerning the Collection and Administration of Consolidated Payments of Enterprise Income Tax by Trans-regional Enterprises (Guo Shui Han [2009] No. 221), the consolidated income tax should be filed by the Company, and the actual applicable tax rate for is 20%.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

55. Earnings per share

The basic EPS is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares. In accordance with the terms of issuance contract, the number of ordinary shares in issue shall calculated from the date consideration is receivable (which is generally the date of their issue) .

The Company has no dilutive potential ordinary shares.

	2012	2011
Earnings		
Net profit belong to ordinary shareholders	1,446,409,591.28	967,940,639.48
Shares		
Weighted average ordinary shares	4,705,785,218	4,804,468,711

As at the balance sheet date and to the approval date of reporting, there is no event that may causes changes in ordinary shares or potential ordinary shares.

56. Other comprehensive income

Item	2012	2011
1. Profits (loss) generated from available for sale financial assets	8,684,620.00	(48,340,772.40)
Less: Available for sale financial assets arising from income tax effect	662,405.00	(8,730,443.10)
2. Foreign currency reserve	2,907,312.72	(19,067,864.01)
Total	10,929,527.72	(58,678,193.31)

57. Notes to cash flow statement

(1) The major cash received relating to other operating activities:

Item	2012	2011
Interest income	117,277,942.68	201,666,132.61
Government grants related to operating activities	550,119,094.02	505,915,563.40
Total	667,397,036.70	707,581,696.01

(2) The major cash paid relating to other operating activities:

Item	2012	2011
Selling expense	2,432,625,135.40	1,925,109,305.46
Administrative expense	1,037,044,710.01	1,496,499,028.81
Total	3,469,669,845.41	3,421,608,334.27

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(3) The major cash received relating to other investing activities:

Item	2012	2011
Government grants related to assets	205,000,000.00	739,034,200.00
Temporary borrowed fund for land	-	460,558,000.00
Total	205,000,000.00	1,199,592,200.00

(4) The major cash paid relating to other investing activities:

Item	2012	2011
Return Temporary borrowed fund for land	-	672,185,200.00
Prepayment of equity investment	703,015,710.00	
Total	703,015,710.00	672,185,200.00

Item	2012	2011
Return Temporary borrowed fund for land	-	672,185,200.00
Prepayment of equity investment	703,015,710.00	
Total	703,015,710.00	672,185,200.00

(5) The major cash received relating to other financing activities:

Item	2012	2011
Withdraw for deposit of bill	119,759,876.44	56,326,416.78
Total	119,759,876.44	56,326,416.78

(6) The major cash paid relating to other financing activities:

Item	2012	2011
Payment for deposit of bill	101,539,685.76	407,212,474.12
Repurchased B share	496,926,898.50	-
Total	598,466,584.26	407,212,474.12

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

58. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Supplementary information	2012	2011
1. Cash flows from operating activities calculated by adjusting the net profit		
Net profit	1,415,007,655.21	925,649,313.33
Add: impairment provision for assets	258,718,995.15	48,135,402.08
Depreciation of fixed assets	898,841,770.23	661,477,268.30
Depreciation and amortization of investment real-estate	2,372,133.45	2,644,166.30
Amortization of intangible assets	262,828,984.04	169,335,127.50
Amortization of long-term deferred expense	1,420,994.64	1,182,804.75
Amortization of deferred income	(55,999,198.25)	(18,217,462.36)
Disposal loss(gain) on fixed assets, intangible assets and others long-term assets	2,659,276.68	(11,625,368.33)
Loss (gain) on retirement of fixed assets	-	2,729.33
Loss(gain) from fair value changes	1,193,392.63	(1,525,799.63)
Financial expense(income)	142,198,712.84	10,328,427.26
Investment loss(gain)	(1,868,541,181.38)	(1,702,230,331.45)
Decrease(increase) in deferred tax assets	(279,342,288.27)	(143,968,080.89)
Decrease(increase) in inventory	(859,352,007.03)	(1,539,994,903.99)
Decrease(increase) in operating receivables	(4,134,084,440.27)	3,052,482,679.02
Increase(decrease) in operating payables	4,723,962,873.71	(1,246,458,398.60)
Net cash flows from operating activities	511,885,673.38	207,217,572.62
2. Movement of cash and cash equivalents		
Ending balance of cash	3,585,495,012.22	4,238,710,712.49
Less: beginning balance of cash	4,238,710,712.49	4,214,177,091.82
Add: ending balance of cash equivalents	-	-
Less: beginning balance of cash equivalents	-	-
Increase in cash and cash equivalents	(653,215,700.27)	24,533,620.67

(2) The major non-cash investing and financing activities:

Item	2012	2011
Government grants related to assets	860,000,000.00	-

(3) Cash and cash equivalents

Item	2012	2011
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Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

I. Cash		
Including: Cash on hand	32,745.00	70,542.82
Bank deposits that can be readily used	3,585,462,267.22	4,238,640,169.67
Other monetary assets that can be readily used	-	-
II. Cash equivalents	-	-
III. Ending balance of cash and cash equivalents	3,585,495,012.22	4,238,710,712.49

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

VI. Related party relationships and transactions

1. Criteria for the identification of related parties

If a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control, or joint control influence from the same party.

The following are related parties of the Company:

- (1) parents of the Company;
- (2) subsidiaries of the Company;
- (3) other enterprises that are controlled by the same parent as the Group;
- (4) joint ventures in which the Group is a investor;
- (5) associates of the Group;
- (6) key management personnel of the Company or its parent, and close family members of such individuals;
- (7) other enterprises that are controlled, jointly controlled, or significantly influenced by the Company's key management personnel, or close family members of such individuals.

Enterprises are not regarded as related parties simply because they are under the common control from the State, if no other related party relationships exist between them.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2. Parent company

Parent	Place of registration	Registered capital	Organization code	Nature of the business	Proportion of shares in the Company	Proportion of voting rights in the company	Corporate type	Legal representative
China Changan Automobile Group Co., Ltd	Beijing	4,582,373,700.00	71093394-8	Manufacture and sale of automobiles, engine, and components	44.93%	44.93	Company limited by shares	Xu Liuping

The registered capital and paid-up capital was unchanged in 2012.

Refer to Note IV “Scope of consolidation for consolidated financial statements” for details of the Group’s subsidiaries.

3. Other related parties

Related parties	Relationship	Organization code
China South Industries Group Corporation	Ultimate holding company	71092492-9
Changan Ford Mazda Engine Co., Ltd	Joint venture	71785962-1
Changan Ford Automobile Co., Ltd	Joint venture	70937510-9
Changan Mazda Automobile Co., Ltd	Joint Venture	71788527-2
Chongqing Changan Suzuki Automobile Co., Ltd	Joint venture	62190016-7
Jiangling Holding Co., Ltd	Joint venture	76703230-7

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Relationship	Organization code
Chongqing HelpGo Information Technology Co., Ltd	Associate	70932938-0
Chongqing Changan Kuayue Automobile Co., Ltd	Associate	20287102-3
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Associate	79589352-6
China Changan Automobile Co., Ltd - Jian'an Automobile Bridge Branch (hereafter referred to as "CSIA - Jian'an Automobile Bridge Branch")	Branch of parent	79184573-8
China Changan Automobile Co., Ltd - Chongqing Tsingshan Transmission Branch (hereafter referred to as "CSIA-Chongqing Tsingshan Transmission Branch")	Branch of parent	79350521-9
South Tianhe Chassis System Co., Ltd	Controlled by the same parent company	77487491-6
South Inter Air-conditioner Co., .Ltd	Controlled by the same parent company	62192592-X
Chongqing Changfeng Jiquan Machinery Co., Ltd	Controlled by the same parent company	74745528-1
Chongqing Automobile Air-conditioner Co., Ltd	Controlled by the same parent company	20304827-4
Hafei Motor Co., Ltd.	Controlled by the same parent company	60716197-8
Dongan Auto Engine Co., Ltd.	Controlled by the same parent company	71201745-X
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Controlled by the same parent company	71201711-8
Jiangxi Changhe Automobile Co., Ltd.	Controlled by the same parent company	67799358-5
Jiangxi Changhe Suzuki Automobile Co., Ltd.	Controlled by the same parent company	61271096-X
Hefei Changhe Automobile Co., Ltd	Controlled by the same parent company	66143118-2
Chongqing Anfu Automobile Co., Ltd	Controlled by the same parent company	73657088-2
Chengdu Ningxing Automobile Spring Co., Ltd.	Controlled by the same parent company	72343715-0
China Changan Automobile Group Tianjin Sales Co., Ltd	Controlled by the same parent company	56610492-5
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	Controlled by the same parent company	55204911-X
Chengdu Huachuan Electric Equipment Co., Ltd	Controlled by the same parent company	73021809-5

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Relationship	Organization code
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	Controlled by the same parent company	20224398-3
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	Controlled by the same ultimate holding company	78914008-5
Chongqing Changan Construction Co., Ltd	Controlled by the same ultimate holding company	20281750-9
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	70942619-9
Sichuan Hongguang Machinery and Electrics Co., Ltd	Controlled by the same ultimate holding company	62170388-4
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	Controlled by the same ultimate holding company	10110292-X
Chongqing Changan Real Estate Development Co., Ltd	Controlled by the same ultimate holding company	20283366-8
China South Industry Group Finance Co., Ltd	Controlled by the same ultimate holding company	71093365-7
Changan Industries Group Co. Ltd	Controlled by the same ultimate holding company	20281485-4
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	Controlled by the same ultimate holding company	72807819-3
Chengdu Lingchuan Special Industry Co., Ltd	Controlled by the same ultimate holding company	66302209-1
Chengdu Wanyou Economic Technological Development Co., Ltd	Controlled by the same ultimate holding company	20196934-4
Chengdu Wanyou Filter Co., Ltd	Controlled by the same ultimate holding company	62170342-X
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	Controlled by the same ultimate holding company	71466819-2
Southwest Ordnance Industry Corporation	Controlled by the same ultimate holding company	20281049-0
Yunnan Xiyi Industries Co., Ltd	Controlled by the same ultimate holding company	21652160-6
Chongqing Changrong Machinery Co., Ltd	Controlled by the same ultimate holding company	70946451-5
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	Controlled by the same ultimate holding company	70943915-X
Chongqing Dajiang Yuqiang Plastic Co., Ltd	Controlled by the same ultimate holding company	62190601-6
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	Controlled by the same ultimate holding company	75925214-X
Chongqing Qingshan Transmission Sales Co., Ltd	Controlled by the same ultimate holding company	20314556-8
Chongqing Shangfang Automobile Fittings Co., Ltd	Controlled by the same ultimate holding company	75008974-5

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Relationship	Organization code
Chongqing Wanbing Material Co., Ltd	Controlled by the same ultimate holding company	75005068-0
Chongqing Wanyou Economic Development Co., Ltd	Controlled by the same ultimate holding company	20286206-3
Chongqing Wanyou Auto Sales and Service Co.,Ltd	Controlled by the same ultimate holding company	20280671-5
Chongqing Yihong Engineering Plastic Products Co., Ltd	Controlled by the same ultimate holding company	62190975-1
Guangxi Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	75978537-6
Guizhou Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	70960979-6
Yunnan Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	70970600-0
Nanning Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	55940430-5
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	55357636-8
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd	Controlled by the same ultimate holding company	68994618-8
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Controlled by the same ultimate holding company	76268659-8
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd	Controlled by the same ultimate holding company	78011710-2
Chongqing Changan Property Management Co., Ltd.	Controlled by the same ultimate holding company	20281081-0
Chongqing Qingshan Sales Corporation	Changed name to Chongqing Qingshan Transmission Sales Co., Ltd	20314556-8
Chongqing Wanyou Auto Sales and Service Corporation	Changed name to Chongqing Wanyou Auto Sales and Service Co., Ltd	20280671-5
Changan Ford Mazda Automobile Co., Ltd	Split into Changan Ford Automobile Co., Ltd and Changan Mazda Automobile Co., Ltd	70937510-9 71788527-2

