



Chongqing Changan Automobile

Company Limited

2014 Annual Report

April, 2014

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.

Other directors attended the board meeting for reviewing the annual report except for the following director:

Name of the Director	The position for the absent director	Reasons for the absence	Name of the consignee
Peng Shaobing	Independent Peng	On Health Reasons	N/A

The preplan profit distribution of the Company deliberated and approved by the Board is: taking the total shares as of Dec. 31, 2014 as the radix, sending cash dividends of RMB 2.5Yuan (tax included) per every 10 shares to its all shareholders, and not converting capital reserve into share capital.

Chairman of the Board Xu Liuping, the Chief Financial Officer Wang Kun 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.

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.

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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
CAPSA	Refers to	Changan PSA Automobiles 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
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
UPI	Refers to	United Prosperity (Hong Kong)Investment Co., Limited ,a subsidiary company of China Changan
Hefei Changan	Refers to	Hefei Changan Automobile Co., Ltd., a subsidiary company of the Company

Matrial Risk Notice

In the fourth chapter of Report of Board of Directors, the company describes the competition pattern and development trend of the automobile industry, the company's business plan in 2015, the possible risks. Please refer to the relevant part. 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.

Chapter 2 Company Profile

I. Basic Information

Stock abbreviation	Changan Automobile Changan B	Stock Code	000625、200625
Listed on	Shenzhen Stock Exchange		
Company name in Chinese	重庆长安汽车股份有限公司		
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		

II. Contact Information

	Secretary of the Board of Directors	Securities affairs representative
Name	Wangkun(On behalf),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	

II. 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

IV. 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 and control relation are without change.</p>			

V. Other Relevant Information

The accounting firm employed by the Company:

Name of the accounting firm	ERNST&YOUNG Hua Ming LLP
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 recommendation agency engaged by the Company executing the persistent supervision responsibilities in the report period

Applicable Not applicable

The financial consultant engaged by the Company performs the duties of persistent supervision and guidance in the report period

Applicable Not applicable

Chapter 3 Summary of Accounting Data and Financial Indexes

I. Major Accounting Data and Financial Indexes

Unit: Yuan

	2014	2013		Increase/decrease on a year-on-year basis (%)Adjusted	2012	
		Before adjustment	Adjusted		Before adjustment	Adjusted
Operating revenue (Yuan)	52,913,332,100.83	38,481,862,261.90	39,141,703,050.19	35.18%	29,462,588,753.56	29,462,588,753.56
Net profit belonging to shareholders of the listed company (Yuan)	7,561,081,585.81	3,505,640,520.04	3,368,591,105.89	124.46%	1,446,409,591.28	1,446,409,591.28
Net profit belonging to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan)	7,279,008,679.47	3,323,415,945.67	3,120,551,968.04	133.26%	1,071,948,748.07	1,071,948,748.07
Net cash flow arising from operating activities (Yuan)	3,779,921,774.57	1,832,646,224.37	1,537,154,348.43	145.90%	511,885,673.38	511,885,673.38
Basic earnings per share (Yuan/Share)	1.62	0.75	0.72	125.00%	0.31	0.31
Diluted earnings per share (Yuan/Share)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Return on equity (ROE) (%)	34.20%	20.44%	21.77%	12.43 Percentage points Increased	9.66%	9.66%
	End of 2014	End of 2013		Increase/decrease of the end of current year compared with that of the previous year (%)	End of 2012	
		Before adjustment	Adjusted		Before adjustment	Adjusted
Total assets (Yuan)	69,687,352,890.82	53,364,694,275.91	54,612,107,747.02	27.60%	46,117,604,792.27	47,869,326,686.22
Net assets belonging to shareholders of the listed company (Owner's equity belonging to shareholders of the listed company) (Yuan)	25,637,298,549.80	18,778,354,427.87	18,857,112,774.61	35.96%	15,512,935,348.26	15,628,743,109.15

II. The differences between domestic and international accounting standards

(1). Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

Applicable Not applicable

No difference

(2). Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

Applicable Not applicable

No difference

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

Unit: Yuan

Item	Amount of 2014	Amount of 2013 (Restated)	Amount of 2012
Profit and loss from disposal of non-current assets (including the write-off of assets depreciation reserves)	-17,293,198.19	14,249,629.45	-2,659,276.68
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)	339,001,795.70	234,412,047.68	402,264,192.28
Current net gains/losses of the subsidiaries from period-begin to consolidated date occurred from enterprise merger under the common control	-43,390,581.51		
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	-	-332,407.00	-1,193,392.63
Other non-operating revenue and expenses except the above-mentioned items	40,605,150.13	2,181,517.38	5,351,829.85
Capital occupied income from non-financial entities	36,729,835.74	44,444,713.09	66,458,214.91
Less: Influenced amount of income tax	66,584,968.46	45,704,294.34	94,185,371.56
Amount of influence of minority shareholders' equity (after tax)	6,995,127.07	1,212,068.41	1,575,352.96
Total	282,072,906.34	248,039,137.85	374,460,843.21

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable Not applicable

In reporting period, the Company has no particular items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss.

Chapter 4 Report of the Board of Directors

I. Overview

The effect of company product structure adjustment was obvious in 2014, the research and development capabilities continued to improve, JV cooperation continued to deepen, and the corporate image improved significantly. In terms of the operation effect, the company over fulfilled the annual business objectives and continued to consolidate the industry status; profit, sales revenue increased significantly, and maintained the status that the profit growth is higher than revenue growth, and the revenue growth is higher than the growth of sales volume.

Throughout the year, the company and its affiliated joint enterprises and the associated enterprises produced 2.63 million vehicles and sold out 2.54 million vehicles, increased by 24.5% and 20% on a year-on-year basis. Changan sold out 769,000 independent brand cars, up by 39.4% on a year-on-year basis. In China's automobile market, the company has obtained about 10.8% market shares, increased by 1.2% on a year-on-year basis, and the sales continued to rank top 4 in China auto industry (data source: China Automobile Industry Association data).

II. Analysis of Main Business

1、 Overview

The main business of the Company is the development, production and sales of vehicles and sedans. During the reporting period, the quality of the Company's operation was improving and the ability of cash flow creation was enhancing.

The Company summary review of the progress of development strategy and operation plan disclosed before during the reporting period.

There was no significant change in the Company's development strategy. During the reporting period, the Company completed the business indicators decided at the beginning of the reporting period by the board of directors well. The total sales volume of the automobiles was 2.54 million, which completed 109.01% of the planed business indicators. The sales of the automobiles was 218.2 Billion Yuan (52.91 Billion Yuan from Consolidated Income Statement), which completed 124.69% of the planed business indicators (129.37% of planned consolidated business indicators).

2、 Income

Unit: Ten Thousand Yuan

Item	2014	2013 (Restated)	Increase/decrease on a year-on-year basis (%)
operating revenue	5,291,333	3,914,170	35.18%
Investment income	810,212	450,660	79.78%
Operating profit	717,652	292,767	145.13%
Non-operating income	40,167	29,049	38.28%

Total profit	753,883	317,851	137.18%
Net profit attributable to owners	756,108	336,859	124.46%

During the reporting period, the sales volume of automobiles was increasing, and the structure of the production was optimizing. The investment income from Changan Ford, a joint venture, increased significantly. The Company revenue, investment income, total profit and net profit attributable to owners increased sharply compared with the last reporting period. The non-operating income increased compared with the last reporting period, which was mainly due to the increase of the government grant.

Is the income from sales in kind greater than the service income?

Yes No

Unit: One set

Industry	Items	2014	2013	Increase/decrease on a year-on-year basis (%)
Automobile Industry	Sales volume	2,544,055	2,120,023	20.00%
	Production volume	2,627,456	2,110,301	24.51%
	Stock volume	60,836	56,887	
	Market share (%)	10.84%	9.64%	1.2 percentage points increased

Note: The above sales volume, production volume and stock volume are consistent with the data from the Company and its subsidiaries and JVs. The analysis over market share is based on the data from China Automobile Industry Association.

Notes to the year-on-year change of the relevant data by over 30%

Applicable Not applicable

Significant orders in hand

Applicable Not applicable

Significant change in or adjustment of the products or services in the reporting period:

Applicable Not applicable

Main Customers

Total sales amount to top 5 customers (RMB)	5,514,074,342.31
Proportion of sales to top 5 customers in the annual sales (%)	10.42%

3、Cost

Unit: Ten Thousand Yuan

Industry classification	Item	2014		2013(Restated)		Increase/decrease on a year-on-year basis (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Automobile Production	Product Sale	4,307,697	99.56%	3,227,989	99.42%	33.45%
	Outsourcing	18,886	0.44%	18,966	0.58%	-0.42%

Total		4,326,583	100%	3,246,956	100.00%	33.25%
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Principal suppliers

Total purchase amount to top 5 suppliers (RMB)	6,531,887,905.10
Proportion of purchase to top 5 suppliers in the annual purchase (%)	15.10%

4、Expenses

Unit: Ten Thousand Yuan

Item	2014	2013(Restated)	increase/decrease
Business tax and surcharges	206,434	126,711	62.92%
Operating expenses	435,717	355,756	22.48%
Financial expenses	6,607	7,454	-11.36%
Income tax expense	2,085	-15,293	-113.63%

During the reporting period, the increase of business tax and surcharges was due to the increase of consumption tax resulted from the growth of sales and the increased portion of cars charged with higher tax rate; the growth of sales led to the expansion of sales expenses; the increase of corporate income tax was due to the increase of net profit excluded investment gains, leading to the increase of current income tax expense.

5、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 2014, the expenditure for research and development project of the Company was 2.012 Billion Yuan, accounting for revenue ratio of 3.80%, of which 1.402 Billion Yuan for research expenditure, 0.610 Billion Yuan for development phase. In 2013, the expenditure for research and development project of the Company was 1.627 Billion Yuan, accounting for revenue ratio of 4.16%, of which 1.112 Billion Yuan for research expenditure, 0.515 Billion Yuan for development phase.

6、Cash Flow

Unit: Ten Thousand Yuan

Item	2014	2013(Restated)	Increase/decrease
net cash flows from operating activities	377,992	153,715	145.90%
net cash flows from investing activities	521,958	-222,270	-334.83%
net cash flows from financing activity	-357,799	74,375	-581.07%
Net increase in cash and cash equivalents	541,991	5,060	10611.28%
Cash and cash equivalents at end of year	936,285	394,294	137.46%

Notes to the year-on-year change of the relevant data by over 30%

Applicable/ Not applicable

In 2014, the net cash flow generated from operating activities was 3.78 Billion Yuan, a year-on-year increase of 2.24 Billion Yuan, mainly resulting from the sales expansion; the total cash inflows from investing activities was 5.22 Billion Yuan, increased amounted to 7.44 Billion yuan compared with last year, mainly due to the significant increase of the investment; The outflow of the net cash flow generated from financing activities was 3.58 Billion Yuan, a year-on-year increase of 4.32 Billion Yuan, mainly resulting from the repayment of loans in 2014.

Notes to the big difference between cash flow from operating activities and net profit in the reporting year

√Applicable □Not applicable

As for the significant difference between cash flow from operating activities and net profit this year in the reporting period, refer to the 58th item “Supplementary Information of the Cash Flow Statement” in the Financial Statements Note 5.

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	5,291,333	35.18%	4,326,583	33.25%	18.23%	1.19 percentage points increased
Classified by product						
1.Vehicles	5,270,226	35.38%	4,307,697	33.45%	18.26%	1.18 percentage points increased
Passenger Vehicle	3,345,546	66.10%	2,629,787	59.97%	21.39%	3.01 percentage points increased
Mini Vehicle	1,669,860	-0.24%	1,521,942	7.26%	8.86%	6.37 percentage points decreased
2.Outsourcing	21,107	-0.54%	18,886	-0.43%	10.52%	0.10 percentage points decreased

IV、Assets and liability analysis

1、The significant changes of the assets

Unit: Ten Thousand Yuan

Item	Dec.31,2014		Dec.31,2013(Restated)		Increase/decrease (%)	YoY	instructions
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)			
Cash	969,308.35	13.91%	453,582.60	8.31%	5.60%	114%	mainly resulting from the sharply increase in profit from Changan Ford and

							the huge increase of the cash dividend
Accounts receivable	75,887.62	1.09%	70,463.82	1.29%	-0.20%	8%	mainly resulting from the increase of the Group's sales during the reporting period.
Inventories	657,218.65	9.43%	473,505.17	8.67%	0.76%	39%	Due to the increase of the Group's sales and the materials and vehicles during the reporting period,
Long-term equity investments	1,262,398.96	18.12%	1,235,767.25	22.63%	-4.51%	2%	Cash increased due to CAF's dividend
Intangible assets	287,896.52	4.13%	207,622.05	3.80%	0.33%	39%	The development expense, qualified for the conversion into intangible asset, increased and the increase of land use right.
Fixed assets	1,456,557.98	20.90%	1,437,299.25	26.32%	-5.42%	1%	New fixed assets added and depreciation of fixed assets
Construction in progress	127,399.70	1.83%	132,877.38	2.43%	-0.60%	-4%	Project completed and transferred fixed assets
Notes receivable	1,778,016.17	25.51%	1,127,221.23	20.64%	4.87%	58%	Due to the increase of the Group's sales

2、The significant changes of the liability

Unit: Ten Thousand Yuan

Item	Dec.31,2014		Dec.31,2013(Restated)		Increase/ decrease (%)	YoY	Instructions
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)			
Short-term loans	9,000	0.13%	149,800.00	2.74%	-2.61%	-94%	Mainly due to the repayment of loans
Long-term loans	-	-	127,000.00	2.33%	-2.33%	100%	Mainly due to the repayment of loans
Notes payable	1,310,862.34	18.81%	957,765.47	17.54%	1.27%	37%	Due to the increase of the Group's

							sales, which driven purchased increased
Accounts payable	1,303,879.37	18.71%	796,379.82	14.58%	4.13%	64%	Due to the increase of the Group's sales, which driven purchased increased
Advance payments	580,271.73	8.33%	426,028.27	7.80%	0.53%	36%	Due to the increase of the Group's sales
Other current liabilities	292,189.90	4.19%	189,562.71	3.47%	0.72%	54%	Due to the increase of the Group's sales, and corresponding provision of sales compensation and related freight increase

3、Assets and liabilities measured by fair value

Unit: Ten Thousan Yuan

Item	Amount at year beginning	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Amount at year end
Financial assets					
Financial assets available for sales	25,731.94		13,832.81		39,564.75
Subtotal of financial assets	25,731.94		13,832.81		39,564.75
Others					
Ttotal	25,731.94		13,832.81		39,564.75
Financial liabilities					

4、Main Overseas Assets

Applicable Not applicable

V、Core Competence Analysis

The company is committed to improve the independent innovation ability, and build a continuously leading core R&D ability, and build the core competence for the long-term development. During the reporting period, the company's core competitiveness improved further.

1. Solid progress on independent innovation

Changan CS75 surpassed all the vehicle brands from joint venture and independent brands, with the highest score of 59 in the five-star rating test of C-NCAP (safety performance test through new collision) and achieved the the most high score in C-NCAP history; Zhishang XT under harsh test of C-NCAP new collision rule passed the C-NCAP five-star safety evaluation by 53.3 points; the Company successfully held "The 1st Session of Changan Auto Show on New Technology" and published six technology strategies of "energy saving, safety, fashion, intelligence, light weight, health and environmental protection" and the new technology research and development process of CA-TDS so as to lead the future direction of technology development of Changan automobile. The

Company held "The 2nd Session of Technology Carnival", and displayed the first quality verification system (CA-TVS) of Chinese automobile brands, covering the reliability, driving performance, NVH, safety, electrical appliances, power and other 15 verification fields during the automobile development and including 357 vehicle tests, 289 matching tests, 994 systematic tests, and more than 3000 parts level test. "Changan automobile global collaborative innovation project" won the 2nd prize of national scientific and technological progress; "Changan P3 car platform R & D and industrialization" and "control method of electric vehicles" respectively won the 1st prize of China automobile industry science and technology award, the only to grab the 1st prize in the automobile industry.

2. Rapid increase of product market competence

Under the concrete R&D capability, the company successfully launched many self developed models such as CS75, New Ben-ben, Yuexiang V7, and the products gained the substantial popularity from the market. CS75 ranked top in terms of users' attraction for 8 consecutive months in a row; the monthly sales of EADO, CS35 and CS75 exceeded 10,000 sets; New Ben-ben acquired the champion of 2014 A0-class car in terms of after-sale service satisfaction; Taurus won the champion of J.D. Power for customers' satisfaction over quality; CS75 was titled with "the most popular annual new car -city SUV", "the annual independent SUV" and the "annual consumption models" and many other awards.

3. The ability to further enhance the brand

Changan released the passenger car brand slogan "Go forward, closer to you", and obtained the exclusive title on the Show of "Excellent Chinese" by sponsorship, the winner of the domestic variety show with the audience coverage of 1 billion. Changan greatly enhance the brand image. Changan Brand cars have appeared in Frankfurt auto show, Russia show, and Iran auto show to display the charm of the Chinese brands to the world. The Central Propaganda Department, the SASAC and the Chongqing Government subsequently organized the mainstream media, enterprises to visit Changan, publicize Changan, learn about Changan. Changan received the visit of more than 300 thousand people from all walks of life. By the use of micro-blog, WeChat, mobile phone, newspaper and other new media, Changan carried out the 5W communication with the audience coverage of about 14 million people, close to the number of audiences from CCTV news broadcast, and established its leading brand image in China. The image of "Rich configuration", and "high cost-quality ratio" as Changan passenger car surpassed the average level of the industry, and has formed the reputation of "fashion, safety, and energy saving" in the minds of users.

VI、 Analysis of Investment

1、 External Equity Investment

(1) External investment

Applicable Not applicable

External investment		
Investment Amount in 2014 (RMB)	Investment Amount in 2013 (RMB)	Variance rate
439,980,000.00	2,007,424,600.00	-78.10%
Particulars of investees		
Companies	Principal business	Proportion in the investees' equity (%)
Hefei Changan Automobile Co., Ltd	Production and sales of vehicles and car parts	100.00%

(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%	395,647,500	2,130,000	Tradable financial assets	Initial investment
Hua Xia Bank	Commercial bank	8,149,714	9,458,800	0.11%	-	-	-	77,020,692	Tradable financial assets Financial assets for trade	The 2011 merger of Changan bus investment
Financial Co. of China South Industries Group Corporation	Other	80,000,000		5.33%		5.33%	80,000,000	31,252,436	Long term equity investment	Initial investment
Total		138,149,714					475,647,500	110,403,128		

(3) Securities investments

Applicable Not applicable

There's no securities investment during the reporting period

(4) Holding of the equity in other Listing Company

Applicable Not applicable

There's no holding of the equity in other Listing Company 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

Applicable Not applicable

There's no use of raised funds during the reporting period.

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

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	147,365	457,106	-13,576
Nanjing Changan Automobile Co., Ltd.	60,181	82.47%	Produce and sell auto and parts	95,780	294,515	-23,168
Hefei Changan Automobile Co., Ltd.	77,500	100%	Produce and sell auto and parts	100,769	61,642	-22,511
Baoding Changan Bus Manufacture Co., Ltd.	3,000	100%	Produce and sell auto and parts	235,202	265,247	310
Changan Ford Motor Co., Ltd	24,100 USD	50%	Produce and sell auto and parts	4,145,390	10,635,390	1,441,286
Changan Mazda Co., Ltd	11,097 USD	50%	Produce and sell auto and parts	1,098,733	1,902,965	101,461
Changan Ford Mazda Engine Co., Ltd	20,996 USD	50%	Produce and sell engine parts	276,713	375,523	24,918
Chongqing Changan Suzuki Automobile Co., Ltd	19,000 USD	50%	Produce and sell auto and parts	721,220	1,047,189	2,278
Changan PSA Automobiles Co.,Ltd	400,000	50%	Produce and sell auto and parts	964,134	433,352	-32,302
JMC Holding Co., Ltd.	200,000	50%	Produce and sell auto and parts	705,577	325,970	73,033
Chongqing Changan Auto. sales subsidiary companies	850	100%	Produce and sell auto and parts	11,288	79,495	571
Chongqing Changan Auto. International Sale Service Company	1,376	95%	car export, import and export agent	23,634	91,764	-9,893
Chongqing Chang Automobile Sales Co.,Ltd.	4,850	100%	Produce and sell auto and parts	4,911	420	0.4
Chongqing Changan Auto. Customer Service Co., Ltd.	3,000	100%	roduce and sell auto and parts	43,551	90,103	6,301
Chongqing Changan New Energy Automobile Co., Ltd.	2,900	65%	NEV production and sales	7,149	8,940	62
Chongqing Changan Special Automobile Sales Co., Ltd.	500	50%	Special vehicle and spare parts sales, car maintenance	23,401	65,100	1,222

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 2014	Net Asset at the end of 2013	Change situation (%)
Changan Ford Automobile Co., Ltd.	1,441,286	821,782	75.38%
JMC Holding Co., Ltd.	73,033	52,690	38.61%
Changan Ford Mazda Engine Co., Ltd		24,387	
Nanjing Changan Automobile Co., Ltd.		-31,411	
Changan Mazda Co., Ltd	101,461	9,995	915.12%

During the reporting period, the sales from JV Changan Ford, Changan Mazda, JMC Holding increased significantly, which led to the huge rise of the net profit from JVs on a y-o-y basis.

5、Major projects with non-raised capital investment

Please refer to Notes to Financial Statement 15" Construction in progress"

VII、 Special Purpose Entity under the company control

The company does not have special purpose entity.

VIII、 The company's future development prospect

1. Industry competition pattern and trend of development

In 2015, under the backdrop of the slowdown of Chinese economy, the growth rate is predicted to drop to 7%. Economy will enter a critical period of transition with a "new normal", manifested as the change from the high speed growth into medium and high speed growth; with the continuous optimization and upgrading of economic structure, the consumers' demand in the third industry gradually become dominant while the gap between urban and rural areas is narrowed with more residents income and the development fruits favoring wider range of people; the driving power for the economic development shifts from elements-driven and investment-driven into innovation drive. From the industry situation, the automobile industry exhibits the trend of experiencing consumption with such features as the brand, fashion, quality, and personalization; products and technology presents five characteristics such as the experience, electrification, intelligence, lightweight, and platform. The business model of the automobile industry, under the support of the mobile Internet and large data, transfers from the traditional value chain into the competition in ecological chain, which will promote the new revolution of the business model and accelerate the shift from "the traditional manufacturers" to "manufacturing service providers". The government policies will encourage the development of independent vehicles, independent innovation, energy conservation and new energy vehicles; the protection over consumers' rights and interests will be enhanced. It's expected in 2015 the growth rate of China auto market is 7%, sales about 25.13 million vehicles.

2. Development strategy of the Company

Seize the strategic opportunity period of next ten years, especially the next 3-5 years, and realize the rapid, healthy and sustainable development; accelerate the development of independent business, strengthen the construction of brand, products and technology and system, and build the foundation of the world first-class enterprise; adhere to the development by "two legs", further strengthen the joint venture cooperation, and innovate the road of joint development; take new energy technology as a breakthrough point and regard the information technology as an innovative means to speed up the Changan's transference from the traditional vehicles to the new energy vehicles, and from the traditional manufacturing enterprise to the manufacturing service enterprise; adhere to the

principle of marking Chinese market as the main body and actively exploring the overseas markets; promote the deepening of the reform vigorously, and continuously enhance the development momentum and vitality.

3. The new energy strategy

The next decade, Changan Automobile will increase investment, given strong protection from development, technology, supply, operations four levels to Chongqing, Beijing R & D base for the center to co-ordinate the US and UK R & D center, gathered global superior resources, create new energy products. Pure electric drive as the main line, the simultaneous development of plug-in hybrid and pure electric two technology platforms, creating a "powerful, energy-saving, high-tech fashion," the classic products, and strive through the years, the introduction of 34 products, cumulative sales reached 200 million, becoming the advanced international and domestic first-class new energy auto companies.

4. Business plan

In 2015 the aim of the board of directors of the company is: strive to produce and sell more than RMB2.9 million cars, and achieve sales revenue over 250 billion yuan (including 100% revenue of JVs) and the consolidated revenue about 59 billion yuan. In order to realize the above objectives, this year the company will reform and innovate with "reform, brand, quality, system" as the key points, comprehensively fulfill various operating objectives from the superior, and focus on the following work: Firstly, resolutely conduct the marketing campaign to ensure the smooth realization of sales targets; secondly, upgrade the product quality and drive Changan move towards the world-class; thirdly, maintain a good relation with customers and offer enjoyable experience to greatly enhance the quality of service; fourthly, make innovations on brand activities, and continue to improve "the young, stylish, dynamic, fast-growing" brand image of Changan; fifthly, strengthen the operational control and level up the investment analysis; sixthly, deepen the reform and expand the business to create new profit growth point for Changan; seventhly, insist on the leading technology and the products' quality to enhance the developing efficiency over the third-generation products; eighthly, possess the insight into customer demand and pay close attention to product planning to enhance the competitiveness of products; ninthly, firmly execute the cost control and optimize the resource allocation to enhance the capability of value creation; tenthly, ruthlessly supervise the procurement management and coordinate the resources to enhance the competitiveness of the supply chain; eleventhly, strengthen safety awareness and the security control, and resolutely put an end to the accident liability; twelfthly, strengthen the marketing synergies, and continue to enhance the level of manufacturing logistics; thirteenthly, deepen the strategic coordination and refine the operating management to promote the rapid development of the joint venture; fourteenthly, improve efficiency towards a standard class, and efforts to build a first-class management system; fifteenthly, enhance the organizational vitality to stimulate the full potential of all the staff and conduct the in-depth implementation of the HR leadership strategy; sixteenthly, play the advantages of party building and unite the forces of all staff to promote the full development of the company; seventeenthly, strengthen the implementation of clean government accountability and create a clean working atmosphere.

5. Company capital requirement and use plan of 2015

To realize corporate strategic objectives, the company capital expenditure is expected to be RMB8.338 billion yuan in 2015, the investment on fixed assets is RMB4.9 billion yuan, the equity investment is RMB3.438 billion yuan. Investment in fixed assets is mainly in productivity construction, upgrade of product structure and research and development ability construction of Yuzui base, Beijing factory and YuBei factory, among which the extension project is RMB3.90 billion yuan, accounting for 79.6%. Equity investment's mainly projects of overseas research and development investment and extension projects of new business. The company will, according to the implementation and plan of new projects and related provisions of the listing rules, perform the approval procedures of the corresponding specific project and disclose them. Capital requirements will combine project progress situation, the company's business and financing environment, the company will study and formulate various channels of financing and capital use plans, improve the service efficiency of funds and reduce the capital cost.

6. Potential risks

In the face of these changes, in order to gain a competitive advantage, the company can only conform to the development trend of the industry, take the initiative to reform, seize the opportunity, speed up transformation and upgrading and structural adjustment.. In

2015, the company will be faced with the risks from the market, policies and regulations, the development of independent brands and other risks as follows:

- (1) Market : with the market slowdown, the future development of space is narrowed;
- (2) Policy and regulation risk: the tightening of the policies and regulations brings a series of challenges to the technology and cost.;
- (3) The development of independent brands: lack of the investment in independent brands, and the company is difficult to explore the high-level market and faces the risk of downward suppression from joint venture;
- (4) Overseas development: the insufficient support from internal system and the environmental uncertainty of overseas development will bring great challenges to the overseas strategy;
- (5) New technology, new energy development risk: the uncertainty of the future path for new energy and the bottleneck of new energy technology is the hugest risk for the development of new energy;
- (6) Institutional mechanism risk: the mechanism and system does not adapt to the development of the company and the company should further improve the efficiency and vigor.

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

Available Not available

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

Please refer to the 2nd item in financial statements Note5 "Adoption of revised standards/ new standards."

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

Available Not available

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

Available Not available

On April 30, 2014, the company completed the acquisition of 100% equity and business registration formalities over the equity settlement of Hefei Changan Automobile Limited company held by Changan Automobile Group. Since April 30, 2014, Hefei Changan Automobile Limited company has been incorporated in consolidated financial statements of Chongqing Changan Automobile Co. Ltd.. In December, 2014 the Company set up a wholly owned subsidiary of Changan Automobile Russian Co. Ltd. and Changan Brazil Holdings Co., Ltd. Since December 2014, Changan Automobile Russian Co. Ltd. and Changan Brazil Holdings Co., Ltd have been incorporated in consolidated financial statements of Chongqing Changan Automobile Co. Ltd.

XIII、 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.

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

Special explanation for cash dividend policy	
Whether compliance with the regulation stated in the articles of association and requirement for resolution of shareholders meeting	Yes
Whether the distribution standard and proportion is clear	Yes
Whether the related decision procedure and system is complete	Yes
Whether the independent directors work effective	Yes
Whether the minority shareholders have ample opportunity to express their advise and appeal and their legal right and interests is sufficiently protected	Yes
Whether the adjustment or change on cash dividend policy meets the requirement and procedure is compliance and transparent	Yes

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

The 2012 annual profit distribution plan is: Based on the existing total share capital of 4,662,886,108 shares as the base, to all shareholders 10 per share cash delivery 0.50 yuan (including tax)

The 2013 annual profit distribution plan is: Based on the existing total share capital of 4,662,886,108 shares as the base, to all shareholders 10 per share cash delivery 1 yuan (including tax)

The 2014 annual profit distribution plan is : Based on the existing total share capital of 4,662,886,108 shares as the base, to all shareholders 10 per share cash delivery 2.50 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 (%)
2014	1,165,721,527.00	7,561,081,585.81	15.42%
2013	466,288,610.80	3,368,591,105.89	13.30%
2012	233,144,305.40	1,446,409,591.28	16.12%

XIV、 Preplan for profit distribution and transferring capital reserve into share capital for the report period

Number Of Bonus Shares Per 10 Common Shares	0
Number Of Dividends (Taxes Included) Per 10 Common Shares	2.50
Number of shares as the radix of preplan	4,662,886,108
Total cashl dividends (Taxes Included)	1,165,721,527.00
Distributable dividends (Yuan)	17,744,494,650.50
The proportion of total cash dividends to the total distributed profit	100%
Cash dividend policy:	
Others	
The specific explanation of the preplan of the profit distribution and transferring capital reserve into share capital	
<p>According to the audit of Ernst&Young Hua Ming (special general partnership), the annual net profit attributable to the parent company in 2014 is 8,081,933,672.79 yuan, coupled with the undistributed profits of 10,645,127,982.64 yuan at the year beginning, minus the allocated cash dividend 467,396,927.46 yuan during the reporting period, namely the distributable profits to shareholders of 18,259,664,727.97 yuan, minus the annual statutory surplus reserve of 515,170,077.47 yuan. Thus, at the end of 2014 the undistributed profit is 17,744,494,650.50 yuan. At the end of 2014, the monetary fund balance of the parent company is 8,828,152,864.35 yuan.</p> <p>The company's annual profit distribution plan in 2014 is: taking the total shares as of Dec. 31, 2014 as the radix, sending cash dividends of RMB 2.50 Yuan per every 10 shares to all shareholders, namely the total distributed cash is 1,165,721,527.00 Yuan (tax included).</p>	

XV、 Social responsibility

The 2014 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.

XVI、 Statement of such activities as reception, research, communication, interview in the reporting period

Date	Location	manner	Reception object	Content discussed and material offered
2014.1.3	Meeting Room, Changan Headquarters	On-Site Survey	Soochow Asset Management Co.	Automotive Industry Development and Company's Business
2014.1.9	Meeting Room, Changan Headquarters	On-Site Survey	Huaxi Securities、 Venus Investment	Automotive Industry Development and Company's Business

2014.1.10	Meeting Room, Changan Headquarters	On-Site Survey	Minsheng securities、Minsheng Royal Fund Management Co.、 ABC Life Insurance Co.	Automotive Industry Development and Company's Business
2014.1.13	Meeting Room, Changan Headquarters	On-Site Survey	Barclays Capital Asia Limited	Automotive Industry Development and Company's Business
2014.1.15	Meeting Room, Changan Headquarters	On-Site Survey	Macquarie Securities	Automotive Industry Development and Company's Business
2014.1.16	Meeting Room, Changan Headquarters	On-Site Survey	BOC International (China) Limited	Automotive Industry Development and Company's Business
2014.1.17	Meeting Room, Changan Headquarters	On-Site Survey	Deutsche Bank、Ecofin、Advisory Company for SAIF Funds、Value star asset management、BNP Paribas	Automotive Industry Development and Company's Business
2014.2.17	Meeting Room, Changan Headquarters	On-Site Survey	J.P.Morgan Asset Management	Automotive Industry Development and Company's Business
2014.2.18	Meeting Room, Changan Headquarters	On-Site Survey	Amundi Capital Management、 Logan Circle Capital Management、Shell Capital Management、Fidelity Funds、 Wellington Capital Management、 Barclays Bank	Automotive Industry Development and Company's Business
2014.2.26	Meeting Room, Changan Headquarters	On-Site Survey	Harvest Fund、China Securities Co.	Automotive Industry Development and Company's Business
2014.2.26	Meeting Room, Changan Headquarters	On-Site Survey	South China Growth Fund、 Khazanah Nasional	Automotive Industry Development and Company's Business
2014.3.4	Meeting Room, Changan Headquarters	On-Site Survey	Hongyuan Securities	Automotive Industry Development and Company's Business
2014.3.5	Meeting Room, Changan Headquarters	On-Site Survey	Guosen Securities	Automotive Industry Development and Company's Business
2014.3.6	Meeting Room, Changan Headquarters	On-Site Survey	Northeast Securities	Automotive Industry Development and Company's Business