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

4. Major transactions between the Group and its related parties

(1) Transactions of goods and services

Purchases of goods and services from related parties

Related parties	Nature of the transaction	2012		2011	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	Purchase of spare parts	134,641,793.90	0.56	260,504,157.66	1.07
Chongqing Changan Suzuki Automobile Co., Ltd	Purchase of spare parts	2,855,275.76	0.01	6,299,728.88	0.02
Jiangling Holding Co., Ltd	Purchase of spare parts	-	-	219,014.74	0.00
Chongqing Changan Min Sheng Logistics Co., Ltd.	Transportation fee	1,165,773,472.77	4.81	1,140,640,423.50	4.67
Sichuan Hongguang Machinery and Electrics Co., Ltd	Purchase of spare parts	95,994,898.73	0.40	93,176,611.33	0.38
Chongqing Changan Kuayue Automobile Co., Ltd	Purchase of spare parts	40,900,241.88	0.17	65,661,775.13	0.27
CSIA-Jian'an Automobile Bridge Branch	Purchase of spare parts	722,032,555.45	2.99	776,642,500.87	3.18
CSIA-Chongqing Tsingshan Transmission Branch	Purchase of spare parts	1,038,985,652.62	4.29	1,099,458,879.08	4.51
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	Purchase of spare parts and accept service	67,154,702.31	0.28	113,599,598.78	0.47
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd	Purchase of spare parts	110,344,748.23	0.46	93,046,397.76	0.38
South Tianhe Chassis System Co., Ltd	Purchase of spare parts	382,274,299.45	1.58	380,696,090.84	1.56

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Nature of the transaction	2012		2011	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
South Inter Air-conditioner Co., .Ltd	Purchase of spare parts	60,759,932.62	0.25	36,866,668.86	0.15
Chongqing Changfeng Jiquan Machinery Co., Ltd	Purchase of spare parts	20,718,099.19	0.09	15,932,933.14	0.07
Chongqing Automobile Air-conditioner Co., Ltd	Purchase of spare parts	140,370.31	0.00	11,796,270.00	0.05
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Purchase of spare parts	40,665,013.98	0.17	38,915,419.71	0.16
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	Purchase of spare parts	182,011.92	0.00	1,502,420.47	0.01
Changan Industries Group Co. Ltd	Purchase of spare parts	48,706,457.72	0.20	61,082,770.75	0.25
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	Purchase of spare parts	83,388,543.73	0.34	71,557,733.31	0.29
Chengdu Lingchuan Special Industry Co., Ltd	Purchase of spare parts	109,107,580.75	0.45	241,107,805.25	0.99
Chengdu Wanyou Filter Co., Ltd	Purchase of spare parts	40,918,233.07	0.17	32,133,057.42	0.13
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	Purchase of spare parts	88,439,810.61	0.37	77,009,262.59	0.32
Yunnan Xiyi Industries Co., Ltd	Purchase of spare parts	34,034,871.00	0.14	39,187,071.45	0.16
Chongqing Changrong Machinery Co., Ltd	Purchase of spare parts	140,654,237.69	0.58	154,984,850.91	0.64
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	Purchase of spare parts	21,533,414.79	0.09	61,231,100.85	0.25
Chongqing Dajiang Yuqiang Plastic Co., Ltd	Purchase of spare parts	143,412.31	0.00	285,911.80	0.00
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	Purchase of spare parts	98,863,912.19	0.41	82,750,921.73	0.34
Chongqing Qingshan Transmission Sales Co., Ltd (former name: Chongqing Qingshan Sales Corporation)	Purchase of spare parts	11,366,373.51	0.05	13,112,793.61	0.05
Chongqing Shangfang Automobile Fittings Co., Ltd	Purchase of spare parts and accept service	109,513,539.04	0.45	134,059,020.51	0.55

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Nature of the transaction	2012		2011	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Wanyou Economic Development Co., Ltd	Purchase of spare parts	61,539,068.50	0.25	118,015,958.06	0.48
Hafei Automobile Co., Ltd.	Purchase of cars, spare parts and accept service	135,260,550.12	0.56	604,072,866.05	2.48
Chongqing Yihong Engineering Plastic Products Co., Ltd	Purchase of spare parts	7,745,054.15	0.03	10,811,348.20	0.04
Chengdu Ningxing Automobile Spring Co., Ltd.	Purchase of spare parts	6,205,442.67	0.03	6,133,799.06	0.03
Harbin Dongan Automobile Engine Manufacture Co., Ltd.	Purchase of spare parts	349,343,256.09	1.44	4,194,054.71	0.02
Jiangxi Changhe Suzuki Automobile Co., Ltd	Purchase of spare parts	5,798,444.44	0.02	16,727,111.11	0.07
Chengdu Huachuan Electric Equipment Co., Ltd	Purchase of spare parts	219,982,385.77	0.91	223,213,574.98	0.91
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	Purchase of spare parts	3,632,354.05	0.02	7,188,328.63	0.03
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Purchase of spare parts	21,801,526.96	0.09	11,684,653.72	0.05
Chongqing Changan Construction Engineering Co., Ltd	Accept service	254,875.00	0.00	5,531,476.72	0.02
Chongqing Changan Property Management Ltd.	Accept service	5,076,569.49	0.02	-	-
Dongan Auto Engine Co., Ltd.	Purchase of spare parts	31,098,037.55	0.13	-	-
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd	Purchase of spare parts	1,350,315.52	0.01	-	-
Total		5,519,181,335.84	22.82	6,111,034,362.17	25.05

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Sales of goods and services to related parties

Related parties	Nature of the transaction	2012		2011	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	Sale of spare parts and providing outsourcing processing	212,518,588.98	0.72	367,048,480.20	1.38
Changan Mazda Automobile Co., Ltd	Sale of system services and maintenance	867,750.00	0.00	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	Sale of spare parts	1,314,188.03	0.00	35,877,421.60	0.14
Chongqing Changan Suzuki Automobile Co., Ltd	Sale of spare parts	6,860,540.02	0.02	20,557,778.10	0.08
Changan Industries Group Co. Ltd	Sale of spare parts and providing outsourcing processing	2,229,863.72	0.01	1,550,946.40	0.01
South Tianhe Chassis System Co., Ltd	Maintenance	-	-	4,986,713.63	0.02
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	Maintenance	49,200.00	0.00	2,109,789.77	0.01
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	Maintenance	-	-	3,348,115.32	0.01
Chongqing Automobile Air-conditioner Co., Ltd	Maintenance	-	-	460,337.17	0.00
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd	Maintenance	-	-	1,481,362.67	0.01
Chongqing Changrong Machinery Co., Ltd	Maintenance	-	-	3,815,973.67	0.01
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	Maintenance	6,700.00	0.00	11,544,565.02	0.04
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Maintenance	-	-	5,911.73	0.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Nature of the transaction	2012		2011	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	Maintenance	-	-	1,593.68	0.00
Chengdu Wanyou Filter Co., Ltd	Maintenance	-	-	10,636.32	0.00
CSIA-Chongqing Tsingshan Transmission Branch	Maintenance	20,348.72	0.00	4,217,361.37	0.02
Chongqing Changfeng Jiquan Machinery Co., Ltd	Maintenance	-	-	142,281.45	0.00
Southwest Industries Corporation	Sale of cars	1,371,842,702.27	4.66	1,138,448,344.96	4.29
Chengdu Wanyou Economic Technological Development Co., Ltd	Sale of cars	974,015,689.32	3.31	864,620,352.19	3.26
Chongqing Wanyou Economic Development Co., Ltd	Sale of cars	848,723,967.15	2.88	520,891,354.30	1.96
Yunnan Xiyi Industries Co., Ltd	Sale of spare parts	394,846.16	0.00	22,058.44	0.00
Chongqing Shangfang Automobile Fittings Co., Ltd	Sale of spare parts	9,460,595.31	0.03	2,806,151.89	0.01
South Inter Air-conditioner Co., Ltd	Maintenance	-	-	186,019.17	0.00
Sichuan Hongguang Machinery and Electrics Co., Ltd	Sale of spare parts	52,339,966.93	0.18	69,648,575.30	0.26
Chengdu Lingchuan Special Industry Co., Ltd	Sale of spare parts	49,805,980.01	0.17	112,631,097.32	0.42
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	Sale of spare parts	50,115,238.06	0.17	54,275,296.75	0.21
Chongqing Changan Min Sheng Logistics Co., Ltd.	Sale of spare parts	230,887.01	0.00	266,236.83	0.00
Hafei Motor Co., Ltd.	Sale of spare parts	12,400,512.86	0.04	123,256,250.73	0.46
Guangxi Wanyou Auto Sales and Service Co., Ltd	Sale of cars	98,797,190.52	0.34	45,569,504.29	0.17
Guizhou Wanyou Auto Sales and Service Co., Ltd	Sale of cars	535,736,497.53	1.82	540,674,699.62	2.04

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Nature of the transaction	2012		2011	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Yunnan Wanyou Auto Sales and Service Co., Ltd	Sale of cars	404,107,718.79	1.37	467,459,884.67	1.76
CSIA-Jian'an Automobile Bridge Branch	Sale of spare parts	60,000.00	0.00	4,386,493.58	0.02
Chongqing Anfu Automobile Co.,Ltd	Sale of cars	1,416,239.31	0.00	3,725,621.43	0.01
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Maintenance	-	-	5,282.05	0.00
Jiangxi Changhe Automobile Co., Ltd	Sale of cars	23,912,617.10	0.08	43,255,275.16	0.16
China Changan Automobile Group Tianjin Sales Co., Ltd	Sale of cars	42,875,756.64	0.15	10,493,109.42	0.04
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	Sale of cars	41,951,027.47	0.14	174,418,561.24	0.66
Nanning Wanyou Auto Sales and Service Co., Ltd	Sale of cars	61,806,527.82	0.21	37,229,045.41	0.14

Related parties	Nature of the transaction	2012		2011	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	Sale of cars	349,584,628.19	1.19	355,976,593.22	1.34

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related parties	Nature of the transaction	2012		2011	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Jiangling Holding Co., Ltd	Sale of spare parts, providing outsourcing processing and system maintenance service	4,835,009.65	0.02	15,562,258.13	0.06
Chengdu Ningxing Automobile Spring Co., Ltd.	Maintenance	-	-	5,651.37	0.00
Chengdu Huachuan Electric Equipment Co., Ltd	Sale of spare parts	4,200.00	0.00	3,496,755.75	0.01
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Maintenance	369,298.80	0.00	236,042.74	0.00
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	Sale of spare parts	-	-	459,034.56	0.00
Hefei Changhe Automobile Co., Ltd	Sale of cars and Providing system maintenance service	2,641,684.12	0.01	2,152,426.90	0.01
Harbin Dongan Automobile Engine Manufacture Co., Ltd.	Sale of cars and spare parts	170,461.55	0.00	580,000.00	0.00
Total		5,161,466,422.04	17.52	5,049,897,245.52	19.02

The price of the Group's sales to related parties is based on contracts agreed by all parties.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Other major related-party transactions

The price of the Group's other major related-party transactions is based on contracts agreed by all parties.

Expenses of integrated service charges

Related parties	Nature of the transaction	2012		2011	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Industries Group Co. Ltd	Payment of land rental fees	26,328,123.90	9.85	15,648,205.01	5.62
Changan Industries Group Co. Ltd	Payment of building rental fees	32,898,991.20	12.31	32,803,337.40	11.67
Changan Industries Group Co. Ltd	Payment of utilities	174,254,281.80	65.19	198,665,053.29	69.64
Changan Industries Group Co. Ltd	Payment of fire fighting fees	2,740,000.00	1.02	11,000,000.00	3.95
Changan Industries Group Co. Ltd	Others	31,075,678.13	11.63	25,418,276.33	9.12
Total		267,297,075.03	100.00	283,534,872.03	100.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Purchase of project materials

Related parties	2012		2011	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Construction Co., Ltd	268,180,173.10	6.55	577,243,049.19	12.66
Chongqing HelpGo Information Technology Co., Ltd	4,772,701.38	0.12	7,918,705.11	0.17
Chongqing Changan Min Sheng Logistics Co., Ltd.	5,917,238.17	0.14	10,899,633.36	0.24
Changan Industries Group Co. Ltd	1,013,733.00	0.02	3,075,626.00	0.07
Total	279,883,845.65	6.83	599,137,013.66	13.14

Expenses for development and maintenance of information system

Related parties	2012		2011	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing HelpGo Information Technology Co., Ltd	-	-	1,345,358.46	100.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Staff expenses for technical supporting

Related parties	2012		2011	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Industries Group Co. Ltd	125,162.08	1.50	-	-
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	2,395,840.00	28.73	5,216,347.51	39.14
Chongqing Changan Suzuki Automobile Co., Ltd	5,818,060.00	69.77	8,111,816.00	60.86
Total	8,339,062.08	100.00	13,328,163.51	100.00

Trademark license income

Related parties	2012		2011	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Kuayue Automobile Co.,Ltd	5,532,000	100.00	-	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Technical service income

Related parties	2012		2011	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Jiangling Holding Co., Ltd	-	-	4,357,083.58	5.18
Hafei Automobile Co., Ltd.	34,526,696.28	80.31	63,784,200.00	75.85
Jiangxi Changhe Suzuki Automobile Co., Ltd	-	-	15,954,383.50	18.97
Chongqing Changan Suzuki Automobile Co., Ltd	4,400,000.00	10.24	-	-
Hefei Changhe Automobile Co., Ltd	3,200,000.00	7.44	-	-
Jiangxi Changhe Automobile Co.,Ltd	862,283.95	2.01	-	-
Total	42,988,980.23	100.00	84,095,667.08	100.00

Capital occupied income

Related parties	2012		2011	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Anfu Automobile sales Co., Ltd	-	-	178,526.49	1.42
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	96,755.56	1.11	1,102,547.01	8.75
Southwest Ordnance Industry Corporation	2,576,068.33	29.55	3,142,468.38	24.95
Chongqing Wanyou Economic Technological Development Co., Ltd	594,521.86	6.82	1,064,609.40	8.45

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Chengdu Wanyou Economic Technological Development Co., Ltd	4,902,996.65	56.23	4,921,076.45	39.08
Yunnan Wanyou Auto Sales and Service Co., Ltd	17,677.78	0.20	62,129.91	0.49
Guizhou Wanyou Auto Sales and Service Co., Ltd	190,679.48	2.19	267,354.78	2.12
Guangxi Wanyou Auto Sales and Service Co., Ltd	196,123.07	2.25	391,479.49	3.11
Nanning Wanyou Auto Sales and Service Co., Ltd	93,122.22	1.07	200,774.37	1.59
Related parties	2012		2011	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	25,613.68	0.29	1,264,758.97	10.04
China Changan Automobile Group Tianjin Sales Co., Ltd	24,943.59	0.29	-	-
Total	8,718,502.22	100.00	12,595,725.25	100.00

(2) Lease between related parties

Rent assets from related parties

2012

Lessor	Lessee	Type of leased assets	Starting date	Expiring date	The basis for rental pricing	Yearly recognized rental
Chongqing Changan Real Estate Development Co., Ltd	Chongqing Changan	Office building	2012.01.01	2012.12.31	Based on agreement	3,562,896.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Chongqing Changan Real Estate Development Co., Ltd	Chongqing Changan	Office building	2011.01.01	2012.12.31	Based on agreement	1,190,532.00
Chongqing Changan Min Sheng Logistics Co., Ltd.	Chongqing Changan	Storage	2012.05.01	2012.12.31	Based on agreement	5,561,102.44
Chongqing Changan Min Sheng Logistics Co., Ltd.	Chongqing Changan	Storage	2011.01.01	2012.12.31	Based on agreement	269,416.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2011

Lessor	Lessee	Type of leased assets	Starting date	Expiring date	The basis for rental pricing	Yearly recognized rental
Hafei Motor Co., Ltd.	Chongqing Changan	R & D Equipment	2010.06.01	2011.05.31	Based on agreement	20,736,600.00
Hafei Motor Co., Ltd.	Chongqing Changan	R & D Center office building	2010.04.30	2011.04.30	Based on agreement	2,184,400.00
Jiangxi Changhe Automobile Co., Ltd.	Chongqing Changan	Building and testing stations	2010.06.01	2011.05.31	Based on agreement	1,006,000.00
Chongqing Changan Real Estate Development Co., Ltd	Chongqing Changan	Office building	2011.01.01	2012.12.31	Based on agreement	1,190,532.00

(3) Transfer of assets between related parties

Related party	Note	Type of transaction	2012		2011	
			Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
China Changan Automobile Group Co.,Ltd	(Note1)	Transfer of equity	703,015,710.00	100.00	-	-
Changan Industries Group Co., Ltd	(Note2)	Transfer of equity	-	-	264,480,001.00	100.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Hebei Baoding Changan Bus Co., Ltd	(a)	Business combination under common control	-	-	202,710,000.00	100.00
Chongqing Changan Kuayue Automobile Co., Ltd	(b)	Acquisition of equity	-	-	61,770,000.00	100.00
Related party	Note	Type of transaction	2012		2011	
			Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Kuayue Automobile Sales Co., Ltd	(c)	Acquisition of equity	-	-	1.00	0.00
Changan Industries Group Co., Ltd	(Note3)	Transfer of trademark	-	-	175,000,000.00	100.00

Note1: In December 2012, the Group prepaid the equity investment transfer price with the amount of RMB 703,015,710.00 to its parent company China Changan. Refer to Note V 23.

Note2: In August 2011, the Group purchased 100% shares of Hebei Baoding Changan Bus Co., Ltd. from Changan Industries Group Co., Ltd with the consideration of RMB202,710,000.00, showed as (a). Refer to Note IV 4. In December 2011, the Group purchased 34.3% shares of Chongqing Changan Kuayue Automobile Co., Ltd from Changan Industries Group Co., Ltd with the consideration of RMB 61,770,000.00, showed as (b). In December 2011, the Group purchased 34.3% shares of Chongqing Changan Kuayue Automobile Sales Co., Ltd from Changan Industries Group Co., Ltd with the consideration of RMB1.00, showed as (c).

Note3: In May 2011, the Group purchased 192 pieces of domestic trademark and 91 pieces of international trademark from Changan Industries Group Co., Ltd with the consideration of RMB 175,000,000.00.

(4) Guarantee of related party

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

In 2012, China Changan, the parent company, provided an unconditionally and irrevocably joint guarantee for the corporate bonds with face value of RMB 1,980,000,000.00. Refer to Note V 37.

(5) Other related party transaction

Item	2012	2011
Compensation of key management personal	8,492,968.57	7,937,610.00

5. Amounts due from/to related parties

Notes receivable

Related party	2012		2011	
	Amount	Proportion of notes receivable (%)	Amount	Proportion of notes receivable (%)
Chongqing Changan Kuayue Automobile Co., Ltd	-	-	12,370,000.00	0.22
Chengdu Wanyou Economic Technological Development Co., Ltd	271,400,000.00	2.90	203,086,968.03	3.57
Southwest Ordnance Industry Corporation	62,000,000.00	0.66	288,000,000.00	5.06
Yunnan Wanyou Auto Sales and Service Co., Ltd	762,895,000.00	8.15	200,353,970.00	3.52
Guangxi Wanyou Auto Sales and Service Co., Ltd	30,700,000.00	0.33	8,500,000.00	0.15
Guizhou Wanyou Auto Sales and Service Co., Ltd	256,350,000.00	2.74	136,950,000.00	2.41
Chongqing Wanyou Economic Technological Development	322,337,000.00	3.43	207,700,000.00	3.65

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Co., Ltd				
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	-	-	11,700,000.00	0.21
Nanning Wanyou Auto Sales and Service Co., Ltd	36,450,000.00	0.39	10,400,000.00	0.18
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	191,000,000.00	2.04	61,000,000.00	1.07
Jiangxi Changhe Automobile Co., Ltd.	-	-	7,700,000.00	0.14
China Changan Automobile Group Tianjin Sales Co., Ltd	13,900,000.00	0.15	-	-
Total	1,947,032,000.00	20.79	1,147,760,938.03	20.18

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Accounts receivable

Related party	2012			2011		
	Balance	Provision	Proportion of accounts receivable (%)	Balance	Provision	Proportion of accounts receivable (%)
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	52,327,516.83	-	10.49	60,527,552.77	-	10.78
Chongqing Changan Suzuki Automobile Co., Ltd	11,448,769.63	-	2.30	23,352,773.93	-	4.16
Jiangling Holding Co., Ltd	7,356,903.60	-	1.48	7,115,280.75	-	1.27
Chongqing Changan Kuayue Automobile Co., Ltd	5,532,000.00	-	1.11	457,009.70	-	0.08
Changan Industries Group Co. Ltd	4,018,844.47	-	0.81	2,578,195.20	-	0.46
Hafei Automobile Co., Ltd.	74,538,322.68	-	14.95	226,069,113.86	-	40.26
Hefei Changhe Automobile Co., Ltd	1,362,500.00	-	0.27	960,052.00	-	0.17
Chongqing Anfu Automobile sales Co., Ltd	3,099,525.00	-	0.62	1,070,236.97	-	0.19
Guizhou Wanyou Auto Sales and Service Co., Ltd	372.52	-	0.00	372.52	-	0.00
Jiangxi Changhe Suzuki Automobile Co., Ltd	-	-	-	15,954,383.50	-	2.84
Jiangxi Changhe Automobile Co., Ltd.	906,667.45	-	0.18	8,062,860.00	-	1.44
CSIA-Jian'an Automobile Bridge Branch	10,020.75	-	0.00	-	-	-
Total	160,601,442.93	-	32.21	346,147,831.20	-	61.65

Other receivables

Related party	2012		2011	
	Amount	Proportion of other	Amount	Proportion of other

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

		receivables (%)		receivables (%)
Chongqing Changan Min Sheng Logistics Co., Ltd.	-	-	460,452.00	0.30

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Prepayments

Related party	2012		2011	
	Amount	Proportion of prepayments (%)	Amount	Proportion of prepayments (%)
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	112,028.00	0.02	-	-
Chongqing Changan Suzuki Automobile Co., Ltd	271,013.41	0.05	411,641.85	0.13
Total	383,041.41	0.07	411,641.85	0.13

Other non-current assets

Related party	2012		2011	
	Amount	Proportion of other non-current assets (%)	Amount	Proportion of other non-current assets (%)
China Changan Automobile Group Co., Ltd	703,015,710.00	76.13	-	-

Note: Prepayment to China Changan for equity investment transaction. Refer to Note V 23.