2014.3.6	Meeting Room, Changan Headquarters	On-Site Survey	Standard Chartered Bank 、 Macquarie Securities 、Discovery Capital Management	Automotive Industry Development and Company's Business
2014.4.30	Meeting Room, Changan Headquarters	telephone conference	China Securities Co.	Automotive Industry Development and Company's Business
2014.5.5	Meeting Room, Changan Headquarters	On-Site Survey	Morgan Stanley、Allianz Global Investors	Automotive Industry Development and Company's Business
2014.5.8	Meeting Room, Changan Headquarters	On-Site Survey	Institutional investors	Automotive Industry Development and Company's Business
2014.5.13	Meeting Room, Changan Headquarters	On-Site Survey	Lazard	Automotive Industry Development and Company's Business
2014.5.13	Meeting Room, Changan Headquarters	On-Site Survey	South China Growth Fund 、 Guoyuan Consulting Service 、 Hofan Capital Management HK Limited、Fullgoal Fund	Automotive Industry Development and Company's Business
2014.5.14	Meeting Room, Changan Headquarters	On-Site Survey	Guangfa Securities、Harvest Fund	Automotive Industry Development and Company's Business
2014.5.15	Meeting Room, Changan Headquarters	On-Site Survey	Venus Investment	Automotive Industry Development and Company's Business
2014.5.16	Meeting Room, Changan Headquarters	On-Site Survey	UBS、Wellington Management	Automotive Industry Development and Company's Business
2014.5.19	Meeting Room, Changan Headquarters	On-Site Survey	Bank of America Merrill Lynch、 Ontario Teachers Pension Plan	Automotive Industry Development and Company's Business
2014.5.21	Meeting Room, Changan Headquarters	On-Site Survey	Macquarie Securities、Fuh Hwa Securities、Schroders IM、Martin Currie IM、Sanders Capital	Automotive Industry Development and Company's Business
2014.5.21	Meeting Room, Changan Headquarters	On-Site Survey	E Fund Management、Anbang Asset Management、China Galaxy Securities 、BOCOM 、China International Fund Management、 Sinosafe Insurance 、Huashang Fund、Nanjing Securities	Automotive Industry Development and Company's Business

2014.5.22	Meeting Room, Changan Headquarters	On-Site Survey	UBS	Automotive Industry Development and Company's Business
2014.6.3	Meeting Room, Changan Headquarters	On-Site Survey	Sanford C.Bernstein、OCH-ZIFF Capital Management、Maverick Capital、Value Partners、Norges Bank	Automotive Industry Development and Company's Business
2014.6.6	Meeting Room, Changan Headquarters	On-Site Survey	Industrial Securities	Automotive Industry Development and Company's Business
2014.6.9	Meeting Room, Changan Headquarters	On-Site Survey	KGI Securities、Cathay Securities、Taiwan and Great China Equity Fund Manager	Automotive Industry Development and Company's Business
2014.6.17	Meeting Room, Changan Headquarters	On-Site Survey	CITIC Securities、Polaris Capital Management,LLC	Automotive Industry Development and Company's Business
2014.6.20	Meeting Room, Changan Headquarters	On-Site Survey	Standard Chartered Bank(Hong Kong) Limited、Franklin Templeton Investments	Automotive Industry Development and Company's Business
2014.6.24	Meeting Room, Changan Headquarters	On-Site Survey	Cephei Investments	Automotive Industry Development and Company's Business
2014.6.25	Meeting Room, Changan Headquarters	On-Site Survey	Cambridge Global Asset Management	Automotive Industry Development and Company's Business
2014.6.27	Meeting Room, Changan Headquarters	On-Site Survey	Matthews International Capital Management, LLC	Automotive Industry Development and Company's Business
2014.7.16	Meeting Room, Changan Headquarters	On-Site Survey	Guosen Securities、Wanjia Asset、 Baoying Fund、Shenzhen Minsen Investment、CITICPE、Dacheng Fund Management、Xingtai Capital Management Limited	Automotive Industry Development and Company's Business
2014.7.17	Meeting Room, Changan Headquarters	On-Site Survey	CITIC Securities	Automotive Industry Development and Company's Business
2014.7.24	Meeting Room, Changan Headquarters	On-Site Survey	Guotai Asset Management Co.,Ltd.	Automotive Industry Development and Company's Business
2014.9.5	Meeting Room,	On-Site	Haitong Securities Co.	Automotive Industry

	Changan Headquarters	Survey		Development and Company's Business
2014.9.15	Meeting Room, Changan Headquarters	On-Site Survey	China Securities Co.	Automotive Industry Development and Company's Business
2014.9.16	Meeting Room, Changan Headquarters	On-Site Survey	China Asset Management 、 Fullgoal Fund	Automotive Industry Development and Company's Business
2014.9.16	Meeting Room, Changan Headquarters	On-Site Survey	China International Capital Corporation Limited 、 Industrial Securities	Automotive Industry Development and Company's Business
2014.9.19	Meeting Room, Changan Headquarters	On-Site Survey	J Capital Research	Automotive Industry Development and Company's Business
2014.9.19	Meeting Room, Changan Headquarters	On-Site Survey	BNP Paribas Corporate & Inve stment Banking	Automotive Industry Development and Company's Business
2014.9.22	Meeting Room, Changan Headquarters	On-Site Survey	Binyuan Capital	Automotive Industry Development and Company's Business
2014.9.24	Meeting Room, Changan Headquarters	On-Site Survey	BNP Paribas Securities (Asia) Limited、 JP Morgan Asset Man agement	Automotive Industry Development and Company's Business
2014.11.4	Meeting Room, Changan Headquarters	On-Site Survey	Bank of America Merrill Lync h、 3W Fund Management、 Bei jing Dingtian Investment Manag ement、 Worldwide Investment、 Pinpoint Investment Consulting Limited、 TT Investment(Hong Kong)、 QVT Financial LP、 Jan chor Partners Limited	Automotive Industry Development and Company's Business

2014.11.10	Meeting Room, Changan Headquarters	On-Site Survey	Blackrock Global Investors	Automotive Industry Development and Company's Business
2014.11.11	Meeting Room, Changan Headquarters	On-Site Survey	Nikko Asset Management Hong Kong Limited	Automotive Industry Development and Company's Business
2014.11.13	Meeting Room, Changan Headquarters	On-Site Survey	BOC International (China) Limi ted、ICBC Credit Suisse Asset Management	Automotive Industry Development and Company's Business
2014.11.14	Meeting Room, Changan Headquarters	On-Site Survey	Credit Suisse	Automotive Industry Development and Company's Business
2014.11.26	Meeting Room, Changan Headquarters	On-Site Survey	GIC Asset Management Private Limited、Deutsche Bank	Automotive Industry Development and Company's Business
2014.11.26	Meeting Room, Changan Headquarters	On-Site Survey	Yinhua Fund Management Co.,L TD.、Southwest Securities	Automotive Industry Development and Company's Business
2014.12.2	Meeting Room, Changan Headquarters	On-Site Survey	Mitsubishi UFJ Securities	Automotive Industry Development and Company's Business
2014.12.9	Meeting Room, Changan Headquarters	On-Site Survey	China Merchants Fund Manage ment Co.,LTD.、Southwest Se curities	Automotive Industry Development and Company's Business
Reception times				55
Number of the vist from institutional investors				168
Number of the individual				0
Number of other entity				0
Did the company disclose, bleak anysignficant and not publicizedinformation				No

Chapter 5 Important Matters

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

II、 During the reporting period, no occurrence of media questioning.

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

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

V、 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	Acquisition of 100% stockholders of Hefei Changan Automobile Limited company	43,998	On April 30, 2014, the company completed the acquisition of 100% equity and business registration formalities over the equity settlement of Hefei Changan Automobile Limited company held by Changan Automobile Group...	Yes	majority shareholder	30 Apr.,2014	The detail information is on "China Securities News "," Securities Times "," Hongkong daily and "www.cninfo.com.cn concerning acquisition of Hefei Changan Automobile Co., Ltd 100% stockholder's rights special connected transaction announcement" (Bulletin No. 2014-32)

2、 sales of assets

No

3、 Enterprise merger

Hefei Changan Automobile Limited company, Changan Automobile Russian Co. Ltd. and Changan Brazil Holdings Co., Ltd have

been incorporated in consolidated financial statements of Chongqing Changan Automobile Co. Ltd this year.

VI、 The implementation and the effect of corporate equity incentive

Available Not available

VII、 Significant related party transactions

1、 Related party transactions related to daily operation

For the detail, refer to Note 10 of the consolidated financial statements.

2、 Asset acquisition, sale transaction

The content on March 4th 2014 in the "Chinese Securities News", "Securities Times", "Hongkong daily" and the huge influx of information network <http://www.cninfo.com.cn> published "on the acquisition of Hefei Changan Automobile Co., Ltd 100% equity transactions associated with progress announcement" (Bulletin No. 2014-32).

3、 Joint investment of significant related party transactions

Available Not available

4、 Related credits and liabilities

Available Not available

The existence of non-operating related credits and liabilities

5、 Other significant related party transactions

Web Query disclose interim report on 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	2014.3.04	http://www.cninfo.com.cn
On the China South Group finance to provide financial services for the company's related party transactions notice	2014.4.17	http://www.cninfo.com.cn
Regardingon the development of trade finance transactions associated with the announcement of Fortis	2014.4.17	http://www.cninfo.com.cn
Prediction of 2014 daily related transactions amount notice.	2014.4.17	http://www.cninfo.com.cn
Concerning 2014 increase of daily related transactions amount notice.	2014.10.31	http://www.cninfo.com.cn

VIII、 Significant contract and its implementation

1、 Trusteeship, contracting, leasing items

(1) Trusteeship

Applicable Non-applicable

During report period, the company has no significant trusteeship.

(2) Contract

√Applicable □Non-applicable

During report period, the company has no major contract.

(3) Leasing

√Applicable □Non-applicable

During the reporting period, the company did not produce significant leasing matters.

2、Guarantee situation

□Applicable √non-applicable

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

3、Other important contracts

□Applicable √non-applicable

During the reporting period, the company did not have other important contracts.

4、Other important RPT transactions

√Applicable □non-applicable

Please refer to Note 10 in the financial statements of “RPT relations and its transactions”.

IV、Commitments fulfillment condition

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

commitments	Commitment entity	Commitment content	Commitment time	period for commitment	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	May, 2006		As of the end of the reporting period, CCAG, the Company's shareholder with share selling restrictions, held 373,358,342 shares with selling restrictions, which will be lifted after the implementation of management share incentive plan according to the commitments of shareholding reform. During the reporting period, according to CCAG's document "A Supplementary Explanation to Participating in the Share Split Reform of Chongqing Changan Automobile Co., Ltd.", the Company confirmed that it will implement the

		management systems and methods for implementing the management equity incentive plan			management share incentive plan before June 30, 2016, according to relevant national regulations and measures.
Other small shareholders commitment	China Changan	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: In two consecutive years profit of Harbin Hf Automobile Industry Group Co, With the continuous development ability and management level is improved significantly under the condition of, Proposed that enterprises into the company.	September, 2010		The Harbin Hf Automobile Industry Group Co at present is still running at a loss, The conditions have not yet reached the profitable for two consecutive years.
Other small shareholders commitment	China Changan	If the Changan Peugeot Citroen in 2013 for listing Corporation contribution to investment income lower than -12500.,(ten thousand Yuan), 2014 investment listing Corporation contributions earn less than -17500 (ten thousand Yuan), China Changan promised to make up the difference in cash.	December, 2012	2 Years	In 2014, Changan Peugeot Citroen for the company contribution to investment income of RMB -16,151 ten thousand yuan, Not less than Chinese Changan promised lowest return on investment of -17,500 ten thousand yuan.

2、 The assets of the company or project include the earnings forecast, and during the report period, the profit forecast still existed, the company assets or projects achieve the profit forecast and explain the reasons

Applicable non-applicable

X、 The appointment, dismissal of the accounting firm

The appointment of the accounting firm

The name of the domestic accounting firm	Ernst & Young Hua Ming LLP
Domestic accounting firms pay (ten thousand Yuan)	350
A continuous years of domestic accounting firms audit service	8
Domestic accounting firm of Certified Public Accountants name	Qiao Chun, Ai Wei

Whether the accounting firms to hire

Applicable non-applicable

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

Applicable non-applicable

The company in 2013 provisional shareholders' session, the company hired Ernst&Young Hua Ming accounting firm appointed as auditor of internal controls of the company's 2014 annual.

XI、 The board of supervisors、 independent directors (if applicable) for the accounting firm during the reporting period explaining the "non standard audit report"

Applicable non-applicable

XII、 Punishment and rectification

Applicable non-applicable

During report period, there is no punishment and rectification in the Company.

XIII、 After the disclosure of the annual report, the Company faces the suspension and termination of the listing

Applicable non-applicable

XIV、 Other important matters

Applicable non-applicable

During report period, there are no other important matters.

XV、 Important matters of the company subsidiary

Applicable non-applicable

XVI、 The distribution of firm bonds

After the discussion on January 16, 2012 meeting of the twenty-sixth meeting of the fifth board of directors deliberation and In 2012 the first provisional shareholders meeting held on February 3, 2012, passed through the relevant bill about distribution of 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) , 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%

Chapter 6 Changes in the shareholding of the company and shareholders

I、Change in shareholdings

	Balance before current change		Addition and deduction (+, -) during change					after current change	
	Quantity	Ratio(%)	Additi onal issued	Stock divide nd.	Providen t fund transfer.	Stock dividend.	Total	Quantity	Ratio(%)
一、 Non-circulated shares	373,375,587	8.01%				5,966	5,966	373,381,553	8.01%
2、 State-owned legal person shares	373,358,342	8.01%						373,358,342	8.01%
5、 Senior management personnel shares	17,245	0%				5,966	5,966	23,211	0%
二、 Circulated shares	4,289,510,521	91.99%				-5,966	-5,966	4,289,504,555	91.99%
1、 Domestic listed RMB shares	3,387,524,379	72.65%				-5,966	-5,966	3,387,518,413	72.65%
2、 Domestic listed foreign shares	901,986,142	19.34%						901,986,142	19.34%
三、 Total shares	4,662,886,108	100%						4,662,886,108	100%

The reason of shareholding change

Available Non available

Approval of changes in the shareholding of the company

Available Non available

The transfer of shares to change

Available Non available

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

Other necessary contents or the disclosure information required by the securities regulatory

Available Non available

2、Change in Non-circulated shares

Available Non available

Unit: one share

Name of shareholders	Non-circulated shares held at the year-beginning	Decrease during the reporting period	Increase during the reporting period	Non-circulated shares held at the year-end	Reason for non-circulated shares	Date for the circulated shares
China Changan Automobile Co., Ltd.	373,358,342	0	0	373,358,342	Stock reform commitment	June 30 th , 2016
Ren Qiang	4,311	0	0	4,311	Mangement shares	6 months after the retirement
Zhu Huarong	0	0	18,900	18,900	Mangement shares	6 months after the retirement
Wang Chongsheng	12,934	12,934	0	0	Mangement shares	July 28 th , 2014
Total	373,375,587	12,934	18,900	373,381,553	--	--

II、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
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

Distribution of 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) , 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.Explain the changes in total shares and shareholders structure , the company assets and liabilities structure

Available Non available

3. Existing internal staff shares

□ Available √ Non available

III、Shareholders and actual controllers situation

1、The number of shareholders of the company and the stock

During the report period, the total number of shareholders	93,254	Fifth trading days before the end of the disclosure of the annual report of the total number of shareholders					97,305		
Holding more than 5% of the shareholders									
Name of shareholders	Nature of Shareholders	Percentage of total shares (%)	Shares held at the year-end	+-	Non-circulated 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-owned legal person shares	39.11%	1,823,595,216	-89,962,264	373,358,342	1,450,236,874	No		
National Social Security Fund-Portfolio 102	domestic non-state legal person shares	1.29%	60,014,324	17,999,557			No		
VALUE PARTNERS CLASSIC FUND	foreign legal person shares	1.12%	52,249,920	-14,045,771			No		
United Prosperity Investment Co., Limited	foreign legal person shares	0.97%	45,195,100	-19,834,158			No		
HTHK-MANULIFE CHINA VALUE FUND	foreign legal person shares	0.83%	38,512,454	548,722			No		
DRAGON BILLION CHINA MASTER FUND	foreign legal person shares	0.80%	37,168,969	2,866,108			No		
Bank of China—Dacheng Blue chip securites investment fund	foreign legal person shares	0.78%	36,303,923	28,644,122			No		
Bank of Communications—Hua’an Strategy stock securites investment fund	domestic non-state legal person shares	0.74%	34,574,129	21,457,044			No		
Agricultural Bank of China Dacheng innovation growth of hybrid securities investment fund (LOF)	domestic non-state legal person shares	0.70%	32,608,736	32,608,736			No		
Taikang Life Insurance Co., Ltd - dividend - personal dividend -019L-FH002 Shen	domestic non-state legal person shares	0.68%	31,628,444	14,509,293			No		
Explanation on the relationship and the action alike of above shareholders	Among the top 10 shareholders, China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co.,								

	Limited. belong to the concerted actor regulated by “Disclosure Administration of Shares Change Information of The Listed Company”.		
The ten largest circulated shareholders			
Names of shareholders	Shares at the year end	Type and amount of shares	
		type	amount
China Changan Automobile Co., Ltd.	1,450,236,874	RMB ordinary shares	1,450,236,874
National Social Security Fund- Portfolio 102	60,014,324	RMB ordinary shares	60,014,324
VALUE PARTNERS CLASSIC FUND	52,249,920	Domestic listed foreign shares	52,249,920
United Prosperity Investment Co., Limited	45,195,100	Domestic listed foreign shares	45,195,100
HTHK-MANULIFE CHINA VALUE FUND	38,512,454	Domestic listed foreign shares	38,512,454
DRAGON BILLION CHINA MASTER FUND	37,168,969	Domestic listed foreign shares	37,168,969
Bank of China – Dacheng Blue chip securities investment fund	36,303,923	RMB ordinary shares	36,303,923
Bank of Communications – Hua’an Strategy stock securities investment fund	34,574,129	RMB ordinary shares	34,574,129
Agricultural Bank of China Dacheng innovation growth of hybrid securities investment fund (LOF)	32,608,736	RMB ordinary shares	32,608,736
Taikang Life Insurance Co., Ltd - dividend - personal dividend -019L-FH002 Shen	31,628,444	RMB ordinary shares	31,628,444
The top 10 shareholders to sell circulated shares, and the infinite tradable relationship between shareholders and top 10 shareholders or concerted action	Among the top 10 shareholders, China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co., Limited belong to the concerted actor regulated by “Disclosure Administration of Shares Change Information of The Listed Company”.		

Whether the company top 10 shareholders of ordinary shares, and the top 10 circulated shareholders agreed on the repurchase transactions during the report period

Available Non available

2、 The controlling shareholder of the company.

Name	Legal /Representative	Date of establishment	Organization code	Registered capita	Business scope and major products:
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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.
Future development strategy	The company focuses on the future development of vehicles and auto parts business.				
Operating results, financial condition, cash flow, etc.	2014, total sales revenue of China Changan 226.22 billion yuan, total profit of 18.8 billion yuan; ended December 31, 2014, total assets 170.87 billion yuan and net assets 48.36 billion yuan.				
The controlling equity and equity during the reporting period, the controlling shareholder of listed companies to other domestic and foreign	To the reporting period, the holding companies: Harbin Dongan Auto Engine Co., Ltd. (stock code 600178); Hunan Tianyan Machinery Co., Ltd. (stock code 600698).				

During the report period the change of controlling shareholders

Available Non available

3、The controlling shareholder of the Company

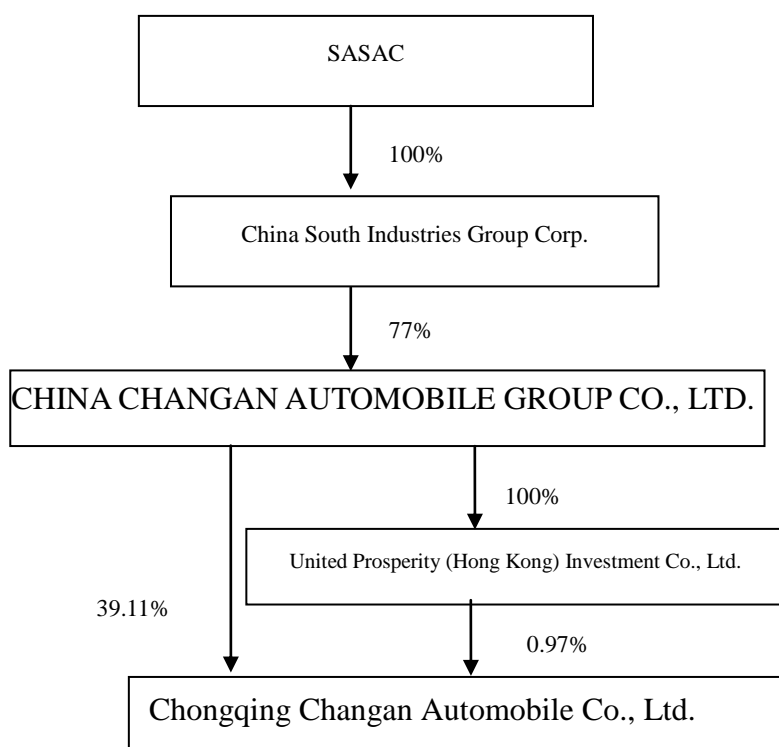
Name	Legal /Representative	Date of establishment	Organization code	Registered capita	Business scope and major products:
China South Industries Group Corp.	Tang Dengjie	29 Jun.,1999.	71092492-9	12,645,210,000	investment and management of state-owned assets; manufacturing of guns and firearms; engineering prospecting, designing, construction, contracting, construction supervision;

					equipment installation, etc
Future development strategy	The company focuses on the future development of specialty products, vehicle engineering, new energy, equipment manufacturing and other industries.				
Operating results, financial condition, cash flow, etc.	2013, China South Industries Group achieved a total sales revenue of 361.755 billion yuan, total profit of 10.193 billion yuan; As of December 31, 2013, total assets of 311.809 billion yuan, net assets of 42.405 billion yuan.				
The controlling equity and equity during the reporting period, the controlling shareholder of listed companies to other domestic and foreign	To the reporting period, direct or indirect holding companies: Harbin Dongan Auto Engine Co., Ltd. (stock code 600178); Baoding Tianwei Electric Co., Ltd. (stock code 600550); Jiangling Motors Co., Ltd. (stock code 000550); Hunan Tianyan Machinery Co., Ltd. (stock code 600698); China Jialing Industrial Co., Ltd. (stock code 600877); Chongqing Jianshe motorcycle Co., Ltd. (stock code 200054); Lida Optical Co., Ltd. (stock code 002189); Zhongyuan Special Steel Co., Ltd. (stock code 002423); Yunnan West Instrument industrial Co., Ltd. (stock code 002265); Chongqing Changan Minsheng logistics Limited (stock code 8217.HK).				

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.

Available Non available

4、 Other legal shareholders with over 10% holding

Available Non available

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

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

Name	Position	As state	Gender	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	50	2012.5.24	2015.5.24				
Zhang Baolin	Vice Chairman	present	M	52	2012.5.24	2015.5.24				
Zhu Huarong	Director, President	present	M	49	2012.5.24	2015.5.24		25,200		25,200
Zhou Zhiping	Director, secretary of the party committee	present	M	44	2015.1.30	2015.5.24				
Lian Gang	Director	present	M	54	2012.5.24	2015.5.24				
Zhang Dongjun	Director	present	M	49	2014.5.14	2015.5.24				
Wang Kun	Director, Vice President	present	M	39	2012.5.24	2015.5.24				
Ma Junpo	Director	present	M	48	2012.5.24	2015.5.24				
Ouyang Minggao	independent director	present	M	56	2012.5.24	2015.5.24				
Dong Yang	independent director	present	M	58	2012.5.24	2015.5.24				
Chen Zhong	independent director	present	M	58	2012.5.24	2015.5.24				
Wang Zhixiong	independent director	present	M	56	2012.5.24	2015.5.24				
Peng Shaobing	independent director	present	M	50	2012.5.24	2015.5.24				
Yang Jian	Chairman of	present	M	50	2012.5.24	2015.5.24				

	the supervisory board									
Cai Yong	Supervisor	present	M	41	2012.5.24	2015.5.24				
Xie Shikang	Supervisor	present	M	44	2013.5.21	2015.5.24				
Liang Guangzhong	Supervisor	present	M	42	2012.5.24	2015.5.24				
Liu Hong	Supervisor	present	M	45	2012.5.24	2015.5.24				
Fan Chaodong	Supervisor	present	M	46	2013.4.12	2015.5.24				
Wang Lijun	Supervisor	present	F	44	2012.5.24	2015.5.24				
Huang Zhongqiang	Vice president	present	M	46	2012.5.24	2015.5.24				
Luo Minggang	Vice president	present	M	51	2012.5.24	2015.5.24				
Du Yi	Vice president	present	M	47	2012.5.24	2015.5.24				
Gong Bing	Vice president	present	M	45	2012.5.24	2015.5.24				
Wang Jun	Vice president	present	M	42	2012.5.24	2015.5.24				
Liu Bo	Vice president	present	M	48	2012.5.24	2015.5.24				
He Chaobing	Vice president	present	M	47	2014.1.29	2015.5.24				
Zhang Jingjing	Vice president	present	F	49	2014.10.17	2015.5.24				
Yuan Mingxue	Vice president	present	M	46	2015.4.7	2015.5.24				
Li Wei	Vice president	present	M	49	2015.4.7	2015.5.24				
Li Jun	Secretary of the board	present	F	45	2012.5.24	2015.5.24				
Wang Chongsheng	Director, vice secretary of the party committee, vice President	departure	M	56	2012.5.24	2014.1.28		17,246		17,246
Cui Yunjiang	Directors, vice president, secretary of the board	departure	M	51	2012.5.24	2014.3.31				
Zhou Wenchao	Director	departure	M	51	2012.5.24	2014.12.13				
Ma Jun	Director、Vice	departure	M	55	2012.5.24	2014.10.30				

	president								
Ren Qiang	Director, Vice President	departure	M	54	2014.1.20	2015.4.7	5,749		5,749
Total	--	--	--	--	--	--	22,995	25,200	48,195

II、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 holds General Manager of the current Chinese South Industry Group, Deputy Secretary 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, Vice Chairman, 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, President of China Changan Automobile Co, Ltd and vice chairman of Chongqing Changan Automobile. 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, president of Chongqing Changan Automobile.

Mr. Zhu Huarong, Director and President, He was born in 1965, master graduate student, researcher-level senior engineer. Currently he is vice secretary of party committee of Changan Automobile Group and president of Chongqing Changan Automobile. 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 and secretary of party committee of Chongqing Changan Automobile.

Mr. Zhou Zhiping, Director and secretary of party committee. He was born in 1971, the doctor graduate. Currently he is staff director of China South Group Corp, director and secretary of the Party Committee of Chongqing Changan Automobile. He was deputy director of Motor sector of development and planning department of China South Group Corp, director of long-term planning sector of development and planning department of China South Industries Group Corporation, deputy director and director of capital operation Department of China South Industries Group Corp, the general manager of the southern industrial asset management Ltd, the staff director of China South Industries Group.

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. Zhang Dongjun, Director, is born in 1966, master's degree. Now he is the Director and Chief Accountant of China Changan Automobile Group Co, Ltd. He used to be the deputy general manager of the southern industrial asset management Ltd、the deputy

director of Capital operation Department of China South Industries Group, the deputy general manager of China South Industries Automobile Co., Ltd、 the assistant to president of China Changan Automobile Group Co, Ltd and the general manage of the Capital operation Department.

Mr. Wang Kun, Director, born in 1975, bachelor's degree, senior accountant. He used to be the director of Capital operation (Administration division) under Capital operation Department of China South Industries Group, Vice Director of Capital operation Department, the Director and Chief Accountant of China 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-Genera (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 Jiangsuwuzhong, 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 Secretary of general Party branch 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 been 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 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. Xie Shikang, supervisor, born in 1970, MBA, The currently position is president assistant and director of strategic planning department and high-level passenger cars department. Served as general manager of the company's high-level sedan sales department, The company director of general office and Changan Automotive News spokesman, deputy general manager of Chongqing Changan Visteon Engine Control Systems Co. Ltd.,

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.

Mr. Fang Chaodong, Employees supervisors, born in 1968, master, He is vice secretary of discipline inspection department, company audit, A former director of vice director of human resources and human development, Changan auto sale Limited company party secretary and deputy general manager.

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 Automotive 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. 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 Institute and the director of Product Planning Department, the manager of Product Management Division under Changan Automobile Sales Company, the Manager of Product Planning Division under Marketing Department, the Vice Director, Director of Marketing Department, the Assistant to the President, General 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, Executive vice Director of Automobile Engineering Institute, Assistant to the President and the Director of Project Supervision Office of the Company, the Director of the Project Administration Department.

Mr. He Chaobing, Vice President, was born in 1967, master, Professor level senior engineer. A former director of Automotive Engineering Research Institute Vice President and vehicle development four center, Deputy director of commercial vehicle business management department, President assistant and general manager of the Beijing Changan Automobile Co.Ltd, President assistant and director of purchase department, President assistant and vice general manager of the commercial vehicle division

Ms Zhang Jingjing, Vice President, General counsel. Born in 1966, bachelor's degree, professor-level and senior engineer. He used to serve as former deputy chief engineer of the 2nd factory of the Company, vice minister of development and planning department of the Company, deputy director of Science and Technology Committee of the Company, deputy director of the administration office, the director of the project department, the minister of the Company's human resources department, the company CEO assistant and the Minister of Quality Department.

Mr. Yuan Mingxue, vice president. Born in 1968, Master graduate student, senior engineer. A former assistant president of Changan automobile and Executive Vice President of Jiangling Holdings, the assistant president of Changan automobile and strategic planning minister, Party branch secretary, director of the capital operation, the assistant president of Changan automobile and general manager and party secretary of overseas business development department.

Mr. Li Wei, vice president. Born in 1966. Master graduate student, research senior engineer. The former president of the Beijing

Institute, executive vice president, assistant president of Changan automobile and Party committee secretary of Changan Automotive Engineering Research Institute.

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
Zhang Baolin	China Changan	director, president			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
Zhang Dongjun	China Changan	vice president			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' 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	Secretary of general Party branch			Y

	Finance and Economics				
Zhou Zhiping	China South Industries Group Corp.	Staff elected director			
Position in other work unit	This table only shows the main office performance and position in of independent directors.				

III、 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 2013, the remuneration the directors, supervisors and senior managers receiving from the company is RMB1379.33 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	Vice Director	M	52	present	967,626
Zhu Huarong	Director and President	M	49	present	912,864
Ren Qiang	Director and Vice President	M	54		826,595
Wang Kun	Director and Vice President	M	39		238,016
Ouyang Minggao	independent director	M	56	present	60,000
Dong Yang	independent director	M	58	present	60,000

Chen Zhong	independent director	M	58	present	60,000
Wang Zhixiong	independent director	M	56	present	60,000
Peng Shaobing	independent director	M	50	present	60,000
Cai Yong	Supervisor	M	41	present	409,135
Xie Shikang	Supervisor	M	44	present	351,727
Liang Guangzhong	Supervisor	M	42	present	336,461
Liu Hong	Supervisor	M	45	present	297,090
Fan Chaodong	Supervisor	M	46	present	288,648
Wang Lijun	Supervisor	F	44	present	339,389
Huang Zhongqiang	Vice president	M	46	present	826,370
Luo Minggang	Vice president	M	51	present	943,014
Du Yi	Vice president	M	47	present	722,026
Gong Bing	Vice president	M	45	present	879,370
Wang Jun	Vice president	M	42	present	724,228
Liu Bo	Vice president	M	48	present	860,192
He Chaobing	Vice president	M	47	present	704,780
Zhang Jingjing	Vice president	F	49		462,915
Li Jun	secretary of the board	F	45	present	280,547
Wang Chongsheng	leave the director, vice President post during the report period	M	56	departure	805,478
Cui Yunjiang	leave the Director and vice president, secretary of the board	M	51	departure	504,991
Ma Jun	leave the Director and vice president,	M	55	departure	811,892
In Total	--	--	--	--	13,793,354

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

applied not applied

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

Name	Position	Status	Date	Reason
Wang Chongsheng	Director and Vice President	departure	2014.01.29	Retired due to the age
He Chaobing	Vice President	Employed	2014.01.29	Hired due to the business development

Ren Qiang	Director	Elected	2014.04.17	Hired due to the business development
Cui Yunjiang	Director and vice president, secretary of the board	departure	2014.04.03	Departure due to the change of the job position
Wang Kun	Director and vice president, secretary of the board	Employed	2014.04.17	Hired due to the business development
Ma Jun	Director and vice president	departure	2014.10.30	Retired due to the age
Zhang Jingjing	Vice president	Employed	2014.10.30	Hired due to the business development
Zhang Baolin	President	departure	2014.12.17	Departure due to the change of the job position
Zhang Baolin	Vice chairman	Employed	2014.12.17	Hired due to the business development
Zhu Huarong	President	Employed	2014.12.17	Hired due to the business development
Zhou Zhiping	Director	Elected	2015.03.25	Hired due to the business development
Zhang Dongjun	Director	Elected	2015.03.25	Hired due to the business development
Ren Qiang	Director	departure	2015.4.7	Retired due to the age
Yuan Mingxue	Vice president	Employed	2015.4.7	Hired due to the business development
Li Wei	Vice president	Employed	2015.4.7	Hired due to the business development

V、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.