Notes payable

Related party	2012		2011	
	Amount	Proportion of notes payable (%)	Amount	Proportion of notes payable (%)

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related party	2012		2011	
	Amount	Proportion of notes payable (%)	Amount	Proportion of notes payable (%)
Chongqing Changan Construction Co., Ltd	103,209,913.00	1.32	127,811,430.55	1.91
Chongqing Changan Min Sheng Logistics Co., Ltd.	43,755,812.32	0.56	83,984,175.42	1.26
Sichuan Hongguang Machinery and Electrics Co., Ltd	18,240,000.00	0.23	14,110,000.00	0.21
Chongqing Changan Kuayue Automobile Co., Ltd	12,230,000.00	0.16	18,029,597.00	0.27
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd	34,303,459.15	0.44	27,560,225.00	0.41
South Tianhe Chassis System Co., Ltd	162,006,319.18	2.08	143,946,779.64	2.16
South Inter Air-conditioner Co., .Ltd	29,613,854.88	0.38	12,392,933.33	0.19
Chongqing Automobile Air-conditioner Co., Ltd	-	-	7,888,882.00	0.12
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	10,480,000.00	0.13	8,420,000.00	0.13
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	19,850,000.00	0.25	3,741,906.00	0.06
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	20,292,497.59	0.26	26,680,000.00	0.40
Chengdu Wanyou Filter Co., Ltd	22,096,201.00	0.28	11,640,262.00	0.17
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	38,282,895.33	0.49	29,403,181.59	0.44
Yunnan Xiyi Industries Co., Ltd	24,000,000.00	0.31	21,030,000.00	0.31
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	8,860,000.00	0.11	22,071,440.00	0.33
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	37,870,739.00	0.48	47,153,289.00	0.71
Chengdu Lingchuan Special Industry Co., Ltd	25,558,716.30	0.33	54,533,628.42	0.82
Chongqing Changrong Machinery Co., Ltd	31,974,382.91	0.41	25,708,700.19	0.39
Chongqing Shangfang Automobile Fittings Co., Ltd	39,081,924.78	0.50	38,650,000.00	0.58

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related party	2012		2011	
	Amount	Proportion of notes payable (%)	Amount	Proportion of notes payable (%)
Chongqing Yihong Engineering Plastic Products Co., Ltd	5,240,000.00	0.07	5,413,781.00	0.08
CSIA-Jian'an Automobile Bridge Branch	178,314,554.01	2.29	188,110,372.07	2.82
Chongqing Changfeng Jiquan Machinery Co., Ltd	-	-	3,500,000.00	0.05
Chengdu Huachuan Electric Equipment Co., Ltd	34,722,339.00	0.44	56,968,999.28	0.85
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	2,060,000.00	0.03	2,380,000.00	0.04
Chongqing Changan Property Management Ltd.	100,000.00	0.00	-	-
CSIA-Chongqing Tsingshan Transmission Branch	2,268,306.66	0.03	-	-
Hafei Motor Co., Ltd.	276,250,000.00	3.55	-	-
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	18,900,000.00	0.24	-	-
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	182,200,000.00	2.33	-	-
Chengdu Ningxing Automobile Spring Co., Ltd.	3,460,000.00	0.04	-	-
Total	1,385,221,915.11	17.74	981,129,582.49	14.71

Accounts payable

Related party	2012		2011	
	Amount	Proportion of accounts payable (%)	Amount	Proportion of accounts payable (%)
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	111,132.50	0.00	157,467.56	0.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related party	2012		2011	
	Amount	Proportion of accounts payable (%)	Amount	Proportion of accounts payable (%)
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	15,325,291.06	0.21	19,360,871.82	0.33
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	10,802,258.00	0.15	7,955,301.86	0.13
Chengdu Lingchuan Special Industry Co., Ltd	21,569,256.54	0.30	28,452,815.27	0.48
Chengdu Wanyou Filter Co., Ltd	11,680,132.47	0.16	8,489,786.57	0.14
Hafei Motor Co., Ltd.	128,719,099.88	1.79	-	-
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	40,464,945.09	0.56	11,345,297.28	0.19
South Tianhe Chassis System Co., Ltd	124,459,879.25	1.74	109,317,550.12	1.84
South Inter Air-conditioner Co., Ltd	22,765,958.34	0.32	13,626,900.59	0.23
Sichuan Hongguang Machinery and Electrics Co., Ltd	10,248,221.07	0.14	3,106,950.68	0.05
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	4,952,442.79	0.07	6,950,783.49	0.12
Longchang Shanchuan Shock-absorbing Works Industries Co., Ltd	20,163,372.52	0.28	21,630,415.60	0.36
Yunnan Xiyi Industries Co., Ltd	5,546,058.68	0.08	4,763,329.28	0.08
CSIA-Chongqing Tsingshan Transmission Branch	18,447,802.84	0.26	6,509,537.07	0.11
Changan Industries Group Co. Ltd	1,782,289.62	0.02	10,678,119.63	0.18
Chongqing Changan Kuayue Automobile Co., Ltd	77,208.01	0.00	7,188,070.25	0.12
Chongqing Changan Min Sheng Logistics Co., Ltd.	72,760,462.77	1.02	60,894,850.77	1.02
Chongqing Changfeng Jiquan Machinery Co., Ltd	4,142,674.18	0.06	224,163.26	0.00
Chongqing Changrong Machine Co., Ltd	12,053,763.58	0.17	16,126,873.09	0.27

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related party	2012		2011	
	Amount	Proportion of accounts payable (%)	Amount	Proportion of accounts payable (%)
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	4,590,162.30	0.06	149,372.44	0.00
Chongqing Dajiang Yuqiang Plastic Co., Ltd	293,172.96	0.00	169,862.32	0.00
CSIA-Jian'an Automobile Bridge Branch	111,077,271.38	1.55	43,273,901.53	0.73
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	49,801,432.27	0.69	7,696,553.29	0.13
Chongqing Automobile Air-conditioner Co., Ltd	205,041.51	0.00	1,407,497.49	0.02
Chongqing Qingshan Transmission Sales Co., Ltd (former name: Chongqing Qingshan Sales Corporation)	4,654,778.54	0.06	3,577,241.59	0.06
Chongqing Shangfang Automobile Parts Co., Ltd	20,743,902.88	0.29	32,170,010.80	0.54
Chongqing Wanyou Economic Development Co., Ltd	17,004,418.71	0.24	10,320,503.54	0.17
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	5,392,451.59	0.07	3,276,385.24	0.06
Chongqing Yihong Engineering Plastic Products Co., Ltd	990,540.33	0.01	2,117,579.03	0.04
Chengdu Ningxing Automobile Spring Co., Ltd.	1,838,710.24	0.03	1,299,640.07	0.02
Harbin Dongan Automobile Engine Manufacture Co., Ltd.	136,313,412.28	1.89	4,797,604.40	0.08
Chengdu Huachuan Electric Equipment Co., Ltd	25,308,680.22	0.35	13,242,761.80	0.22
Jiangxi Changhe Suzuki Automobile Co., Ltd	-	-	5,434,910.00	0.09
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	229,162.79	0.00	3,655,993.14	0.06
Chongqing Changan Construction Engineering Co., Ltd	-	-	45,419,555.55	0.76
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	7,311,121.96	0.10	11,740,434.56	0.20
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	17,484,703.93	0.24		

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related party	2012		2011	
	Amount	Proportion of accounts payable (%)	Amount	Proportion of accounts payable (%)
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd	230,810.22	0.00		
Total	929,542,023.30	12.91	526,528,890.98	8.83

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Advances from customers

Related party	2012		2011	
	Amount	Proportion of advances from customers (%)	Amount	Proportion of advances from customers (%)
Chengdu Wanyou Economic Technological Development Co., Ltd	46,527,059.64	1.09	110,587,256.09	3.56
Southwest Ordnance Industry Corporation	131,909,063.75	3.10	17,462,486.31	0.56
Chongqing Wanyou Economic Technological Development Co., Ltd	55,459,817.10	1.30	13,269,752.74	0.43
Guangxi Wanyou Auto Sales and Service Co., Ltd	5,567,939.76	0.13	1,809,544.42	0.06
Guizhou Wanyou Auto Sales and Service Co., Ltd	24,183,609.06	0.57	17,754,797.97	0.57
Changan Ford Mazda Engine Co., Ltd.	1,791,202.38	0.04	1,475,695.70	0.05
Yunnan Wanyou Auto Sales and Service Co., Ltd	7,881,469.40	0.19	12,255,509.17	0.40
China Changan Automobile Group Tianjin Sales Co., Ltd	4,518,058.00	0.11	123,062.00	0.00
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	459,214.05	0.01	6,227,986.50	0.20
Chongqing Changan Min Sheng Logistics Co., Ltd.	345,450.10	0.01	290,876.84	0.01
China Changan automobile Industry (Group) Co., Ltd	-	-	401,425.70	0.01
Nanning Wanyou Auto Sales and Service Co., Ltd	1,153,450.87	0.03	413,470.98	0.01
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	35,500,225.54	0.84	2,194,207.07	0.07
Changan Mazda Automobile Co., Ltd	76,663.28	0.00	-	-
Total	315,373,222.93	7.42	184,266,071.49	5.93

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Other payables

Related party	2012		2011	
	Amount	Proportion of other payables (%)	Amount	Proportion of other payables (%)
Chengdu Wanyou Economic Technological Development Co., Ltd	245,808.15	0.01	1,602,227.24	0.09
Chengdu Wanyou Filter Co., Ltd	120,000.00	0.01	120,000.00	0.01
Guangxi Wanyou Auto Sales and Service Co., Ltd	-	-	177,856.43	0.01
Guizhou Wanyou Auto Sales and Service Co., Ltd	-	-	1,123,417.66	0.07
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	3,164.00	0.00	-	-
Yunnan Wanyou Auto Sales and Service Co., Ltd	1,270.40	0.00	2,634,599.27	0.16
Chongqing Changan Real Estate Development Co., Ltd	189,027.00	0.01	-	-
Changan Industries Group Co. Ltd	1,871,136.20	0.10	70,697,197.25	4.22
Chongqing Changan Construction Co., Ltd	73,671,074.05	3.84	18,044,973.45	1.08
Chongqing Changan Min Sheng Logistics Co., Ltd	228,316,728.17	11.89	189,351,358.72	11.28
Chongqing HelpGo Information Technology Co., Ltd	17,171,978.77	0.90	10,388,323.08	0.62
Chongqing Changan Property Management Co., Ltd	1,829,133.79	0.10	-	-
Chongqing Shangfang Automobile Fittings Co., Ltd	51,618.40	0.00	51,854.20	0.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Related party	2012		2011	
	Amount	Proportion of other payables (%)	Amount	Proportion of other payables (%)
Chongqing Wanyou Economic Development Co., Ltd	-	-	3,275,538.05	0.20
Chongqing Wanyou Auto Sales and Service Co., Ltd (former name: Chongqing Wanyou Auto Sales and Service Corporation)	4,982.00	0.00	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	-	-	11,316,912.58	0.67
CSIA-Chongqing Tsingshan Transmission Branch.	831,379.12	0.04	494,269.85	0.03
China Changan Automobile Group Tianjin Sales Co., Ltd	-	-	10,610.00	0.00
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	-	-	47,862.37	0.00
Hafei Motor Co., Ltd.	2,404,233.00	0.13	27,161,478.07	1.62
Nanning Wanyou Auto Sales and Service Co., Ltd	-	-	120,991.96	0.01
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	-	-	1,105,344.87	0.07
Jiangxi Changhe Automobile Co., Ltd.	-	-	1,006,000.00	0.06
Total	326,711,533.05	17.03	338,730,815.05	20.20

6. Cash deposited in related parties

Related party	2012		2011	
	Amount	Proportion of cash (%)	Amount	Proportion of cash (%)
China South Industry Group Finance Co., Ltd	574,179,392.34	13.67	888,243,770.21	18.23

Deposits earn interest at the respective bank deposit rates.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

7. Loans from related parties

Short-term loans

Related party	2012		2011	
	Amount	Proportion of short-term loans (%)	Amount	Proportion of short-term loans (%)
China South Industry Group Finance Co., Ltd	500,000,000.00	40.00	80,000,000.00	8.19

Long-term loans

Related party	2012		2011	
	Amount	Proportion of long-term loans (%)	Amount	Proportion of long-term loans (%)
China South Industry Group Finance Co., Ltd	610,000,000.00	61.49	-	-

The interest rates of short-term loans and long-term loans are determined in accordance with the current bank loan rate.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

VII. Contingencies

As at 31 December 2012, no material contingencies needed to be disclosed.