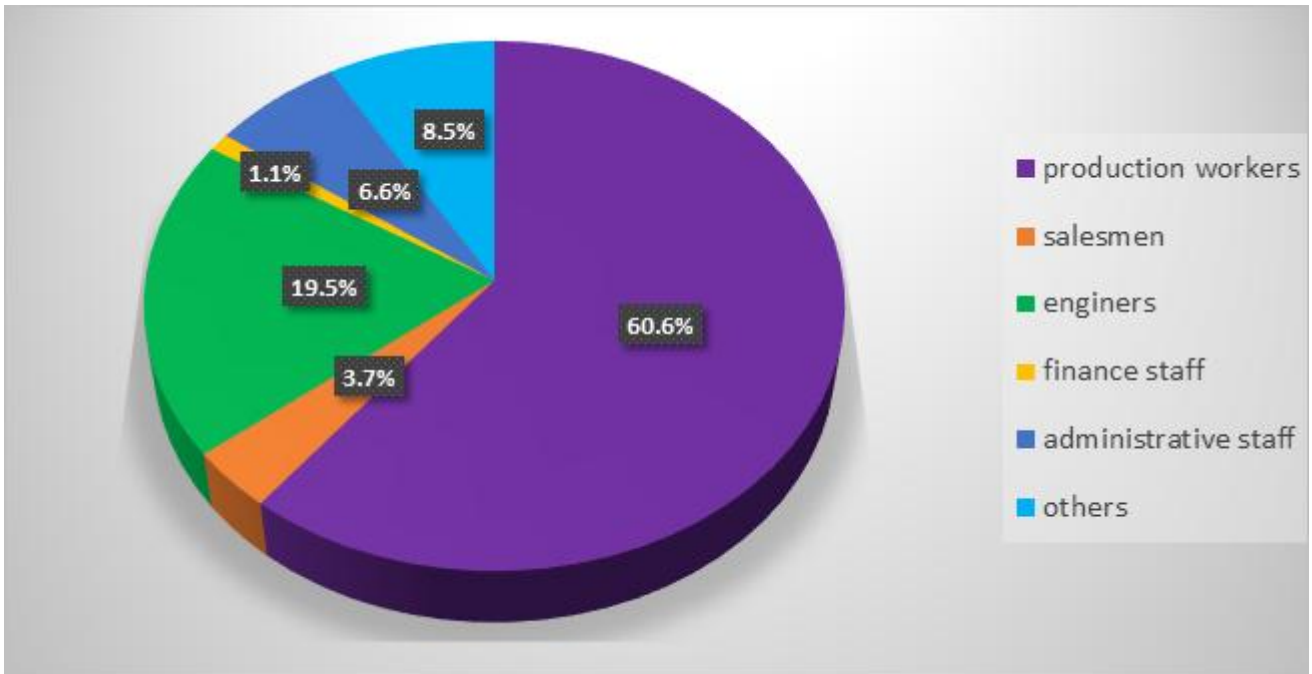
VI、The Employees of the Company

By the end of this year, total headcount of the Company was 34,260, including 20,799 production workers, 1,260 salesmen, 6,688 engineers, 372 finance staff, 2,226 administrative staff, and 2,915 others. Among the total, there were 86 with doctorate degree, 1,106 with master degree, 9,713 with bachelor degree, 6,214 with college education, 5,337 with vocational school graduate (including secondary technical school), 8,636 with senior high school education (including vocational high

school), and 3,168 with education low than junior high school (or others).

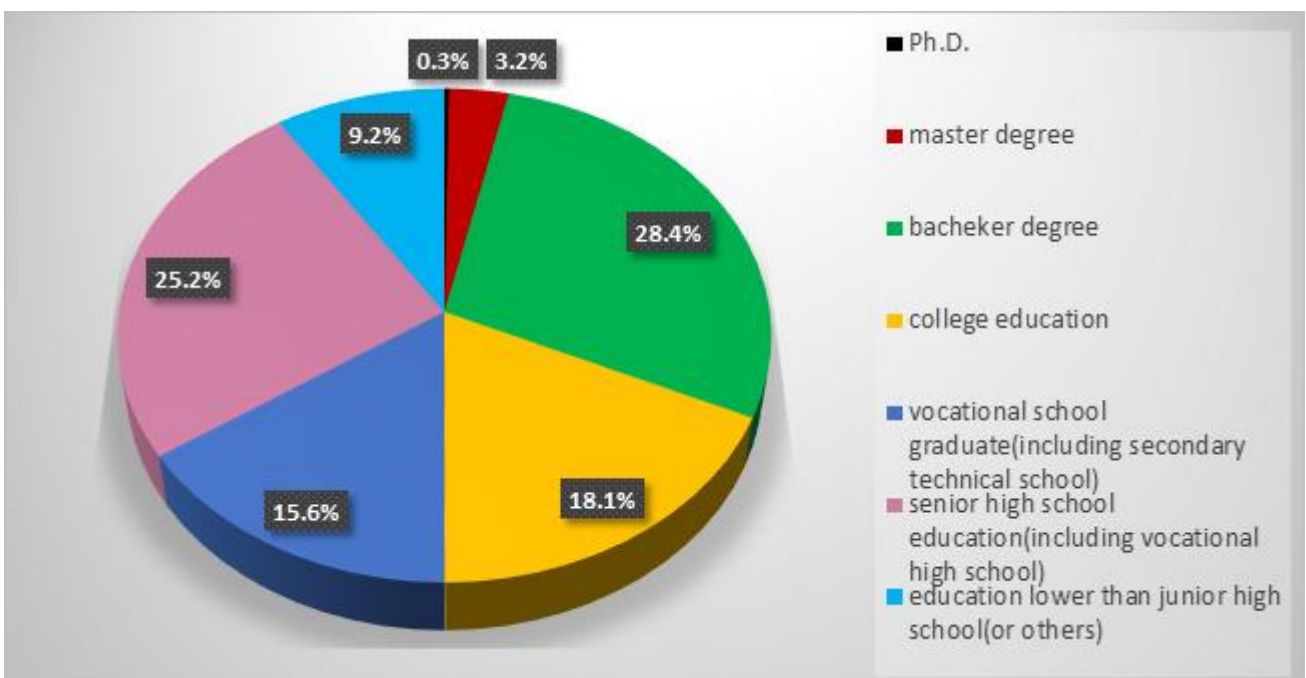
1. Professional structure diagram

The employee's professional



2. Education degree figure

The employee's education



3. Employees salary policy

Salary according to company "performance efficiency" And the establishment systems of salary codetermination, normal growth and payment security mechanism, At the same time, through the collective wage consultation signed company "salary collective contract".

4. Training Planing

Through All staff training demand acquisition, analysis. make annual training plan, promotion of staff training, the construction of learning type organization.

5. Company needs to bear the toll cost of 3,326 retired workers.

Chapter 8 Corporate Governance

I、Basic status of corporate governance

Companies in strict accordance with the "company law", "Securities Law" and Chinese SFC requirements of relevant laws and regulations, and constantly improve the corporate governance structure, improve the level of normal operation of the company, the actual situation of corporate governance with the Chinese CSRC normative documents about the listing Corporation governance requirements.

The company has established an effective internal control system over the financial report and , the company strictly implement the "Enterprise Accounting Standards", improve the basic accounting management, establish a sound financial system, optimize accounting accounting and statements preparation process, strengthen the financial supervision, conduct the in-depth implementation of financial management, establish the management foundation work, accounting and finance management authorization, the monetary fund management, financing, purchasing and payment, fixed assets, projects under construction, accounting policy, accounting estimate, consolidated financial statements, cost management, inventory management, financial analysis and other financial management system to ensure the quality of accounting information and the safety of the Company property according to the characteristics of the company management. According to internal control deficiencies identified standards of the financial report , there is no internal control defects over financial reporting in the report period. The text of the internal control self-assessment report in 2015 April 17 is published in the huge influx of information network <http://www.cninfo.com.cn>.

Whether there are differences in corporate governance and the "company law" and China CSRC related requirements

yes no

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

Ninth meeting of the fifth board of directors has examined and approved the "Chongqing Changan automobile Limited by Share Ltd insiders registration management system", standardize the management company insider behavior. During the reporting period, companies in the performance forecast and regularly report disclosure period strengthen insider information security work, the implementation of the insider registration insider information, maintaining an open, fair, just principle, information disclosure, and earnestly safeguard the interests of investors.

II、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
2013 annual shareholders meeting	May 8, 2014	1、 Work report of 2013 board of directors; 2、 Work report of 2013 board of supervisors; 3、 2013 annual report and summary; 4、 2013 annual final finance budget and 2014 annual finance budget statement; 5、 2013annual profit distribution bill; 6、 Proposal on approving 2014 expected daily related	All the proposals have been passed	May 8, 2014	http://www.cninfo.com.cn/finalpage/2014-05-09/64003111.PDF

		transactions; 7、Proposal on 2014 Investing Plan; 8、Proposal on 2014 Financing Plan; 9、 Proposal on the Change of Directors; 10、 About the appointment of 2014 annual financial report audit bill; 11、 about the appointment 2014 annual internal control report, 12、 Proposal on the signature of " financial service agreement with ordnance equipment group finance company; 13、 Proposal on Trade Financing with United Prosperity Investment Co., Limited(UPI)			
--	--	--	--	--	--

2、 Temporary shareholders' meeting during the reporting period

N/A.

3、 Voting rights restoration of preferred shareholders request the interim shareholders' general meeting

Available Non available

III、 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 independent directors	Times should attend the board of directors in the report period	Times of presence	Times of attendance by communication mode	Times of entrust attendance	Times of absence	Whether absent from the meeting for successive two times
Ouyang Mingguao	11	1	10	0	0	N
Dong Yang	11	1	5	0	5	Y
Chen Zhong	11	1	10	0	0	N
Wang Zhixiong	11	0	10	1	0	N
Peng Shaobing	11	1	10	0	0	N

The explanation on two consecutive fails to attend the board of directors

On July 5, 2014 Mr. Dong Yang voluntarily resigned from the position of independent directors. Since the resignation of Mr. Dong Yang will lead to the proportion of the independent director lower than the statutory requirements, in accordance with the provisions of the CSRC "Guidance on the Establishment of Independent Director System in the Listing Company" and the "Articles of Association", Mr Dong Yang's resignation report will be effective after the election of the subsequent independent directors in the general meeting of shareholders to fill the vacancy.

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

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

3、 Other explanations on the fulfillment of responsibility from independent directors

Proposal from Independent directors to the company is adopted or not

Yes No

The explanation on whether the proposal from independent director on the company is accepted or not

During the reporting period, the company adopted the proposals of independent directors on the equity acquisition and related party transactions and other aspects.

IV、 Specialized committees of the board of directors under the performance of duties in the report period

The board of directors of the company consists of the audit committee, composed of 5 people, 3 of them are independent directors, the chairman of the committee by the accounting professional independent director Mr. Peng Shaobing as. During the reporting period, the audit committee held 3 meetings, perform the following duties:

① Carefully review the preparation of the company's management 2013 annual financial accounting report and audit supervision department in 2014 action plan, and agree to the above matters;

②The Ernst & Young Hua Ming issued 2013 annual audit report, the audit committee reviewed the 2013 annual financial statements (AUDIT) and major adjustments related to accounting firms, this year the company audit work is summarized, that Ernst & Young Hua Ming have professional competence, work diligently, can maintain their independence in audit, completed 2013 of the annual audit task on time. The audit committee is the company's annual financial report to vote and make resolutions, agreed to the board of directors for approval; at the same time to review about the appointment 2014 annual external auditor's proposal, submitted to the approval of the board of directors the company continue to hire accountants An Yonghuaming as the company's 2014 annual external auditors;

③The review of the company's 2014 annual audit plans and related information, to the Ernst & Young Hua Ming of the company 2014 annual financial report of the audit plan and audit requirements.

V、 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

VI、 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 finance.

VII、 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. In October 28, 2013, the controlling shareholder of Changan has Chinese transfer Jiangxi Changhe Automobile Co. Ltd. to Jiangxi provincial state owned enterprise assets (Holdings) Limited, Chinese Changan proposed Jiangxi Changhe Automobile Co. Ltd. injected commitment matters of the company have been removed. The Harbin Hf Automobile Industry Group Co at present is still at a loss of status, the conditions have not yet reached the profitable for two consecutive years.

2. The company faced the potential competition with the subordinate enterprise Hefei Changan Automobile Company Limited (hereinafter referred to as the Hefei Changan) of the controlling shareholder China Changan Automobile Group (hereinafter referred to as "China Changan"). The sixteenth session of the sixth board of directors reviewed and approved "On the acquisition of 100% shares of Hefei Changan Automobile Ltd", and the Company was authorized to acquire 100% shares of Hefei Changan with self-raised funds. Up to April, 2014, the acquisition of shares was completed, and the problem of the competition between the Company and the controlling shareholders China Changan, resulting from Hefei Changan, was fully resolved.

VIII、 The appraisal and incentive situation of senior management

1.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. Examines are taken regularly and frequently, qualitative assessment and quantitative assessment are combined.

2.Incentive mechanism

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

3.Constraint mechanism

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

Chapter 9 Internal Control

I、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 board of directors is responsible for the internal control of the company. 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.

II、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.

III、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.

IV、Self-assessment report of internal control

Big internal-control defects found in the self-assessment report of internal control during the reporting period
The 19th 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	2015.4.17
Disclosure index of self-assessment report of internal control	The self-assessment report of internal control was published on Apr. 17 of 2015 on Tide Information Net (http://www.cninfo.com.cn)

V、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	2015.4.17
Disclosure index of the audit report of internal control	The audit report of internal control was published on Apr. 17 of 2015 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 issues agrees with the self-assessment report of the board of directors or not?

Yes No

VI、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 annual report information disclosure has no major mistake; performance report and the actual operation result have no significant differences.

Chapter 10 Auditor's Report

Ernst & Young Hua Ming Shen Zi (2015) No 60662431_Do1

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 sheet as at 31 December 2014, and the consolidated and the company income statements, the statements of changes in equity and the cash flow statements for the year then ended and notes to the financial statements.

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. 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 (continued)

Ernst & Young Hua Ming Shen Zi (2015) No 60662431_Do1

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 2014, and their financial performance and 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

15 April 2015

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET
31 December 2014
(Expressed in Renminbi Yuan)

	Notes V	31 December 2014	31 December 2013 Restated	1 January 2013 Restated
Current assets				
Cash	1	9,693,083,497.78	4,535,825,972.55	4,663,494,705.55
Financial assets at fair value through profit or loss		-	-	332,407.00
Notes receivable	2	17,780,161,662.94	11,272,212,347.84	9,380,001,771.98
Accounts receivable	3	758,876,190.82	704,638,231.06	748,189,060.28
Prepayments	4	839,752,551.46	698,944,852.07	501,789,692.84
Interest receivable	5	22,083,194.44	-	-
Dividends receivable		-	-	450,030.00
Other receivables	6	260,457,285.50	211,810,998.81	139,556,531.18
Inventories	7	6,572,186,481.51	4,735,051,726.57	5,051,413,554.35
Other current assets	8	<u>3,370,219.83</u>	<u>2,585,737.57</u>	<u>4,774,719.12</u>
Total current assets		<u>35,929,971,084.28</u>	<u>22,161,069,866.47</u>	<u>20,490,002,472.30</u>
Non-current assets				
Available-for-sale financial assets	9	544,456,774.00	366,128,690.00	342,623,374.00
Long-term equity investments	10	12,623,989,600.46	12,357,672,514.64	7,485,502,181.02
Investment property	11	9,460,145.04	9,490,627.13	10,054,294.79
Fixed assets	12	14,565,579,796.38	14,372,992,511.16	12,303,205,578.98
Construction in progress	13	1,273,996,965.24	1,328,773,757.05	2,923,302,915.12
Project materials		96,690.75	96,690.75	795,898.75
Fixed assets disposal		12,412.53	8,696.53	2,485,714.76
Intangible assets	14	2,878,965,225.15	2,076,220,482.54	2,143,772,047.19
Development expenditure	15	627,845,455.00	685,666,604.48	373,059,730.66
Goodwill	16	9,804,394.00	9,804,394.00	9,804,394.00
Long-term deferred expenses	17	1,687,863.32	1,410,228.76	2,055,164.45
Deferred tax assets	18	1,160,584,772.58	998,435,801.99	859,267,186.20
Other non-current assets	20	<u>60,901,712.09</u>	<u>244,336,881.52</u>	<u>923,395,734.00</u>
Total non-current assets		<u>33,757,381,806.54</u>	<u>32,451,037,880.55</u>	<u>27,379,324,213.92</u>
TOTAL ASSETS		<u><u>69,687,352,890.82</u></u>	<u><u>54,612,107,747.02</u></u>	<u><u>47,869,326,686.22</u></u>

The notes on pages 19 to 143 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET (continued)
31 December 2014
(Expressed in Renminbi Yuan)

	Notes V	31 December 2014	31 December 2013 Restated	1 January 2013 Restated
Current liabilities				
Short-term loans	21	90,000,000.00	1,498,000,000.00	1,290,000,000.00
Notes payable	22	13,108,623,397.32	9,577,654,675.13	8,243,048,996.53
Accounts payable	23	13,038,793,688.31	7,963,798,219.72	7,762,897,085.55
Advances from customers	24	5,802,717,284.79	4,260,282,749.23	4,251,461,861.03
Payroll payable	25	1,022,369,664.80	820,596,089.52	452,589,210.04
Taxes payable	26	36,024,006.54	113,689,600.15	39,450,807.83
Interest payables	27	73,458,000.00	78,113,712.49	77,316,091.67
Dividend payables	28	79,742.80	79,742.80	79,742.80
Other payables	29	2,007,416,635.58	1,779,832,773.45	2,112,619,515.07
Contingent liabilities	30	1,221,114,880.50	1,117,167,286.59	676,261,668.40
Non-current liabilities				
within one year	31	-	520,000,000.00	18,000,000.00
Other current liabilities	32	<u>2,921,898,971.68</u>	<u>1,895,627,102.12</u>	<u>1,512,428,938.67</u>
Total current liabilities		<u>39,322,496,272.32</u>	<u>29,624,841,951.20</u>	<u>26,436,153,917.59</u>
Non-current liabilities				
Long-term loans	33	-	1,270,000,000.00	1,068,000,000.00
Bonds payable	34	1,971,184,679.89	1,967,266,759.93	1,963,348,839.97
Long-term payroll payable	35	48,317,000.00	49,327,000.00	61,479,000.00
Special payable	36	146,635,935.13	213,630,202.50	131,053,523.96
Deferred income	37	2,687,392,181.26	2,726,487,939.90	2,664,814,288.58
Deferred tax liabilities	18	<u>55,915,125.00</u>	<u>41,842,961.06</u>	<u>37,741,632.06</u>
Total non-current liabilities		<u>4,909,444,921.28</u>	<u>6,268,554,863.39</u>	<u>5,926,437,284.57</u>
Total liabilities		<u>44,231,941,193.60</u>	<u>35,893,396,814.59</u>	<u>32,362,591,202.16</u>

The notes on pages 19 to 143 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET (continued)
31 December 2014
(Expressed in Renminbi Yuan)

	Notes V	31 December 2014	31 December 2013 Restated	1 January 2013 Restated
Owners' equity				
Share capital	38	4,662,886,108.00	4,662,886,108.00	4,662,886,108.00
Capital reserves	39	3,227,489,320.83	3,667,206,121.77	3,596,988,075.06
Other comprehensive income	40	292,013,397.24	171,989,362.38	151,315,344.93
Special reserves	41	7,864,849.94	1,670,967.02	-
Surplus reserves	42	2,331,443,054.00	1,816,272,976.53	1,441,483,901.26
Retained earnings	43	<u>15,115,601,819.79</u>	<u>8,537,087,238.91</u>	<u>5,776,069,679.90</u>
Equity attributable to owners		25,637,298,549.80	18,857,112,774.61	15,628,743,109.15
Minority interests		<u>(181,886,852.58)</u>	<u>(138,401,842.18)</u>	<u>(122,007,625.09)</u>
Total equity		<u>25,455,411,697.22</u>	<u>18,718,710,932.43</u>	<u>15,506,735,484.06</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>69,687,352,890.82</u>	<u>54,612,107,747.02</u>	<u>47,869,326,686.22</u>

The notes on pages 19 to 143 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 Representative: _____ Principal in Charge of Accountancy: _____ Chief Accountant: _____

Chongqing Changan Automobile Company Limited
CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Notes V	2014	2013 Restated
Operating revenue	44	<u>52,913,332,100.83</u>	<u>39,141,703,050.19</u>
Less: Operating cost	44	43,265,825,863.87	32,469,558,487.85
Business tax and surcharges	45	2,064,344,726.91	1,267,110,629.49
Operating expenses	46	4,357,168,648.54	3,557,559,772.03
General and administrative expenses	47	3,741,914,875.84	2,992,455,780.18
Financial expenses	48	66,074,040.06	74,542,760.22
Impairment loss on assets	49	343,605,049.25	359,076,602.23
Add: Profit and loss from fair value changes	50	-	(332,407.00)
Investment income	51	8,102,117,000.24	4,506,602,315.09
<i>Including: Investment income from associates and joint venture</i>		<u>7,991,213,934.13</u>	<u>4,474,644,845.42</u>
Operating profit		7,176,515,896.60	2,927,668,926.28
Add: Non-operating income	52	401,670,177.11	290,487,646.93
<i>Including: gain on disposal of non-current assets</i>		4,835,757.23	32,881,625.97
Less: Non-operating expenses	53	39,356,429.47	39,644,452.42
<i>Including: loss on disposal of non-current assets</i>		<u>22,128,955.42</u>	<u>18,631,996.52</u>
Total profit		7,538,829,644.24	3,178,512,120.79
Less: Income tax expense	55	20,850,708.62	(152,930,814.72)
Net profit		7,517,978,935.62	3,331,442,935.51
<i>Including: The net profit of the combined parties before business combination involving entities under common control</i>		<u>(43,390,581.51)</u>	<u>(137,049,414.15)</u>
Net profit attributable to owners		<u>7,561,081,585.81</u>	<u>3,368,591,105.89</u>
Minority interests		<u>(43,102,650.19)</u>	<u>(37,148,170.38)</u>

The notes on pages 19 to 143 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CONSOLIDATED INCOME STATEMENT (continued)
Year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Notes V	2014	2013 Restated
Other comprehensive income, net of tax			
Total comprehensive income attributable to owners, net of tax	40		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods: Change in net liability or asset from defined benefit plan		<u>556,000.00</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods: Changes in fair value from available-for-sale financial asset		129,972,491.77	19,403,987.00
Foreign currency reserve		(10,504,456.91)	1,270,030.45
Reclassification adjustments for gains on disposal included in the consolidated income statement	-	-	-
Total comprehensive income attributable to minority interests, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income		<u>7,638,002,970.48</u>	<u>3,352,116,952.96</u>
Total comprehensive income attributable to owners		<u>7,681,105,620.67</u>	<u>3,389,265,123.34</u>
Total comprehensive income attributable to minority interest		<u>(43,102,650.19)</u>	<u>(37,148,170.38)</u>
Earnings per share			
Basic earnings per share	56	<u>1.62</u>	<u>0.72</u>
Diluted earnings per share		<u>Not Applicable</u>	<u>Not Applicable</u>

The notes on pages 19 to 143 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 2014
(Expressed in Renminbi Yuan)

	Equity attributable to owners						Subtotal	Minority interest	Total equity
	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings			
At 31 December 2013	4,662,886,108.00	3,078,557,394.14	(14,890,520.84)	1,670,967.02	1,816,272,976.53	9,233,857,503.02	18,778,354,427.87	(138,401,842.18)	18,639,952,585.69
Less: Change in accounting policy	-	(186,879,883.22)	186,879,883.22	-	-	-	-	-	-
Business combination involving entities under common control	-	775,528,610.85	-	-	-	(696,770,264.11)	78,758,346.74	-	78,758,346.74
At 1 January 2014 (Restated)	4,662,886,108.00	3,667,206,121.77	171,989,362.38	1,670,967.02	1,816,272,976.53	8,537,087,238.91	18,857,112,774.61	(138,401,842.18)	18,718,710,932.43
Changes during the year									
Total comprehensive income	-	-	120,024,034.86	-	-	7,561,081,585.81	7,681,105,620.67	(43,102,650.19)	7,638,002,970.48
Input by investors and decrease in capital									
1. Business combination involving entities under common control	-	(439,980,000.00)	-	-	-	-	(439,980,000.00)	-	(439,980,000.00)
2. Other	-	263,199.06	-	-	-	-	263,199.06	(628,522.01)	(365,322.95)
Distribution of profit									
1. Pick-up of surplus reserves	-	-	-	-	515,170,077.47	(515,170,077.47)	-	-	-
2. Distribution to owners	-	-	-	-	-	(467,396,927.46)	(467,396,927.46)	-	(467,396,927.46)
Special reserves									
1. Provided	-	-	-	32,171,314.11	-	-	32,171,314.11	1,040,952.56	33,212,266.67
2. Utilized	-	-	-	(29,105,295.69)	-	-	(29,105,295.69)	(794,790.76)	(29,900,086.45)
3. Effective portion of changes in special reserves from joint venture	-	-	-	3,127,864.50	-	-	3,127,864.50	-	3,127,864.50
At 31 December 2014	4,662,886,108.00	3,227,489,320.83	292,013,397.24	7,864,849.94	2,331,443,054.00	15,115,601,819.79	25,637,298,549.80	(181,886,852.58)	25,455,411,697.22

The notes on pages 19 to 143 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 2013 (Restated)
(Expressed in Renminbi Yuan)

	Equity attributable to owners						Subtotal	Minority interest	Total equity
	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings			
At 31 December 2012	4,662,886,108.00	3,088,935,360.43	(16,160,551.29)	-	1,441,483,901.26	6,335,790,529.86	15,512,935,348.26	(122,007,625.09)	15,390,927,723.17
Less: Change in accounting policy	-	(167,475,896.22)	167,475,896.22	-	-	-	-	-	-
Business combination involving entities under common control	-	675,528,610.85	-	-	-	(559,720,849.96)	115,807,760.89	-	115,807,760.89
At 1 January 2013 (Restated)	4,662,886,108.00	3,596,988,075.06	151,315,344.93	-	1,441,483,901.26	5,776,069,679.90	15,628,743,109.15	(122,007,625.09)	15,506,735,484.06
Changes during the year									
Total comprehensive income	-	-	20,674,017.45	-	-	3,368,591,105.89	3,389,265,123.34	(37,148,170.38)	3,352,116,952.96
Input by investors and decrease in capital									
1.Capital input by investors	-	100,000,000.00	-	-	-	-	100,000,000.00	20,753,953.29	120,753,953.29
2.Other	-	(29,781,953.29)	-	-	-	-	(29,781,953.29)	-	(29,781,953.29)
Distribution of profit									
1.Pick-up of surplus reserves	-	-	-	-	374,789,075.27	(374,789,075.27)	-	-	-
2.Distribution to owners	-	-	-	-	-	(232,784,471.61)	(232,784,471.61)	-	(232,784,471.61)
Special reserves									
1.Provided	-	-	-	28,431,299.68	-	-	28,431,299.68	-	28,431,299.68
2.Utilized	-	-	-	(26,760,332.66)	-	-	(26,760,332.66)	-	(26,760,332.66)
At 31 December 2013 (Restated)	4,662,886,108.00	3,667,206,121.77	171,989,362.38	1,670,967.02	1,816,272,976.53	8,537,087,238.91	18,857,112,774.61	(138,401,842.18)	18,718,710,932.43

The notes on pages 19 to 143 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 2014
(Expressed in Renminbi Yuan)

	Notes V	2014	2013 Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		47,070,019,938.58	37,703,561,071.86
Refunds of taxes		186,933,943.35	147,688,198.78
Cash received relating to other operating activities	57	<u>340,831,441.25</u>	<u>1,184,689,023.96</u>
Subtotal of cash inflows		<u>47,597,785,323.18</u>	<u>39,035,938,294.60</u>
Cash paid for goods and services		31,591,516,401.86	27,470,643,657.74
Cash paid to and on behalf of employees	3,910,159,904.05	2,723,312,364.42	
Cash paid for all types of taxes		4,114,101,735.03	2,486,302,541.06
Cash paid relating to other operating activities	57	<u>4,202,085,507.67</u>	<u>4,818,525,382.95</u>
Subtotal of cash outflows		<u>43,817,863,548.61</u>	<u>37,498,783,946.17</u>
Net cash flows from operating activities	58	<u>3,779,921,774.57</u>	<u>1,537,154,348.43</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investment	109,928,689.99	8,715,226.30	
Cash received from return on investment	7,734,539,013.46	1,632,208,203.42	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,692,004.06	9,701,775.75
Cash received relating to other investing activities	57	<u>66,636,035.28</u>	<u>31,545,952.00</u>
Subtotal of cash inflows		<u>7,915,795,742.79</u>	<u>1,682,171,157.47</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,215,608,713.93	2,600,046,051.82
Cash paid for acquisition of investments	40,000,000.00	1,304,825,990.00	
Cash paid for acquisition of subsidiary and other joint venture	58	439,980,000.00	-
Cash paid relating to other investing activities	57	<u>626,230.62</u>	<u>-</u>
Subtotal of cash outflows		<u>2,696,214,944.55</u>	<u>3,904,872,041.82</u>
Net cash flows from investing activities		<u>5,219,580,798.24</u>	<u>(2,222,700,884.35)</u>

The notes on pages 19 to 143 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT (continued)
Year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Notes V	2014	2013 Restated
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from absorption of investment		-	100,000,000.00
Cash received from borrowings		90,000,000.00	2,558,000,000.00
Cash received relating to other financing activities	57	<u>374,847,270.36</u>	<u>332,208,572.31</u>
Subtotal of cash inflows		<u>464,847,270.36</u>	<u>2,990,208,572.31</u>
Cash repayments of borrowings		3,288,000,000.00	1,646,000,000.00
Cash paid for distribution of dividends or profits and interest expenses		659,806,255.03	441,592,360.91
Cash paid relating to other financing activities	57	<u>95,029,974.54</u>	<u>158,865,869.37</u>
Subtotal of cash outflows		<u>4,042,836,229.57</u>	<u>2,246,458,230.28</u>
Net cash flows from financing activities	<u>(3,577,988,959.21)</u>	<u>743,750,342.03</u>	
Effect of foreign exchange rate changes, net		<u>(1,601,557.45)</u>	<u>(7,606,526.91)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,419,912,056.15	50,597,279.20
Add: Cash and cash equivalents at beginning of year		<u>3,942,941,861.56</u>	<u>3,892,344,582.36</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	58	<u><u>9,362,853,917.71</u></u>	<u><u>3,942,941,861.56</u></u>

The notes on pages 19 to 143 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
BALANCE SHEET
31 December 2014
(Expressed in Renminbi Yuan)

	Notes XII	31 December 2014	31 December 2013 Restated	1 January 2013 Restated
Current assets				
Cash		8,828,152,864.35	3,290,584,684.00	3,081,165,146.84
Notes receivable		17,437,167,211.16	10,612,070,124.82	7,803,725,888.00
Accounts receivable	1	2,761,909,831.22	1,393,930,437.57	1,071,345,619.44
Prepayments		718,818,105.48	1,006,257,953.21	397,342,870.76
Interest receivable		22,083,194.44	-	-
Dividend receivable		-	-	450,030.00
Other receivables	2	668,159,856.84	550,745,735.30	315,576,507.71
Inventories		<u>5,742,492,948.04</u>	<u>3,995,173,686.02</u>	<u>3,396,111,119.31</u>
Total current assets		<u>36,178,784,011.53</u>	<u>20,848,762,620.92</u>	<u>16,065,717,182.06</u>
Non-current assets				
Available-for-sale financial assets		544,456,774.00	285,066,774.00	267,316,774.00
Long-term equity investments	3	13,961,764,958.78	13,658,387,927.37	8,777,189,593.75
Fixed assets		12,096,357,952.31	11,991,246,390.25	10,191,569,154.86
Construction in progress		1,104,857,686.48	1,227,441,848.35	2,571,337,326.77
Project materials		96,690.75	96,690.75	795,898.75
Fixed assets disposal		-	-	2,485,714.76
Intangible assets		2,609,607,273.08	1,854,137,128.97	1,964,748,143.27
Development expenditure		553,114,237.90	612,487,126.25	354,257,952.32
Long-term deferred expenses		360,160.00	540,240.00	720,320.00
Deferred tax assets		1,074,871,906.67	897,445,610.07	740,904,515.31
Other non-current assets		<u>60,901,712.09</u>	<u>244,336,881.52</u>	<u>923,395,734.00</u>
Total non-current assets		<u>32,006,389,352.06</u>	<u>30,771,186,617.53</u>	<u>25,794,721,127.79</u>
TOTAL ASSETS		<u>68,185,173,363.59</u>	<u>51,619,949,238.45</u>	<u>41,860,438,309.85</u>

The notes on pages 19 to 143 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
BALANCE SHEET (continued)
31 December 2014
(Expressed in Renminbi Yuan)

	Notes XIV	31 December 2014	31 December 2013 Restated	1 January 2013 Restated
Current liabilities				
Short-term loans		-	1,200,000,000.00	1,170,000,000.00
Notes payable		12,543,099,927.12	7,579,635,615.92	6,066,445,485.27
Accounts payable		10,740,190,881.58	6,807,637,925.32	5,183,680,120.24
Advances from customers		5,759,636,471.07	4,277,575,537.45	3,466,741,620.70
Payroll payable		880,808,485.74	712,127,644.30	376,217,646.52
Taxes payable		377,767,827.46	478,169,294.18	290,496,103.52
Interest payable		73,458,000.00	77,672,045.84	77,316,091.67
Other payables		1,689,613,940.30	1,404,722,740.89	1,607,748,312.43
Contingent liabilities		1,203,676,749.38	761,596,810.09	332,489,210.32
Non-current liabilities within one year		-	520,000,000.00	-
Other current liabilities		<u>2,699,580,446.95</u>	<u>1,674,674,402.50</u>	<u>1,065,211,123.41</u>
Total current liabilities		<u>35,967,832,729.60</u>	<u>25,493,812,016.49</u>	<u>19,636,345,714.08</u>
Non-current liabilities				
Long-term loans		-	1,270,000,000.00	900,000,000.00
Bonds payable		1,971,184,679.89	1,967,266,759.93	1,963,348,839.97
Long-term payroll payable		27,778,000.00	26,061,000.00	33,424,000.00
Special payable		76,263,426.13	129,901,302.92	69,225,925.06
Deferred income		2,195,144,515.81	2,218,891,199.06	2,276,933,151.75
Deferred tax liabilities		<u>55,915,125.00</u>	<u>23,006,625.00</u>	<u>20,344,125.00</u>
Total non-current liabilities		<u>4,326,285,746.83</u>	<u>5,635,126,886.91</u>	<u>5,263,276,041.78</u>
Total liabilities		<u>40,294,118,476.43</u>	<u>31,128,938,903.40</u>	<u>24,899,621,755.86</u>
Owner's equity				
Share capital		4,662,886,108.00	4,662,886,108.00	4,662,886,108.00
Capital reserves		2,831,662,835.16	3,236,352,392.88	3,236,352,392.88
Other comprehensive income	317,440,375.00	130,370,875.00	115,283,375.00	-
Special reserves		3,127,864.50	-	-
Surplus reserves		2,331,443,054.00	1,816,272,976.53	1,441,483,901.26
Retained earnings		<u>17,744,494,650.50</u>	<u>10,645,127,982.64</u>	<u>7,504,810,776.85</u>
Total owner's equity		<u>27,891,054,887.16</u>	<u>20,491,010,335.05</u>	<u>16,960,816,553.99</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u><u>68,185,173,363.59</u></u>	<u><u>51,619,949,238.45</u></u>	<u><u>41,860,438,309.85</u></u>