VIII. Commitments

1. Capital commitments

Item	2012	2011
Contracted, but not provided for	4,800,036,171.67	8,129,082,546.80
Approved by board, but not contracted	3,166,487,769.21	11,425,590,000.00
Total	7,966,523,940.88	19,554,672,546.80

2. Investment commitments

Item	2012	2011
Contracted, but not completed	1,304,408,890.00	-

As at 31 December 2012, The Group had commitments of the outstanding payment of purchasing the 50% equity interest of Changan PSA automobiles co.,Ltd from China Changan, the parent of the Company. Refer to note V 23.

IX. Financial instruments and their risks

The Group's principal financial instruments comprise bank loans, bonds payable, cash, etc. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The Group enters into derivative transactions in forms of long-term exchange contract to avoid risks arising from operation.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk.

1. Classification of financial instruments

The book values of different classes of financial instruments are as follows:

2012

Financial assets	Financial assets at fair value through profit or loss	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	-	4,199,763,915.82	-	4,199,763,915.82
Notes receivable	-	9,364,340,972.00	-	9,364,340,972.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Accounts receivable	-	438,384,320.58	-	438,384,320.58
Other receivables	-	133,863,189.40	-	133,863,189.40
Dividend receivable	-	450,030.00	-	450,030.00
Financial assets	Financial assets at fair value through profit or loss	Loans and accounts receivable	Available-for-sale financial assets	Total
Available-for-sale financial assets	-	-	233,814,100.00	233,814,100.00
Financial assets held for trading	332,407.00	-	-	332,407.00
Total	332,407.00	14,136,802,427.80	233,814,100.00	14,370,948,934.80

Financial liabilities	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	-	1,250,000,000.00	1,250,000,000.00
Notes payable	-	7,808,998,092.99	7,808,998,092.99
Accounts payable	-	7,201,763,448.59	7,201,763,448.59
Interest payable	-	77,316,091.67	77,316,091.67
Dividend payable	-	79,742.80	79,742.80
Other payables	-	1,918,249,420.49	1,918,249,420.49
Non-current liabilities within one year	-	18,000,000.00	18,000,000.00
Long-term loans	-	992,000,000.00	992,000,000.00
Bonds payable	-	1,963,348,839.97	1,963,348,839.97
Total	-	21,229,755,636.51	21,229,755,636.51

2011

Financial assets	Financial assets at fair value through profit or loss	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	-	4,871,199,806.77	-	4,871,199,806.77
Notes receivable	-	5,691,518,013.21	-	5,691,518,013.21
Accounts receivable	-	505,707,438.05	-	505,707,438.05
Other receivables	-	117,398,622.23	-	117,398,622.23
Dividend receivable	-	450,030.00	-	450,030.00
Available-for-sale financial assets	-	-	225,129,480.00	225,129,480.00
Financial assets held for trading	1,525,799.63	-	-	1,525,799.63
Total	1,525,799.63	11,186,273,910.26	225,129,480.00	11,412,929,189.89

Financial liabilities	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	-	976,890,000.00	976,890,000.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Notes payable	-	6,671,345,457.57	6,671,345,457.57
Accounts payable	-	5,946,877,115.16	5,946,877,115.16
Interest payable	-	1,485,285.83	1,485,285.83
Dividend payable	-	79,742.80	79,742.80
Other payables	-	1,677,747,135.32	1,677,747,135.32
Total	-	15,274,424,736.68	15,274,424,736.68

2. Credit risk

Credit risk is the risk of loss on one party of a financial instrument, due to the failure of another party to meet its obligations.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the special department of credit control.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets, other receivables, dividend receivables and certain derivatives financial instruments, the Group's exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, listed as book value of financial assets in consolidated financial statements. In 2012, there was no credit risk arising from financial guarantee.

No gage is required since the Group trades only with recognized, creditworthy third parties. Credit risks are managed by clients and industries collectively. As at 31 December 2012, among the Group's collections with specific credit risk, 39.92% (2011: 60.32%) of accounts receivables of the Group are due from top five clients respectively.

Refer to Note V 4 and 7 for quantitative data arising from credit risk exposure due to accounts receivables and other receivables of the Group.

As at 31 December 2012, the maturity analysis for the Group's financial assets not impaired is as follows:

2012

	Total	Neither overdue nor impaired	Overdue but not impaired		
			Within 3 months	3 months to 1 year	Over 1 year
Accounts receivable	438,384,320.58	396,996,309.93	4,835,794.18	12,769,686.73	23,782,529.74
Other receivables	133,863,189.40	131,964,449.05	1,070,770.83	163,666.10	664,303.42
Notes receivable	9,364,340,972.00	9,364,340,972.00	-	-	-

2011

	Total	Neither overdue nor	Overdue but not impaired
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Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

		impaired	Within 3 months	3 months to 1 year	Over 1 year
Accounts receivable	505,707,438.05	450,942,941.19	8,331,752.87	31,943,888.88	14,488,855.11
Other receivables	117,398,622.23	112,662,612.79	2,938,705.74	1,529,966.28	267,337.42
Notes receivable	5,691,518,013.21	5,691,518,013.21	-	-	-

As at 31 December 2012 and 2011, the balance of accounts receivable which is neither overdue nor impaired is mainly due to the customers who have no default records recently. The neither overdue nor impaired part is the not-overdue balance deducted the provision for bad debts.

As at 31 December 2012 and 2011, overdue but not impaired accounts receivables are related to independent clients having satisfactory transaction records with the group. The amount of overdue but not impaired means the net value which equals to the book value minuses bad debt allowance. Based on previous experience, since credit quality has no significant changes and the receivables can be fully recovered, the Group considers no impairment provision should be made to them. The Group does not hold any gage from or enhance credit limit to these clients.

3. Liquidity risk

Liquidity risk is the potential that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities.

The Group adopts cycle liquidity planning instrument to manage capital shortage risks. The instrument takes into consideration the maturity date of financial instruments plus estimated cash flow from the Group's operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility and sufficient cash to support operating capital through financing functions by the use of bank loans, debentures, etc.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on the non-discounted cash flow of the contracts:

2012

Financial assets	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Cash	3,935,486,954.64	35,350,140.09	228,926,821.09	-	4,199,763,915.82
Notes receivable	1,912,193,883.00	4,555,956,632.50	2,896,190,456.50	-	9,364,340,972.00
Accounts receivable	324,818,416.97	24,501,985.39	149,312,509.80	-	498,632,912.16
Other receivables	164,956,185.43	21.50	-	3,071,937.80	168,028,144.73
Dividend receivable	450,030.00	-	-	-	450,030.00
Available-for-sale financial assets	-	-	-	233,814,100.00	233,814,100.00
Financial assets held for trading	-	332,407.00	-	-	332,407.00
Total	6,337,905,470.04	4,616,141,186.48	3,274,429,787.39	236,886,037.80	14,465,362,481.71

Financial	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
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Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

liabilities					
Short-term loans	30,000,000.00	42,260,617.03	1,224,119,316.44	-	1,296,379,933.47
Notes payable	1,655,330,069.40	2,394,241,745.76	3,759,426,277.83	-	7,808,998,092.99
Accounts payable	4,964,623,096.93	945,542,530.65	1,291,597,821.01	-	7,201,763,448.59
Interest payable	416,996.38	3,441,095.29	73,458,000.00	-	77,316,091.67
Dividend payable	79,742.80	-	-	-	79,742.80
Other payable	624,091,656.68	680,840,770.40	594,858,665.26	18,458,328.15	1,918,249,420.49
Non-current liabilities within one year	-	272,958.90	18,694,528.77	-	18,967,487.67
Long-term loans	-	13,673,342.47	113,306,808.22	1,069,113,878.08	1,196,094,028.77
Bonds payable	-	-	31,482,000.00	2,399,760,000.00	2,431,242,000.00
Total	7,274,541,562.19	4,080,273,060.50	7,106,943,417.53	3,487,332,206.23	21,949,090,246.45

2011

Financial assets	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Cash	4,269,449,912.49	363,889,639.09	237,860,255.19	-	4,871,199,806.77
Notes receivable	874,560,487.09	2,635,901,546.81	2,181,055,979.31	-	5,691,518,013.21
Accounts receivable	357,990,143.58	141,951,832.03	61,290,970.71	217,423.82	561,450,370.14
Other receivables	14,339,197.78	51,169,322.01	79,170,521.75	6,930,941.14	151,609,982.68
Dividend receivable	450,030.00	-	-	-	450,030.00
Available-for-sale financial assets	81,709,480.00	-	-	143,420,000.00	225,129,480.00
Financial assets held for trading	1,525,799.63	-	-	-	1,525,799.63
Total	5,600,025,050.57	3,192,912,339.94	2,559,377,726.96	150,568,364.96	11,502,883,482.43

Financial liabilities	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Short-term loans	-	80,000,000.00	896,890,000.00	-	976,890,000.00
Notes payable	1,408,970,816.11	2,279,098,486.79	2,983,276,154.67	-	6,671,345,457.57
Accounts payable	2,316,547,085.21	1,473,979,129.00	2,156,350,900.95	-	5,946,877,115.16
Interest payable	1,485,285.83	-	-	-	1,485,285.83
Dividend payable	79,742.80	-	-	-	79,742.80
Other payables	281,857,016.11	375,246,789.60	1,018,643,329.61	2,000,000.00	1,677,747,135.32
Total	4,008,939,946.06	4,208,324,405.39	7,055,160,385.23	2,000,000.00	15,274,424,736.68

4. Market risk

Market risk is the risk that the fair values or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks mainly include interest rate risk, equity price risk and foreign currency risk.

Interest rate risk

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to floating market interest rate. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's long-term loans with floating interest rate. The Group monitors the mix of fixed and floating interest rate borrowings to manage its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables constant, of the Group's net profit (through the impact on floating rate borrowing) and the Group's equity:

	Increase/(decrease) in basis point	Increase/(decrease) in net profit	Increase/(decrease) in equity
2012			
Long-term loans with floating interest rate	50	(4,960,000.00)	(4,960,000.00)
Long-term loans with floating interest rate	(50)	4,960,000.00	4,960,000.00
	Increase / (decrease) in basis point	Increase/ (decrease) in net profit	Increase/ (decrease) in equity
2011			
Long-term loans with floating interest rate	50	-	-
Long-term loans with floating interest rate	(50)	-	-

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the level of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale investments (Note V 10) as at 31 December 2012. The Group's listed investments are listed on the Shanghai stock exchanges and valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2012	High/Low 2012	31 December 2011	High/Low 2011
Shanghai- A Share Index	2,376	2,578/2,052	2,304	3,202/2,269

The following table demonstrates the sensitivity to every 5% change (based on the carrying amount as at the end of reporting period) in the Group's net profit and fair value of the equity investments, with all other variables held constant, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact the income statement.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Carrying amount of equity investments	Change in fair value	Increase/ (decrease) in net profit	Increase/ (decrease) in equity
2012				
Shanghai- Available for sale	233,814,100.00	5%	-	9,560,566.25
Shanghai- Available for sale	233,814,100.00	(5%)	-	(9,560,566.25)
2011年				
Shanghai- Available for sale	225,129,480.00	5%	-	9,159,455.50
Shanghai- Available for sale	225,129,480.00	(5%)	-	(9,159,455.50)

Foreign currency risk

Foreign currency risk is the risk that the fair values and future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's exposures to fluctuation in foreign currency exchange rate mainly arise from operating activities where transactions are settled in currencies other than the units' functional currency and net investment to offshore subsidiary. The Group has transactional currency exposures of 0.95% (2011: 1.79%) of the Group's total revenue that is valued in currencies other than the units' functional currency. The Group offsets its foreign currency risk by forward exchange contract.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the United States dollar and Euro exchange rate, with all other variables held constant, of the company's profit before tax (due to changes in the fair value of monetary assets and forward foreign exchange contract):

	Exchange rate	Increase / (decrease) in PBT	
		due to changes in fair value of monetary assets	due to forward foreign exchange contract
2012			
If RMB weakens against US dollar	(5%)	2,701,471.69	(1,277,150.00)
If RMB strengthens against US dollar	5%	(2,701,471.69)	1,277,150.00
If RMB weakens against Euro	(5%)	315,079.00	-
If RMB strengthens against Euro	5%	(315,079.00)	-
2011			
If RMB weakens against US dollar	(5%)	4,105,455.30	(2,503,193.00)
If RMB strengthens against US dollar	5%	(4,105,455.30)	2,503,193.00
If RMB weakens against Euro	(5%)	2,310,794.00	-
If RMB strengthens against Euro	5%	(2,310,794.00)	-

5. Fair value

Fair value is defined as the amount that an asset could be exchanged for or by which a liability could be incurred or settled by knowledgeable, willing parties in a current

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

arm's-length transaction. Fair value is estimated by hypothesizes and methods listed as below.

In the Group, cash and cash equivalents, notes receivable, accounts receivable, dividends receivable, other receivables, accounts payable, short-term loans, other payables, long-term loans and bonds payable represent the fair value of these assets and liabilities equivalent to the book value.

The Group entered into derivative financial contract with financial institution with high credit rating. The derivative financial instrument, as forward currency contracts uses forward pricing method to set the booking value, which equivalent to the fair value.

The fair value of listed financial instruments was set by the price in the market.

X. Events after the balance sheet date

1. The dividends after balance sheet date

Profits or dividends to be allocated	Refer to Note V 43.
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2. Other events after the balance sheet date

As of the approval date of financial statement, no significant event was noted.

XI. Leasing arrangements

According to the lease contracts signed with the lesser, the minimum leases payments under non-cancellable leases are as follows:

Item	2012	2011
Less than 1 year (including 1 year)	7,729,234.19	7,914,189.87
1 to 2 years (including 2 year)	2,019,678.92	4,685,792.60
2 to 3 years (including 3 year)	740,228.92	123,379.00
Over 3 years	943,498.38	308,447.50
Total	11,432,640.41	13,031,808.97

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

XII. Notes to the Company's financial statements

1. Accounts Receivable

(1) An aged analysis of the accounts receivable as at the end of reporting period is as follows:

	2012	2011
Within 1 year	933,014,386.68	559,428,691.08
1 to 2 years	109,881,631.88	138,691,973.11
2 to 3 years	18,655,444.66	2,966,769.00
Over 3 years	<u>47,302,563.38</u>	<u>47,048,889.00</u>
	1,108,854,026.60	748,136,322.19
Provision	<u>(37,508,407.16)</u>	<u>(38,173,999.96)</u>
	<u>1,071,345,619.44</u>	<u>709,962,322.23</u>

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

	Beginning Balance	Addition	Deduction		Ending Balance
			Reversal	Write-off	
2012	38,173,999.96	-	665,592.80	-	37,508,407.16
2011	58,456,294.94	1,864,782.66	-	22,147,077.64	38,173,999.96

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(2) An analysis of the accounts receivable by category as at the end of the reporting period is as follows:

Item	2012				2011			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	57,465,112.99	5.18	-	-	-	-	-	-
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	72,506,929.40	6.54	37,508,407.16	51.73	71,222,391.43	9.52	37,794,345.43	53.07
Group 2. Accounts receivable from related parties	978,881,984.21	88.28	-	-	676,534,276.23	90.43	-	-
Group subtotal	1,051,388,913.61	94.82	37,508,407.16	3.57	747,756,667.66	99.95	37,794,345.43	5.05
individually insignificant items but analyzed individually for provision	-	-	-	-	379,654.53	0.05	379,654.53	100.00
Total	1,108,854,026.60	100.00	37,508,407.16		748,136,322.19	100.00	38,173,999.96	

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Within groups, accounts receivable analyzed for provision according to aging analysis:

Aging	2012			2011		
	Balance		Provision	Balance		Provision
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 6 months	24,107,208.27	33.25	-	9,495,549.09	13.33	-
6 to 12 months	255,480.06	0.35	12,774.00	3,303,077.15	4.64	165,153.86
Within 1 year subtotal	24,362,688.33	33.60	12,774.00	12,798,626.24	17.97	165,153.86
1 to 2 years	1,601,166.67	2.21	160,116.67	20,127,224.21	28.26	2,012,722.42
2 to 3 years	13,056,095.28	18.01	3,916,828.58	2,069,759.30	2.91	620,927.79
3 to 4 years	-	-	-	2,436,062.64	3.42	1,218,031.32
4 to 5 years	341,456.08	0.47	273,164.87	66,045.00	0.09	52,836.00
Over 5 years	33,145,523.04	45.71	33,145,523.04	33,724,674.04	47.35	33,724,674.04
Total	72,506,929.40	100.00	37,508,407.16	71,222,391.43	100.00	37,794,345.43

Within groups, accounts receivable analyzed for provision with other methods:

Group	Balance	Provision
Accounts receivable from related parties	978,881,984.21	-
Total	978,881,984.21	-

As at 31 December 2012, there was no individually insignificant items but analyzed individually for provision.

As at 31 December 2011, individually insignificant items but analyzed individually for provision:

Details of accounts receivable	Balance	Provision	Provision Percentage	Reason for provision
Others	379,654.53	379,654.53	100%	Full provision for small amount receivables which have long aging
Total	379,654.53	379,654.53	100%	

(3) For the year ended 2012, provision for impairment of accounts receivable amounted to RMB 665,592.80 has been reversed. (2011: nil).

(4) There is no write-off of provision for bad debts 2012 (2011: RMB 22,147,077.64).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(5) As at 31 December 2012, within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares (As at 31 December 2011: nil).

(6) As at 31 December 2012, top five debtors of accounts receivable are as follows:

Debtors	Relationship with the Company	Amount	Aging	Proportion of total accounts receivable (%)
First	Subsidiary	609,984,706.93	Within 1 year	55.02
Second	Subsidiary	98,143,948.65	Within 1 year	8.85
Third	Controlled by the same parent company	74,538,322.68	Within 2 years	6.72
Fourth	Joint venture	52,327,516.83	Within 1 year	4.72
Fifth	Subsidiary	49,052,452.80	Within 1 year	4.42
Total		884,046,947.89		79.73

(7) As at 31 December 2012, accounts receivable due from related parties is as follows:

Debtors	Relationship with the Group	Amount	Proportion of total accounts receivable (%)
Chongqing Changan International Automobile Sales Co., Ltd	Subsidiary	98,143,948.65	8.85
Nanjing Changan Automobile Co., Ltd	Subsidiary	609,984,706.93	55.03
Hebei Changan Automobile Co., Ltd	Subsidiary	14,632,740.17	1.32
Chongqing Anfu Automobile sales Co., Ltd	Controlled by the same parent company	3,099,525.00	0.28
Chongqing Changan new Energy Automobile Co., Ltd	Subsidiary	6,422,400.00	0.58
Liaoning Changan Automobile Sales Co., Ltd.	Subsidiary	7,372,369.23	0.66
Changan Automobile Group Co., Ltd. Harbin sales subsidiary	Subsidiary	872,732.96	0.08
Yinchuan Changan Automobile Sales Co., Ltd.	Subsidiary	2,101,172.07	0.19
Heilongjiang Changan Automobile Sales Co., Ltd.	Subsidiary	49,052,452.80	4.42
Xinjiang Changan Automobile Sales Co., Ltd.	Subsidiary	8,677,316.58	0.78
Jiangxi Changhe Automobile Co., Ltd	Controlled by the same parent company	906,667.45	0.08
Hafei Automobile Co., Ltd.	Controlled by the same parent company	74,538,322.68	6.72
Changan Industries Group Co., Ltd	Controlled by the same ultimate holding company	4,018,844.47	0.36
Hebei Baoding Changan Bus Co., Ltd.	Subsidiary	21,521,384.41	1.94
Chongqing Changan Kuayue Automobile Co., Ltd	Associate	5,532,000.00	0.50
Hefei Changhe Automobile Co., Ltd	Controlled by the same parent company	1,362,500.00	0.12
Chongqing Changan Suzuki Automobile Co., Ltd	Joint venture	10,948,459.63	0.99
Jiangling Holding Co., Ltd	Joint venture	7,356,903.60	0.66

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	Joint venture	52,327,516.83	4.72
China Changan Jian'an rear axle branch	Branch of the parent company	10,020.75	0.00
Total		978,881,984.21	88.28

(8) There is no accounts receivable derecognized due to transfer of financial assets during 2012 (2011: nil).

2. Other receivables

(1) An aged analysis of the other receivables as at the end of the reporting period is as follows:

	2012	2011
Within 1 year	238,791,904.86	151,106,521.68
1 to 2 years	76,451,896.18	3,919,799.57
2 to 3 years	1,026,684.00	381,910.60
Over 3 years	<u>2,046,901.65</u>	<u>2,536,901.65</u>
	318,317,386.69	157,945,133.50
Provision	<u>(2,740,878.98)</u>	<u>(2,778,183.67)</u>
	<u><u>315,576,507.71</u></u>	<u><u>155,166,949.83</u></u>

The movements in provision for impairment of other receivables are as follows:

	Beginning Balance	Addition	Deduction		Ending Balance
			Reversal	Write-off	
2012	2,778,183.67	-	37,304.69	-	2,740,878.98
2011	2,612,903.54	165,280.13	-	-	2,778,183.67

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(2) An analysis of the other receivables by category as at the end of reporting period is as follows:

Item	2012				2011			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	56,232,000.00	17.67	-	-	45,084,000.00	28.54	-	-
Other receivables analyzed as groups for provision								
Group 1. Other receivables analyzed for provision according to aging analysis	39,099,330.28	12.28	2,740,878.98	7.01	40,188,514.02	25.45	2,778,183.67	6.91
Group 2. Other receivables from related parties	222,986,056.41	70.05	-	-	72,672,619.48	46.01	-	-
Group subtotal	262,085,386.69	82.33	2,740,878.98	1.05	112,861,133.50	71.46	2,778,183.67	2.46
Total	318,317,386.69	100.00	2,740,878.98	-	157,945,133.50	100.00	2,778,183.67	-

Within groups, other receivables analyzed for provision according to aging analysis:

Aging	2012			2011		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	31,212,755.11	79.83	-	32,799,068.64	81.62	-
6 to 12 months	1,806,536.51	4.62	90,326.83	2,962,061.07	7.37	148,103.05
Within 1 year subtotal	33,019,291.62	84.45	90,326.83	35,761,129.71	88.99	148,103.05
1 to 2 years	3,006,453.01	7.68	300,645.30	1,699,962.53	4.23	169,996.25
2 to 3 years	1,026,684.00	2.63	308,005.20	381,910.60	0.94	114,573.19
3 to 4 years	10,000.00	0.03	5,000.00	-	-	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

4 to 5 years	-	-	-	-	-	-
Over 5 years	2,036,901.65	5.21	2,036,901.65	2,345,511.18	5.84	2,345,511.18
Total	39,099,330.28	100.00	2,740,878.98	40,188,514.02	100.00	2,778,183.67

- (3) For the year ended 2012, provision for impairment of other receivables amounted to RMB37,304.69 has been reversed. (2011: nil).
- (4) There is no write-off of provision for bad debts during 2012 (2011: nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(5) As at 31 December 2012, within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares (As at 31 December 2011: nil).