The notes on pages 19 to 143 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
INCOME STATEMENT
Year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Notes XIV	2014	2013 Restated
Operating revenue	4	<u>52,494,653,749.04</u>	<u>33,236,680,670.90</u>
Less: Operating cost	4	43,446,279,325.62	27,245,442,791.23
Business tax and surcharges		1,834,745,421.68	1,117,916,162.10
Operating expenses		3,932,029,859.75	3,126,798,393.17
General and administrative expenses		3,249,998,175.37	2,530,601,839.92
Financial expenses		49,713,585.22	90,516,587.46
Impairment loss on assets		245,849,737.11	241,584,456.51
Add: Investment income	5	8,029,395,216.04	4,514,123,981.76
Including: Investment income from associates and joint venture		<u>7,991,213,934.13</u>	<u>4,474,644,845.42</u>
Operating profit		7,765,432,860.33	3,397,944,422.27
Add: Non-operating income		363,316,432.64	203,618,522.36
Including: gain on disposal of non-current assets		67,589,119.50	1,613,398.14
Less: Non-operating expenses		92,611,463.33	33,524,849.01
Including: loss on disposal of non-current assets		<u>84,531,649.99</u>	<u>15,568,913.15</u>
Total profit		8,036,137,829.64	3,568,038,095.62
Less: Income tax expense		<u>(45,795,843.15)</u>	<u>(179,852,657.05)</u>
Net profit		<u>8,081,933,672.79</u>	<u>3,747,890,752.67</u>
Other comprehensive income, net of tax			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Change in net liability or asset from defined benefit plan		<u>588,000.00</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value from available-for-sale financial asset		<u>186,481,500.00</u>	<u>15,087,500.00</u>
Total comprehensive income attributable to minority interests, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income		<u>8,269,003,172.79</u>	<u>3,762,978,252.67</u>

The notes on pages 19 to 143 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
At 31 December 2013	4,662,886,108.00	3,366,723,267.88	-	-	1,816,272,976.53	10,645,127,982.64	20,491,010,335.05
Add: Change in accounting policy	-	(130,370,875.00)	130,370,875.00	-	-	-	-
At 1 January 2014 (Restated)	4,662,886,108.00	3,236,352,392.88	130,370,875.00	-	1,816,272,976.53	10,645,127,982.64	20,491,010,335.05
Changes during the year							
Total comprehensive income	-	-	187,069,500.00	-	-	8,081,933,672.79	8,269,003,172.79
Input by investors and decrease in capital							
1. Business combination involving entities under common control	-	(404,612,234.77)	-	-	-	-	(404,612,234.77)
2. Other	-	(77,322.95)	-	-	-	-	(77,322.95)
Distribution of profit							
1. Pick-up of surplus reserve	-	-	-	-	515,170,077.47	(515,170,077.47)	-
2. The distribution to owners	-	-	-	-	-	(467,396,927.46)	(467,396,927.46)
Special reserves							
1. Provided	-	-	-	20,569,000.00	-	-	20,569,000.00
2. Utilized	-	-	-	(20,569,000.00)	-	-	(20,569,000.00)
3. Effective portion of changes in special reserves from joint venture	-	-	-	3,127,864.50	-	-	3,127,864.50
At 31 December 2014	4,662,886,108.00	2,831,662,835.16	317,440,375.00	3,127,864.50	2,331,443,054.00	17,744,494,650.50	27,891,054,887.16

The notes on pages 19 to 143 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended 31 December 2013 (Restated)
(Expressed in Renminbi Yuan)

	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
At 31 December 2012	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
Add: Changes in accounting policy	-	(115,283,375.00)	115,283,375.00	-	-	-	-
At 1 January 2013 (Restated)	<u>4,662,886,108.00</u>	<u>3,236,352,392.88</u>	<u>115,283,375.00</u>	-	<u>1,441,483,901.26</u>	<u>7,504,810,776.85</u>	<u>16,960,816,553.99</u>
Changes during the year							
Total comprehensive income	-	-	15,087,500.00	-	-	3,747,890,752.67	3,762,978,252.67
Distribution of profit							
1. Pick-up of surplus reserve	-	-	-	-	374,789,075.27	(374,789,075.27)	-
2. The distribution to owners	-	-	-	-	-	(232,784,471.61)	(232,784,471.61)
Special reserves							
1. Provided	-	-	-	16,500,000.00	-	-	16,500,000.00
2. Utilized	-	-	-	(16,500,000.00)	-	-	(16,500,000.00)
At 31 December 2013 (Restated)	<u>4,662,886,108.00</u>	<u>3,236,352,392.88</u>	<u>130,370,875.00</u>	-	<u>1,816,272,976.53</u>	<u>10,645,127,982.64</u>	<u>20,491,010,335.05</u>

The notes on pages 19 to 143 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 2014
(Expressed in Renminbi Yuan)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sale of goods or rendering of services	44,539,407,008.87	29,826,921,364.96
Refunds of taxes	50,000,000.00	17,181,800.00
Cash received relating to other operating activities	<u>325,468,112.96</u>	<u>1,025,366,113.23</u>
Subtotal of cash inflows	<u>44,914,875,121.83</u>	<u>30,869,469,278.19</u>
Cash paid for goods and services	30,739,741,685.24	21,005,214,115.22
Cash paid to and on behalf of employees	3,146,073,793.80	2,095,086,575.25
Cash paid for all types of taxes	3,638,206,116.33	2,066,677,520.39
Cash paid relating to other operating activities	<u>3,866,363,198.70</u>	<u>4,083,138,002.79</u>
Subtotal of cash outflows	<u>41,390,384,794.07</u>	<u>29,250,116,213.65</u>
Net cash flows from operating activities	<u>3,524,490,327.76</u>	<u>1,619,353,064.54</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from disposal of investments	28,459,829.00	8,715,226.30
Cash received from return on investments	7,739,418,268.79	1,639,729,870.09
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,541,246.50	9,571,298.73
Cash received relating to other investing activities	<u>288,797,852.76</u>	<u>150,000,000.00</u>
Subtotal of cash inflows	<u>8,058,217,197.05</u>	<u>1,808,016,395.12</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,903,868,435.17	2,148,441,873.38
Cash paid for acquisition of investments	40,288,000.00	1,313,853,990.00
Cash paid for acquisition of subsidiary and other joint venture	443,384,180.36	-
Cash paid relating to other investing activities	<u>25,406,487.47</u>	<u>250,000,000.00</u>
Subtotal of cash outflows	<u>2,412,947,103.00</u>	<u>3,712,295,863.38</u>
Net cash flows from investing activities	<u>5,645,270,094.05</u>	<u>(1,904,279,468.26)</u>

The notes on pages 19 to 143 form an integral part of the financial statements on pages 3 to 18.

Chongqing Changan Automobile Company Limited
CASH FLOW STATEMENT (continued)
Year ended 31 December 2014
(Expressed in Renminbi Yuan)

	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from borrowings	-	2,200,000,000.00
Cash received relating to other financing activities	<u>4,028.93</u>	<u>-</u>
Subtotal of cash inflows	<u>4,028.93</u>	<u>2,200,000,000.00</u>
Cash repayments of borrowings	2,990,000,000.00	1,280,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	<u>642,196,270.39</u>	<u>425,654,059.12</u>
Subtotal of cash outflows	<u>3,632,196,270.39</u>	<u>1,705,654,059.12</u>
Net cash flows from financing activities	<u>(3,632,192,241.46)</u>	<u>494,345,940.88</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,537,568,180.35	209,419,537.16
Add: Cash and cash equivalents at beginning of year	<u>3,290,584,684.00</u>	<u>3,081,165,146.84</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>8,828,152,864.35</u>	<u>3,290,584,684.00</u>

The notes on pages 19 to 143 form an integral part of the financial statements on pages 3 to 18.

I 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 it owned in Chongqing Changan Suzuki company limited (equal to 506,190,000 shares of the Company) and the fund raised 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 RMB 876,190,000.

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 reserve and increased the total share capital to RMB 1,226,666,000.

On 26 May 2004, the Company offered 2 bonus shares for each 10 shares held by existing shareholders, which increased the total share capital from RMB 1,226,666,000 to RMB 1,471,999,200.

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 RMB 1,620,849,200.

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, Changan Group, as part of the investment to establish China South Industries Motor Company (hereafter referred to as "South Industries Motor"). The share occupied 52.466% of the Company's total share capital. Therefore, South industries Motor became the parent company of the Company. 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 to 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 RMB 1,620,849,200 to RMB 1,945,019,040.

On 30 May 2008, the Company issued 2 shares for each 10 shares owned by existing shareholders. The issuance was made from capital reserve and increased the total share capital to RMB 2,334,022,848.

I CORPORATE INFORMATION (continued)

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 1 July 2009, with the approval of State Administration for Industry and Commercial, South industries Motor, the parent company changed its name to China Changan Automobile Industry (Group) Co., Ltd. (hereafter referred 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 RMB 2,685,823,637. After the completion of the issuance, China Changan holds 1,163,787,489 shares of the Company's common stock, and the held equity interest decreased to 43.33%.

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

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 RMB 4,662,886,108.

On 24 August 2012, the Company obtained a new business license with registration number of 50000000005061.

From September to December 2013, China Changan, the parent company of the Company, continuously sold 181,260,000 shares in total in secondary market. As at 31 December 2013, China Changan held 1,913,557,480 shares of the Company's ordinary share, with shares proportion decreasing to 41.04%.

During 2014, China Changan, the parent company of the Company, continuously sold 89,962,264 shares in total in secondary market. As at 31 December 2014, China Changan holds 1,823,595,216 shares of the Company's ordinary shares, with shares proportion decreasing to 39.11%.

As at 31 December 2014, the Company's parent company and ultimate controlling company is China Changan and South Group respectively.

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 15 April 2015, was submitted to general meeting of shareholders for approval.

The scope of consolidation in the consolidated financial statement is determined based on control. The changes of the scope please refer to Notes VI.

II BASIS OF PREPERATION

1. Basis of preperation

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

The financial statements are presented on a going concern basis.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, the corresponding provisions should be made accordingly. 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. Adoption of revised standards / new standards

From January to March 2014, the Ministry of Finance issued the Accounting Standards for Business Enterprises No.39 - Fair Value Measurement, Accounting Standards for Business Enterprises No.40 - Joint Venture Arrangements, Accounting Standards for Business Enterprises No.41 - Disclosure of Interests in Other Entities, and revised the Accounting Standards for Business Enterprises No.2 - Long-term Equity Investments, Accounting Standards for Business Enterprises No.9 - Employee Compensation, Accounting Standards for Business Enterprises No.30 - Presentation of Financial Statements, and Accounting Standards for Business Enterprises No.33 - Consolidated Financial Statements. The effective date of the above 7 accounting standards was 1 July 2014, but enterprises listed overseas are encouraged to implement these standards in advance. In June 2014, the Ministry of Finance had revised the Accounting Standards for Business Enterprises No.37- Presentation of Financial Instruments, which shall be applied in the financial reports for 2014 and subsequent periods.

As regarded to the financial statement, the changes of the Group's accounting policies caused by above changes of the accounting standards have been made according to the provisions on the issues concerning the linkage of the old and new accounting standards, and the comparative data has been adjusted retrospectively.

The main influences of the above retrospective adjustment to financial statement both in 2014 and 2013 are as follow:

The Group

2014

	Before adoption Beginning balance	Adopted Accounting Standards After adoption		Beginning balance
		CAS No2	CAS No30	
Long-term equity investments	12,466,481,788.64	(108,809,274.00)	- 12,357,672,514.64	
Available-for-sale financial assets	257,319,416.00	108,809,274.00	- 366,128,690.00	
Payroll payable	817,068,089.52	-	3,528,000.00	820,596,089.52
Other current liabilities	1,900,629,102.12	-	(5,002,000.00)	1,895,627,102.12
Long-term payroll payable	-	-	49,327,000.00	49,327,000.00
Deffered income	-	-	2,726,487,939.90	2,726,487,939.90
Other non-current liabilities	2,774,340,939.90	-	(2,774,340,939.90)	-
Foreign currency reserve	(14,890,520.84)	-	14,890,520.84	-
Capital reserves	3,854,086,004.99	-	(186,879,883.22)	3,667,206,121.77
Other comprehensive income	-	-	171,989,362.38	171,989,362.38

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2014
(Expressed in Renminbi Yuan)

2. Adoption of revised standards / new standards

The Group				
2013				
	Before adoption	Adopted Accounting Standards		After adoption
	Beginning balance	CAS No2	CAS No30	Beginning balance
Long-term equity investments	7,594,311,455.02	(108,809,274.00)	-	7,485,502,181.02
Available-for-sale financial assets	233,814,100.00	108,809,274.00	-	342,623,374.00
Payroll payable	448,002,210.04	-	-	4,587,000.00
Other current liabilities	1,518,516,938.67	-	-	(6,088,000.00)
Long-term payroll payable	-	-	-	61,479,000.00
Deferred income	-	-	-	2,664,814,288.58
Other non-current liabilities	2,724,792,288.58	-	-	(2,724,792,288.58)
Foreign currency reserve	(16,160,551.29)	-	-	16,160,551.29
Capital reserves	3,764,463,971.28	-	-	(167,475,896.22)
Other comprehensive income	-	-	-	151,315,344.93
				151,315,344.93
The Company				
2014				
	Before adoption	Adopted Accounting Standards		After adoption
	Beginning balance	CAS No2	CAS No30	Beginning balance
Long-term equity investments	13,767,197,201.37	(108,809,274.00)	-	13,658,387,927.37
Available-for-sale financial assets	176,257,500.00	108,809,274.00	-	285,066,774.00
Payroll payable	710,331,644.30	-	-	1,796,000.00
Long-term payroll payable	-	-	-	26,061,000.00
Other current liabilities	1,677,944,402.50	-	-	(3,270,000.00)
Deferred income	-	-	-	2,218,891,199.06
Other non-current liabilities	2,243,478,199.06	-	-	(2,243,478,199.06)
Capital reserves	3,366,723,267.88	-	-	(130,370,875.00)
Other comprehensive income	-	-	-	130,370,875.00
				130,370,875.00
2013				
	Before adoption	Adopted Accounting Standards		After adoption
	Beginning balance	CAS No2	CAS No30	Beginning balance
Long-term equity investments	8,885,998,867.75	(108,809,274.00)	-	8,777,189,593.75
Available-for-sale financial assets	158,507,500.00	108,809,274.00	-	267,316,774.00
Payroll payable	374,013,646.52	-	-	2,204,000.00
Long-term payroll payable	-	-	-	33,424,000.00
Other current liabilities	1,068,916,123.41	-	-	(3,705,000.00)
Deferred income	-	-	-	2,276,933,151.75
Other non-current liabilities	2,308,856,151.75	-	-	(2,308,856,151.75)
Capital reserves	3,351,635,767.88	-	-	(115,283,375.00)
Other comprehensive income	-	-	-	115,283,375.00
				115,283,375.00

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 2014 and the financial results and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

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

3. Functional currency

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

4. Business combination

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 which, on the combination date, obtains control of another entity participating in the combination is the acquiring party, while that other entity participating in the combination is a party being acquired. Combination date is the date on which the acquiring party effectively obtains control of the party being acquired.

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

4. Business combination (continued)

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.

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.

5. 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 2014. A subsidiary is an enterprise or entity that is controlled by the Group (including an enterprise, separable part of the investee and a structured entity controlled by the Company).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the current loss belong to minorities of the subsidiary exceeds the beginning equity of the subsidiary belong to minorities, the exceeded part will still deduct the equity belong to minorities.

5. Consolidated financial statements (continued)

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

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

If the changes of relevant facts and circumstances will result in the changes of one or more control elements, then the Group should reassess whether has taken control of the investee.

6 Joint venture arrangement classification and joint operation

Joint venture arrangements are classified into joint operation and joint venture. Joint operation refers to those joint venture arrangements, relevant assets and liabilities of which are enjoyed and assumed by the joint venturers. Joint ventures refer to those joint venture arrangements, only the right to net assets of which is enjoyed by the joint venturers.

Any joint venturer shall recognize the following items related to its share of benefits in the joint operation and conduct accounting treatment in accordance with relevant accounting standards for business enterprises: assets it solely holds and its share of jointly-held assets based on its percentage; liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage; incomes from sale of output enjoyed by it from the joint operation; incomes from sale of output from the joint operation based on its percentage; and separate costs and costs for the joint operation based on its percentage.

7. Cash and cash equivalents

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

8. Foreign currency translation

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

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

When preparing consolidated financial statements, the financial statements of the subsidiaries presented in foreign currencies are translated into Renminbi as follows: asset and liability accounts are translated into Renminbi at exchange rates ruling at the balance sheet date; shareholders' equity accounts other than retained profits are translated into Renminbi at the applicable exchange rates ruling at the transaction dates; income and expense in income statement are translated into Renminbi 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, when the Group becomes a party to the contractual provision of the instrument.

9. Financial instruments (continued)

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets), be written off from the account and balance sheet, 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.

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. 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 assets 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

9. Financial instruments (continued)

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.

The equity investment instruments, for which there is no quoted price in active market and whose fair value cannot be reliably measured, shall be measured at cost.

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. 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.

9. Financial instruments (continued)

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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

Financial assets carried at amortized cost

When 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

9. Financial instruments (continued)

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. 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.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

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 and recognized in the current income statement. The impairment loss recognized cannot be reversed.