(6) As at 31 December 2012, top five debtors of other receivables are as follows:

Debtors	Relationship with the Company	Amount	Aging	Proportion of total other receivables (%)
First	Subsidiary	169,161,427.05	Within 2 years	53.14
Second	Non-related	56,232,000.00	Within 1 year	17.67
Third	Subsidiary	50,064,365.43	Within 2 years	15.73
Fourth	Subsidiary	2,219,837.04	Within 2 years	0.70
Fifth	Subsidiary	1,250,000.00	Within 2 years	0.39
Total		278,927,629.52		87.63

(7) There is no accounts receivable derecognized due to transfer of financial assets during 2012 (2011: nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

3. Long-term equity investments

2012

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	239,905,266.00	1,372,612,641.40	49,340,446.81	1,421,953,088.21	51.00	51.00	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,000,000,000.00	1,492,969,790.10	213,752,535.42	1,706,722,325.52	50.00	50.00	N/A	-	-	-
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	Equity	951,589,136.29	4,011,538,873.50	(1,333,860,962.27)	2,677,677,911.23	50.00	50.00	N/A	-	-	1,800,000,000.00
Changan Ford Mazda Engine Co., Ltd	Equity	786,734,634.10	343,195,182.39	132,041,116.43	475,236,298.82	50.00	50.00	N/A	-	-	-
Changan Mazda Automobile Co., Ltd	Equity	1,097,839,635.00	-	1,115,310,608.80	1,115,310,608.80	50.00	50.00	N/A	-	-	-
Associates											
Chongqing HelpGo Information Technology Co., Ltd	Equity	4,500,000.00	11,776,292.44	(1,460,080.64)	10,316,211.80	21.43	21.43	N/A	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	6,714,720.64	7,664,634.71	750,367.82	8,415,002.53	40.00	40.00	N/A	-	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	Equity	61,800,885.00	61,800,885.00	2,069,849.11	63,870,734.11	34.30	34.30	N/A	-	-	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	1.00	(1.00)	-	34.30	34.30	N/A	-	-	-
Beijing Fang'an taxi Co., Ltd	Equity	6,000,000.00	-	6,000,000.00	6,000,000.00	42.25	42.25		-	-	-
Subsidiaries											

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Nanjing Changan Automobile Co., Ltd	Cost	413,805,259.00	413,805,259.00	-	413,805,259.00	82.47	91.53	Commissioned by minorities to exercise voting rights	-	-	-

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Hebei Changan Automobile Co., Ltd	Cost	437,635,236.00	437,635,236.00	-	437,635,236.00	94.07	95.62	Commissioned by minorities to exercise voting rights	-	-	-
Chongqing Changan International Automobile Sales Co., Ltd	Cost	13,068,580.00	13,068,580.00	-	13,068,580.00	95.00	95.00	N/A	-	-	-
Chongqing Changan Automobile supporting service Co., Ltd.	Cost	29,700,000.00	29,700,000.00	-	29,700,000.00	99.00	99.00	N/A	-	-	-
Chongqing Changan Automobile Sales Co., Ltd	Cost	48,500,000.00	48,500,000.00	-	48,500,000.00	100.00	100.00	N/A	-	-	-
Chongqing Changan Automobile sales subsidiaries	Cost	8,050,000.00	8,050,000.00	-	8,050,000.00	90-100.00	90-100.00	N/A	-	-	-
Chongqing Changan Special Automobile sales Co., Ltd	Cost	2,500,000.00	2,500,000.00	-	2,500,000.00	50.00	50.00	N/A	-	-	-
Chongqing Changan Europe Design Academy Co., Ltd	Cost	134,879,700.00	134,879,700.00	-	134,879,700.00	100.00	100.00	N/A	-	-	-
Chongqing Changan new Engergy Automobile Co. Ltd	Cost	18,850,000.00	18,850,000.00	-	18,850,000.00	65.00	65.00	N/A	-	-	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Changan United Kingdom R&D Center Co., Ltd.	Cost	981,934.40	981,934.40	-	981,934.40	100.00	100.00	N/A	-	-	-
Beijing Changan R&D Center Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100.00	100.00	N/A	-	-	-
Ha'erbin Changan R&D Center Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100.00	100.00	N/A	-	-	-
Jiangxi Changan R&D Center Co., Ltd.	Cost	2,000,000.00	2,000,000.00	-	2,000,000.00	100.00	100.00	N/A	-	-	-
Shanghai Changan R&D Center Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100.00	100.00	N/A	-	-	-
Changan Japan Designing Center Co., Ltd.	Cost	1,396,370.15	1,396,370.15	-	1,396,370.15	100.00	100.00	N/A	-	-	-
Changan United States R&D Center Co., Ltd.	Cost	1,317,720.00	1,317,720.00	-	1,317,720.00	100.00	100.00	N/A	-	-	-

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Hebei Baoding Changan Bus Co., Ltd.	Cost	176,002,613.18	176,002,613.18	-	176,002,613.18	100.00	100.00	N/A	-	-	-
Others											
China South Industry Group Finance Co., Ltd	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-	-	6,000,000.00
Chongqing Ante Import and Export Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10.00	10.00	N/A	-	-	-
Sichuan Glass Co., Ltd	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-	-	-
Zhong Fa Lian Investment Co., Ltd	Cost	21,000,000.00	21,000,000.00	-	21,000,000.00	10.00	10.00	N/A	-	-	-
CAERI(Beijing) automotive Lightweight Technology Research Institution Co., Ltd	Cost	3,000,000.00	-	3,000,000.00	3,000,000.00	6.89	6.89	N/A	-	-	-
Total	-	5,555,580,964.76	8,699,054,987.27	186,943,880.48	8,885,998,867.75	-	-	-	-	-	1,806,000,000.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

2011

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	239,905,266.00	1,278,115,624.71	94,497,016.69	1,372,612,641.40	51.00	51.00	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,000,000,000.00	1,206,654,839.34	286,314,950.76	1,492,969,790.10	50.00	50.00	N/A	-	-	-
Changan Ford Mazda Automobile Co., Ltd	Equity	1,395,110,717.00	2,707,612,398.70	1,303,926,474.80	4,011,538,873.50	50.00	50.00	N/A	-	-	-
Changan Ford Mazda Engine Co., Ltd	Equity	669,512,935.00	353,568,055.95	(10,372,873.56)	343,195,182.39	50.00	50.00	N/A	-	-	-
Associates											
Chongqing HelpGo Information Technology Co., Ltd	Equity	4,500,000.00	11,444,603.12	331,689.32	11,776,292.44	21.43	21.43	N/A	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	6,714,720.64	6,818,138.79	846,495.92	7,664,634.71	40.00	40.00	N/A	-	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	Equity	61,800,885.00	-	61,800,885.00	61,800,885.00	34.30	34.30	N/A	-	-	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	-	1.00	1.00	34.30	34.30	N/A	-	-	-
Subsidiaries											
Nanjing Changan Automobile Co., Ltd	Cost	413,805,259.00	413,805,259.00	-	413,805,259.00	82.47	91.53	Commissioned by minorities to exercise voting rights	-	-	-
Hebei Changan Automobile Co., Ltd	Cost	437,635,236.00	432,485,236.00	5,150,000.00	437,635,236.00	94.07	95.62	Commissioned by minorities to exercise voting rights	-	-	-
Chongqing Changan International Automobile Sales Co.,	Cost	13,068,580.00	13,068,580.00	-	13,068,580.00	95.00	95.00	N/A	-	-	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Ltd											
Chongqing Changan Automobile supporting service Co., Ltd.	Cost	29,700,000.00	29,700,000.00	-	29,700,000.00	99.00	99.00	N/A	-	-	
Chongqing Changan Automobile Sales Co., Ltd	Cost	48,500,000.00	48,500,000.00	-	48,500,000.00	100.00	100.00	N/A	-	-	
Chongqing Changan Automobile sales subsidiaries	Cost	8,050,000.00	13,550,000.00	(5,500,000.00)	8,050,000.00	90-100.00	90-100.00	N/A	-	-	
Chongqing Changan Special Automobile sales Co., Ltd	Cost	2,500,000.00	2,500,000.00	-	2,500,000.00	50.00	50.00	N/A	-	-	
Chongqing Changan Europe Design Academy Co., Ltd	Cost	134,879,700.00	974,020.00	133,905,680.00	134,879,700.00	100.00	100.00	N/A	-	-	
Chongqing Changan new Energy Automobile Co. Ltd	Cost	18,850,000.00	18,850,000.00	-	18,850,000.00	65.00	65.00	N/A	-	-	
Changan United Kingdom R&D Center Co., Ltd.	Cost	981,934.40	981,934.40	-	981,934.40	100.00	100.00	N/A	-	-	

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Beijing Changan R&D Center Co., Ltd.	Cost	1,000,000.00	-	1,000,000.00	1,000,000.00	100.00	100.00	N/A	-	-	
Ha'erbin Changan R&D Center Co., Ltd.	Cost	1,000,000.00	-	1,000,000.00	1,000,000.00	100.00	100.00	N/A	-	-	
Jiangxi Changan R&D Center Co., Ltd.	Cost	2,000,000.00	-	2,000,000.00	2,000,000.00	100.00	100.00	N/A	-	-	
Shanghai Changan R&D	Cost	1,000,000.00	-	1,000,000.00	1,000,000.00	100.00	100.00	N/A	-	-	

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Center Co., Ltd.											
Changan Japan Designing Center Co., Ltd.	Cost	1,396,370.15	-	1,396,370.15	1,396,370.15	100.00	100.00	N/A	-	-	-
Changan United States R&D Center Co., Ltd.	Cost	1,317,720.00	-	1,317,720.00	1,317,720.00	100.00	100.00	N/A	-	-	-
Hebei Baoding Changan Bus Co., Ltd.	Cost	-	-	176,002,613.18	176,002,613.18	100.00	100.00	N/A	-	-	-
Others											
China South Industry Group Finance Co., Ltd	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-	-	6,000,000.00
Chongqing Ante Import and Export Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10.00	10.00	N/A	-	-	-
Sichuan Glass Co., Ltd	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-	-	-
Zhong Fa Lian Investment Co., Ltd	Cost	21,000,000.00	21,000,000.00	-	21,000,000.00	10.00	10.00	N/A	-	-	-
Total	—	4,599,038,598.19	6,644,437,964.01	2,054,617,023.26	8,699,054,987.27	--	--	--	-	-	6,000,000.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

4. Operating revenue and cost

(1) Operating revenue, operating cost

Item	2012	2011
Operating revenue	21,959,079,719.69	18,614,687,196.59
Other operating revenue	880,173,248.74	1,015,627,450.07
Total revenue	22,839,252,968.43	19,630,314,646.66
Operating cost	18,312,319,774.19	16,622,745,636.31

(2) Operating revenue listed by products as follows:

Industry	2012		2011	
	Revenue	Cost of sales	Revenue	Cost of sales
Sales of goods	21,729,587,686.98	17,545,172,069.53	18,179,015,369.63	15,535,989,134.75
Outsourcing processing	229,492,032.71	212,697,469.77	435,671,826.96	431,428,173.93
Total	21,959,079,719.69	17,757,869,539.30	18,614,687,196.59	15,967,417,308.68

(3) Operating revenue from top five customers are as follows:

Customer	Amount	Proportion of total operating revenue (%)
First	769,323,702.75	3.37
Second	660,073,017.95	2.89
Third	559,449,681.50	2.45
Fourth	413,749,116.62	1.81
Fifth	388,542,078.83	1.70
Total	2,791,137,597.65	12.22

The Company's operating activities are principally related to the sales of motor vehicles and accessories. The 100% of sales are domestic (2011: 100%). So segment reporting information is not needed.

5. Investment income

(1) Details of investment income

Item	2012	2011
Long-term equity investment income under cost method	6,000,000.00	6,000,000.00
Long-term equity investment income under equity method	1,860,722,181.38	1,675,543,753.93
Long-term equity investment income through disposal	-	(11,263,916.67)
Others	266,666.67	-
Total	1,866,988,848.05	1,670,279,837.26

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

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

Investee	2012	2011
China South Industry Group Finance Co., Ltd	6,000,000.00	6,000,000.00
Total	6,000,000.00	6,000,000.00

Long-term investments under cost method with no cash receipt for investment income were excluded in above table.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

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

Investee	2012	2011	Reason for the fluctuation
Changan Ford Automobile Co., Ltd. (former name: Changan Ford Mazda Automobile Co., Ltd)	1,563,978,672.73	1,303,926,474.80	Increase in profit due to sales expansion
Changan Mazda Automobile Co., Ltd	17,470,973.80	-	New joint venture split from Changan Ford Mazda Automobile Co., Ltd. (Refer to Note V 11)
Chongqing Changan Suzuki Automobile Co., Ltd	49,340,446.81	94,497,016.69	Decrease in profit due to sales reduction
Changan Ford Mazda Engine Co., Ltd	14,819,417.33	(10,372,873.56)	Increase in profit due to sales expansion
Jiangling Holding Co., Ltd	213,752,535.42	286,314,950.76	Decrease in profit due to sales reduction
Chongqing HelpGo Information Technology Co., Ltd	(1,460,080.64)	331,689.32	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	750,367.82	846,495.92	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd	(1.00)	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	2,069,849.11	-	-
Total	1,860,722,181.38	1,675,543,753.93	

6. Notes to cash flow statement

(1) The major cash received relating to other operating activities:

Item	2012	2011
Interest income	97,452,591.77	78,542,947.52
Government grants related to operating	538,916,181.25	418,713,485.00
Total	636,368,773.02	497,256,432.52

(2) The major cash paid relating to other operating activities:

Item	2012	2011
Selling expense	1,863,729,042.96	1,269,386,389.03
Administrative expense	924,044,854.77	1,523,780,029.24
Total	2,787,773,897.73	2,793,166,418.27

(3) The major cash received relating to other investing activities:

Item	2012	2011
Government grants related to assets	205,000,000.00	729,034,200.00
Temporary borrowed fund	-	460,558,000.00
Total	205,000,000.00	1,189,592,200.00

(4) The major cash paid relating to other investing activities:

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Item	2012	2011
Temporary borrowed fund	-	672,185,200.00
Prepayment for equity investment	703,015,710.00	-
Borrowings to subsidiaries	150,000,000.00	-
Total	853,015,710.00	672,185,200.00

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

(5) The major cash received relating to other financing activities:

Item	2012	2011
Borrow for issuing new share	-	1,933,678.86
Total	-	1,933,678.86

(6) The major cash paid relating to other financing activities:

Item	2012	2011
Borrow for issuing new share	-	2,502,094.43
Repurchased B share	496,926,898.50	-
Total	496,926,898.50	2,502,094.43

7. Supplementary information of cash flow statement

Supplementary information	2012	2011
1. Cash flows from operating activities calculated by adjusting the net profit		
Net profit	1,621,508,997.69	1,123,215,774.91
Add: impairment provision for assets	247,823,520.81	39,957,464.84
Depreciation of fixed assets	777,900,767.37	574,769,671.12
Amortization of intangible assets	249,849,820.04	155,833,011.74
Amortization of long-term deferred expense	180,080.00	180,080.00
Amortization of deferred income	(47,106,402.56)	(8,824,645.69)
Disposal loss(gain) on fixed assets, intangible assets and others long-term assets	1,428,373.62	(10,240,775.27)
Loss (gain) on retirement of fixed assets	-	-
Loss(gain) from fair value changes	-	-
Financial expense(income)	136,500,131.15	6,282,478.00
Investment loss(gain)	(1,866,988,848.05)	(1,670,279,837.26)
Decrease(increase) in deferred tax assets	(299,251,661.95)	(178,713,266.74)
Decrease(increase) in inventory	(973,144,364.10)	(918,824,209.80)
Decrease(increase) in operating receivables	(3,863,759,157.70)	1,817,021,956.39
Decrease(increase) in operating payables	4,591,239,403.91	(668,327,448.74)
Net cash flows from operating activities	576,180,660.23	262,050,253.50
2. Major non-cash investing and financing activities		
Government grants related to assets	860,000,000.00	-
3. Movement of cash and cash equivalents		
Ending balance of cash	3,081,165,146.84	3,748,480,642.89
Less: beginning balance of cash	3,748,480,642.89	3,087,748,588.31

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Add: ending balance of cash equivalents	-	-
Less: beginning balance of cash equivalents	-	-
Increase in cash and cash equivalents	(667,315,496.05)	660,732,054.58

Chongqing Changan Automobile Company Limited
Supplementary Information to Financial Statements
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

1. Schedule of non-recurring profit and loss

Item	Amount
Gain and loss arising from disposal of non-current assets	(2,659,276.68)
Government grants	402,264,192.28
Investment income from the fair value changes of held for trading financial assets or liabilities, and the disposal of held for trading financial assets, liabilities or available for sale financial assets	(1,193,392.63)
Other non-operating income and expenses	5,351,829.85
Capital occupied income from non-financial entities	66,458,214.91
Effect on income tax	(94,185,371.56)
Effect on minority shareholders (after tax)	(1,575,352.96)
Total	374,460,843.21

Note: the non-recurring profit and loss were presented with amount before tax.

The Group disclosed non-recurring profit and loss items in accordance with the regulations issued by China Security Regulation Commission, No 1 Regulation of Information Disclosure of Public Companies-Non-recurring Profit and Loss <CSRC 2008(43)>

2. Return on equity and earnings per share

2012

Current profit	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	9.66	0.31	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	7.16	0.23	N/A

2011

Current profit	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	6.86	0.20	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	5.62	0.17	N/A

Chongqing Changan Automobile Company Limited
Supplementary Information to Financial Statements
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

Except dividend allotted, transfer of reserve to common shares and separation or combination of share, other conditions, as share buy-back and potential issuance new shares and potential transfer of share and exercise of share, cause the substantial change in ordinary shares or potential ordinary shares, which must be considered during the calculation of earnings per share. The Company has no dilutive potential ordinary shares.

In accordance with the regulations issued by China Security Regulation Commission (2008), No 9 Regulation of Information Disclosure of Public Companies—the Calculation and Disclosure of Return of Net Assets and Earning per Share (2010 Revision), the Group disclosed the return of net assets and earnings per share in the reporting period.

The basic earnings per share is calculated by the net profit attributable to the Company's ordinary shareholders divided by the weighted average outstanding ordinary shares.

3. The major fluctuation and related explanation of the Group's financial statements

The financial statement items whose fluctuation percentage between two reporting periods is larger than 30%, fluctuation amount larger than 5% of total assets or 10% of net profit, name is not a reporting item specified by accounting principles, or nature cannot be reflected by the name, are as follows:

1. The operating revenue, cost and operating expenses increased by 11%, 6% and 23% respectively, which were consistent with the prosperous automobile market. During current period, the Group launched new vehicles, such as Eado, made the sales volume increased by 21,000 compared to last year. The Group also launched a high-end van named Honor which was popular in the markets and with a higher price. The operating cost and expenses increased in accordance with the revenue increase. The advertising expenditure increased especially due to the new vehicle products launched.
2. The business tax and surcharges increased by 41% which is mainly due to the consumption tax increased by RMB 212 million as the sales volume increase. Besides, the sales volume for vehicles entitled to high consumption rate increased also caused the consumption tax increased.
3. The general and administrative expenses increased by 15% was mainly due to the increase of remuneration and the start of production of Changan Automobile (Beijing) Company.
4. The financial expenses increased by RMB213 million was mainly due to the increase of interest expense. The company issued corporate bonds and borrowed loans from financial institutions which caused the interest expense increased by about RMB132 million. At the meantime, the expansion of investment in property, plant and equipment made the cash outflow more than last year which caused the interest income decreased about RMB 84 million.
5. The impairment loss on assets increased by RMB210 million was mainly due to full provisions for discontinued products, such as CV6, CX20 and CM9, which caused the impairment loss increased by RMB 148 million. Meanwhile, Changan Automobile (Beijing) Company just started operating in 2012. The vehicle production has not achieved economies of scale yet. So the unit cost of product was higher than usual. That mainly caused the inventory impairment increased about RMB 52 million based on the net realizable value.
6. The variation of profit and loss from fair value was mainly due to the variation of the fair value of financial assets held for trading.

Chongqing Changan Automobile Company Limited
Supplementary Information to Financial Statements
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

7. The non-operating income increased by RMB 179 million was mainly due to the increase of government grants by RMB 217 million.

8. The non-operating expenses decreased by about RMB 29.59 million was mainly due to the decrease of fixed assets disposal loss by RMB 21.89 million.

9. The income tax expense decreased by RMB110 million was mainly due to the increase of deferred tax assets as a result of the increase of deferred income.

10. The notes receivable increased by 65% was mainly due to the increase of the payment by bank acceptance bills from dealer instead of cash.

11. The prepayment increased by 56% was mainly due to the increase of prepayment for the large amount of steel materials to satisfy the expansion of production,.

12. The other current assets were mainly about non-authentication VAT input.

13. The long-term equity investments increased by RMB 187 million was due to the increase of investment income generated from the joint venture and associates by RMB 1.86 billion . Besides, the Company increased the investment on Changan Ford Mazda Engine Co., Ltd with RMB 117 million and on other joint venture and associates with RMB 9 million. Meanwhile, the long-term equity investments decreased by RMB 1.8 billion as the company received the dividend from Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd). All these above reasons caused the balance of the long-term equity increased.

14. The investment property decreased by 98% is mainly due to the reclassification.

Nanjing Municipal Government planed to requisition the land of Zijin factory which located in No. 139, Yaoshang Village, Xiaguan District, Nanjing City and belonged to Nanjing Changan Automobile Co., Ltd, the subsidiary of the Company. Nanjing Changan Automobile Co., Ltd reclassified the investment property amounted to RMB 57.90 million to fixed assets and intangible assets.

15. The fixed assets increased by 54% was mainly due to some projects (Engine plant project, Beijing vehicle project and Yuzui project) were mostly put into use in 2012.

16. The deferred tax assets increased by 48% was mainly due to the increase of deferred income.

17. The other non-current assets increased by RMB 923 million was mainly due to the prepayment of land use rights and long-term equity investment.

18. The advance from customers increased by RMB 1.15 billion was mainly due to the increase of advances from dealers as a result of ordering the cars for coming boom sales.

19. The payroll payable increased by 53% was mainly due to the increase of the bonus as a result of the increase of the profit compared to 2011.

20. The tax payable increased by 126% was mainly due to the increase of the consumption tax payable and EIT payable as a result of revenue and profit increased.

21. The interest payable increased by RMB 75.83 million is mainly due to the interest payable of corporate bonds increased by RMB 73.46 million.

22. The non-current liability within one year increased by RMB 18 million was due to the reclassification of long-term loans.

Chongqing Changan Automobile Company Limited
Supplementary Information to Financial Statements
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

23. The long-term loan increased by RMB 992 million was due to the increase of long-term loans obtained this year.

24. The bonds payables increased by RMB 196 million is due to the issuance of the corporate bonds in 2012

25. The non-current liabilities increased by RMB 1.02 billion was mainly due to the increase of government subsidies relating to assets.

26. The minor interests decreased by RMB 31.40 million was mainly due to the profit loss of Nanjing Changan Automobile Co., Ltd in 2012.

Chapter 11. Documents for Future Reference

1. Financial reports with signatures and stamps of the legal representative, the chief accountant and the chief of accounting organization.
2. The original copy of audit report with the stamp of the CPA firm and the signature and stamp of the Certified Public Accountant.
3. All the original documents and manuscripts of the Company which has been disclosed in the reporting period in the newspapers designated by China Securities Regulatory Commission.
Annual reports disclosed in other securities markets.

Chairman of the Board:
Mr. Xu Liuping

General Manager:
Mr. Zhao Baolin

Chongqing Changan Automobile Co., Ltd.
18 April, 2013