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

(2) Accounts receivable analyzed by credit risk characteristics group for provision :

Criterion for group	
Group 1	Accounts receivable due from non-related parties other than individually significant items or insignificant but analyzed individually for provision
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. Inventories

(1) Classification of inventory

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

(2) Measurement of delivered 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.

The long-term investments are initially recorded at costs 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; The difference between the initial measured amounts and the book value of consideration, adjust the capital reserves (if the capital reserve is insufficient to be offset, retained earnings should be adjusted); 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 fair value of issued equity instrument; the other comprehensive income produced from the investment before the acquisition should be transferred into the current year investment income on disposal. 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 Company adopted cost method to account for long-term investments in the subsidiaries in the separate financial statements of the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Under cost method, the long-term equity investment is valued at the cost of the initial investment. The cost of long-term equity investment should be adjusted in case of additional investment or disinvestments. When cash dividends or profits are declared by the invested enterprise is recognized as investment income in current period.

The equity method is applied to account for long-term equity investments, when the Group has jointly control, or significant influence on the investee enterprise. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the 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 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.

12. Long-term equity investments (continued)

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. As to other comprehensive income recognized based on measurement of the original equity investment by employing the equity method, accounting treatment shall be made on the same basis as would be required if the invested entity had directly disposed of the assets or liabilities related thereto when measurement by employing the equity method is terminated. As to any change in owners' equity of the invested entity other than net profit or loss, other comprehensive income and profit distribution, the investing party shall be transferred to the income statement for the current period. If the remaining equities still be measured under the equity method, accumulative change previously recorded in other comprehensive income shall be transferred to current profit or loss, in measurement on the same basis as the invested entity had directly disposed of the assets or liabilities related thereto. The income or loss recorded in the equity directly should been transferred to the current income statement on settlement of the equity investment on the disposal proportion.

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.

14. Fixed assets

(1) Recognition of fixed assets

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

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

(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.

(3) 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.

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 during which they are incurred. A qualifying asset is an asset (an item of property, plant and equipment and inventory etc.) that necessarily takes a substantial period of time to get ready for its intended use or sale.

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

- 1) expenditure for the asset is being incurred;
- 2) borrowing costs are being incurred; and
- 3) activities that are necessary to prepare the asset for its intended use or sale are in progress.

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

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

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

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

17. Intangible assets

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

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

The useful lives of the intangible assets are as follow:

	Useful life
Land use right	22 to 50 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 the reasonable allocation of outlays cannot be made between land and buildings, all assets purchased will be recorded as fixed assets. The cost of a finite useful life intangible asset is amortized using the straight-line method during the estimated useful life. For an intangible asset with a finite useful life, the Group reviews the estimated useful life and amortization method at least at the end of each year and adjusts if necessary.

The Group should test an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount annually, whenever there is an indication that the intangible asset may be impaired. An intangible asset with an indefinite useful life shall not be amortized.

The useful life of an intangible asset that is not being amortised shall be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If there are indicators that the intangible asset has finite useful life, the accounting treatment would be in accordance with the intangible asset with finite useful life.

18. Research and development expenditures

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

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

18. Research and development expenditures (continued)

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

The Group discriminates between research and development stage with the condition that the project research has been determined, in which the relevant research complete all the fractionalization of products measurements and final product scheme under final approval of management. The expenditures incurred before project-determination stage is charged to the current income, otherwise it is recorded as development cost.

19. 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:

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

Contingent liabilities are initially measured according to the current best estimate for the expenditure necessary for the performance of relevant present obligations, with comprehensive consideration given to factors such as the risks, uncertainty and time value of money relating to contingencies. The book value of the contingent liabilities should be reviewed at each balance sheet date. If there is objective evidence showing that the book value cannot reflect the present best estimate, the book value should be adjusted according to the best estimate.

21. 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 into 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.

Royalty income

Royalty income is recognized according to the agreed time and method by both parties in related contracts.

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.

22. 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 government grant which is specified by the government documents to be used to purchase and construct the long-term assets shall be recognized as the government grant related to assets. A government grant which is not specified by the government documents shall be judged based on the basic conditions to obtain the government grant. The one whose basic condition was to purchase and construct the long-term assets shall be recognized as the government grant related to assets.

The other government grant shall be recognized as the government grant related to gain. 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 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.

23. 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.

24. Employee benefits

Employee benefits refer to all kinds of remunerations or compensation made by enterprises to their employees in exchange for services provided by the employees or termination of labor relation. Employee compensation includes short-term compensation and post-employment benefits. The benefits offered by enterprises to the spouse, children, the dependants of the employee, the family member of deceased employee and other beneficiaries are also employee compensation.

24. Employee benefits (continued)

Short-term employee salaries

During the accounting period of employee rendering service, the actual employees salaries and are charged to the statement of profit or loss as they become payable in balance sheet.

Post-employment benefits (Defined contribution plans)

The employees of the Group participate in pension insurance, which is managed by local government and the relevant expenditure, is recognized, when incurred, in the costs of relevant assets or the profit and loss for the current period.

Post-employment benefits (Defined benefit plan)

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of: the date of the plan amendment or curtailment; and the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under administrative expenses in the consolidated statement of profit or loss by function: •service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; net interest expense or income

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Other long-term employee benefits

Other long-term employee benefits provided to employee were recognized and measured as other long-term employee benefits net liabilities or net assets according to relevant post-employment rules. While subsequent variations are charged to the statement of profit or loss or the cost of relevant assets.

25. Income taxes

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

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

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

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

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

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

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

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.

25. Income taxes (continued)

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.

26. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventory, deferred income taxes, and financial assets, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment tests. Goodwill arising from a business combination and an intangible asset with an indefinite useful life are tested for impairment at least at the end of every year, irrespective of whether there is any indication that the asset may be impaired. An intangible asset which is not ready for its intended use is tested for impairment at least at the end of every year.

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

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

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

26. Impairment of assets (continued)

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.

27. Profit distribution

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

28. Safety fund

The safety fund extracted by the Group shall be recognized as the cost of the related products or income statement, while be recognized as special reserve. When using safety fund, it shall be distinguished whether it will form fixed assets or not. The expenditure shall write down the special reserve; the capital expenditure shall be recognized as fixed assets when meet the expected conditions for use, and write down the special reserve while recognizing accumulated depreciation with the same amount.

29. Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

29. Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

30. Significant accounting judgments and estimates

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

Judgments

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

Operating leases - as lessor

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 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.

30. Significant accounting judgments and estimates (continued)

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

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

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 are 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.

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.

30. Significant accounting judgments and estimates (continued)

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 and residual value 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.

IV TAXES

1. The major categories of taxes and surcharges

Categories of taxes and surcharges	Basis of tax	Tax rate
Value added tax ("VAT")	Levy on the taxable sales and rendering of services, deducted the deductible input VAT.	6% or 17%
Consumption tax	Taxable sales	1%, 3% or 5%
Business tax	Taxable sales	5%
City maintenance and construction tax	The turnover taxes paid	5% or 7%
Educational surcharge	The turnover taxes paid	3%
Local educational surcharge	The turnover taxes paid	2%
Corporate income tax	Taxable income	15% or 25%

2. Tax benefits

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 and engaged in encouraged business would be entitled to a preferential CIT 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. According to the Catalogue of Encouraged Industries in Western Region issued on 20 August 2014 by the National Development and Reform Commission, the business operations of the Company and Chongqing Changan Special Automobile Co., Ltd. (the "Changan Special Sales") fall within the the encouraged industries listed in the catalogue of encouraged industries in the western region of China, and majority of the revenue are from the industries listed in the catalogue, which reaches the requirement to enjoy the preferential CIT rate. At present, the Company and Changan Special Sales are filing to enjoy the preferential CIT to in-charge tax authority, and the CIT of the Company and Changan Special Sales were currently accrued at the rate of 15% in 2014 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%. For the year ended 31 December 2014, the enterprise income tax of Hebei Baoding Changan Bus Co., Ltd. and Hebei Changan Automobile Co., Ltd. were accrued at the rate of 15%.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash

Item	2014	2013 (Restated)
Cash	29,174.13	92,359.69
Cash at bank	9,362,824,743.58	3,942,849,501.87
Other cash	330,229,580.07	592,884,110.99
Total	9,693,083,497.78	4,535,825,972.55

As at 31 December 2014, the book value of restricted cash and cash equivalents is RMB330,229,580.07 (As at 31 December 2013: RMB 592,884,110.99), which was mainly restricted for the issuance of acceptance bill.

As at 31 December 2014, the cash at bank oversea is equivalent to RMB48,914,915.75 (As at 31 December 2013: RMB22,606,160.53).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Notice deposits are made for periods of 7 days, and short term time deposits are made for periods of 3 months to 6 months, depending on the cash requirements of the Group, and earn interest at the respective deposit rates.

2. Notes receivable

(1) Classification of notes receivable

Type	2014	2013
Commercial acceptance bill	6,181,968,926.50	3,963,169,235.00
Bank acceptance bill	11,598,192,736.44	7,309,043,112.84
Total	17,780,161,662.94	11,272,212,347.84

(2) Pledged notes receivable

Type	2014	2013
Bank acceptance bill	315,248,201.14	505,713,794.48

As at 31 December 2014 and 2013, notes receivable with above carrying amount were pledged to issue notes payable.

(3) Endorsed or discounted but unexpired notes receivable as at the end of reporting period are as follow:

Type	2014		2013 (Restated)	
	Derecognition	Un-derecognition	Derecognition	Un-derecognition
Commercial acceptance bill	148,639,535.00	-	189,946,670.00	-
Bank acceptance bill	6,471,261,656.66	-	3,156,639,590.31	-
Total	6,619,901,191.66	-	3,346,586,260.31	-

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2. Notes receivable (continued)

- (4) As at 31 December 2014, there are no notes transferred to accounts receivable due to the non-acceptance. (As at 31 December 2013: Nil)

3. Accounts receivable

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

	2014	2013 Restated
Within 1 year	756,799,693.66	664,530,863.36
1 to 2 years	9,248,881.83	32,673,928.80
2 to 3 years	4,975,294.50	11,938,635.83
Over 3 years	<u>54,774,092.14</u>	<u>57,592,940.07</u>
Provision	<u>825,797,962.13</u> <u>(66,921,771.31)</u>	<u>766,736,368.06</u> <u>(62,098,137.00)</u>
	<u><u>758,876,190.82</u></u>	<u><u>704,638,231.06</u></u>

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

	Beginning balance	Addition	Deduction		Ending balance
			Reversal	Write-off	
2014	62,098,137.00	10,117,961.85	5,294,327.54	-	66,921,771.31
2013(Restated)	61,876,935.23	8,511,451.06	-	8,290,249.29	62,098,137.00

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

Item	2014				2013 (Restated)			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	87,504,274.30	10.60	-	-	89,103,093.02	11.62	5,500,000.00	6.17
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	592,279,016.92	71.72	56,639,615.25	9.56	194,080,614.07	25.31	46,257,882.75	23.83
Group 2. Accounts receivable from related parties	135,732,514.85	16.44	-	-	473,212,406.72	61.72	-	-
Group subtotal	728,011,531.77	88.16	56,639,615.25	7.78	667,293,020.79	87.03	46,257,882.75	6.93
Individually insignificant items but analyzed individually for provision	10,282,156.06	1.24	10,282,156.06	100	10,340,254.25	1.35	10,340,254.25	100
Total	825,797,962.13	100	66,921,771.31		766,736,368.06	100	62,098,137.00	

3. Accounts receivable (continued)

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

Aging	2014			2013 (Restated)		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	346,507,993.68	58.50	-	102,887,058.56	53.00	-
6 to 12 months	183,980,746.33	31.07	9,199,037.32	4,228,546.40	2.18	211,427.32
Within 1 year subtotal	530,488,740.01	89.57	9,199,037.32	107,115,604.96	55.18	211,427.32
1 to 2 years	6,452,222.91	1.09	645,222.29	29,479,528.80	15.19	2,947,952.88
2 to 3 years	5,109,766.77	0.86	1,532,930.03	11,938,635.83	6.15	3,581,590.75
3 to 4 years	5,392,000.00	0.91	2,696,000.00	12,059,865.36	6.22	6,029,932.68
4 to 5 years	11,349,308.11	1.92	9,079,446.49	-	-	-
Over 5 years	33,486,979.12	5.65	33,486,979.12	33,486,979.12	17.26	33,486,979.12
Total	592,279,016.92	100	56,639,615.25	194,080,614.07	100	46,257,882.75

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

Group	2014		2013 (Restated)	
	Balance	Provision	Balance	Provision
Accounts receivable from related parties	135,732,514.85	-	473,212,406.72	-
Total	135,732,514.85	-	473,212,406.72	-

As at 31 December 2014, there are no individually significant items analyzed individually for provision.

As at 31 December 2013, individually significant items analyzed individually for provision:

Details of accounts receivable	Balance	Provision	Provision Percentage	Reason for provision
Hefei Changhe Industrial Co. Ltd.	20,519,400.00	5,500,000.00	26.80	Client rejected payment due to deficiency of parts of products.
Total	20,519,400.00	5,500,000.00	26.80	

- (3) In 2014, provision for impairment of accounts receivable amounted to RMB10,117,961.85 has been accrued (2013: RMB8,511,451.06). Provision for impairment of accounts receivable amounted to RMB5,294,327.54 has been reversed (2013: Nil).

3. Accounts receivable (continued)

(4) As at 31 December 2014, there are no provisions written off.

As at 31 December 2013, provisions written off are as follows:

Debtors	Relationship with the Group	Amount	Reason for write-off
KARAKORAMMOTORS(PVT)LTD.	Non-related	7,719,759.43	The customer is bankruptcy and unable to be recover
WASANA TRADING LANKA (PVT) LTD.	Non-related	515,739.60	The customer is bankruptcy and unable to be recover
Others	Non-related	54,750.26	Unable to be recover
Total		8,290,249.29	

(5) As at 31 December 2014, top five debtors of accounts receivable are as follows:

Debtors	Ending balance	Proportion of total accounts receivable (%)	Provision
First	52,986,597.75	6.42	-
Second	42,415,979.22	5.14	-
Third	38,840,411.42	4.70	-
Fourth	34,732,286.33	4.20	-
Fifth	21,559,849.32	2.61	-
Total	190,535,124.04	23.07	-

As at 31 December 2013, top five debtors of accounts receivable are as follows (Restated):

Debtors	Ending balance (Restated)	Proportion of total accounts receivable (%)	Provision
First	307,806,400.00	40.15	-
Second	67,203,793.50	8.76	-
Third	40,432,696.53	5.27	1,375,150.93
Third	28,083,882.87	3.66	-
Fifth	22,058,248.72	2.88	-
Total	465,585,021.62	60.72	1,375,150.93

3. Accounts receivable (continued)

(6) There is no accounts receivable derecognized due to transfer of financial assets during 2014 (2013: Nil).

4. Prepayments

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

Aging	2014		2013(Restated)	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	823,600,044.91	98.08	677,172,210.97	96.89
1 to 2 years	12,594,729.34	1.50	14,012,869.55	2.00
2 to 3 years	3,511,694.49	0.42	5,490,348.60	0.79
Over 3 years	46,082.72	0.00	2,269,422.95	0.32
Total	839,752,551.46	100.00	698,944,852.07	100.00

(2) As at 31 December 2014, top five debtors of prepayments are as follows:

Debtors	Amount	Percentage (%)
First	259,683,750.26	30.92
Second	169,846,487.49	20.23
Third	116,103,347.49	13.83
Fourth	110,825,927.83	13.20
Fifth	36,835,155.17	4.38
Total	693,294,668.24	82.56

As at 31 December 2013, top five debtors of prepayments are as follows:

Debtors	Amount	Percentage (%)
First	188,273,141.09	26.94
Second	152,653,804.80	21.84
Third	65,831,512.45	9.42
Fourth	57,800,000.00	8.27
Fifth	34,464,493.75	4.93
Total	499,022,952.09	71.40

5. Interest receivable

Item	2014	2013
Time Deposit	22,083,194.44	-

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6. Other receivables

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

	2014	2013 Restated
Within 1 year	231,000,922.88	209,373,179.66
1 to 2 years	6,624,196.29	1,736,470.64
2 to 3 years	12,232,852.46	4,476,678.00
Over 3 years	<u>14,969,794.22</u>	<u>26,560,944.00</u>
Provision	264,827,765.85 <u>(4,370,480.35)</u>	242,147,272.30 <u>(30,336,273.49)</u>
	<u>260,457,285.50</u>	<u>211,810,998.81</u>

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

	Beginning balance (Restated)	Addition	Deduction		Ending balance
			Reversal	Write-off	
2014	30,336,273.49	258,171.94	1,459,695.08	24,764,270.00	4,370,480.35
2013(Restated)	35,100,637.23	149,283.21	4,913,646.95	-	30,336,273.49

(2) An analysis of the other receivables by category is as follows:

Item	2014				2013			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	123,832,000.00	46.76	-	-	147,659,000.00	60.98	24,199,000.00	16.39
Other receivables analyzed as groups for provision								
Group 1. Other receivables analyzed for provision according to aging analysis	138,925,510.22	52.46	2,481,267.13	1.79	92,131,578.08	38.05	3,780,579.27	4.10
Group 2. Other receivables from related parties	181,042.41	0.07	-	-	-	-	-	-
Group subtotal	139,106,552.63	52.53	2,481,267.13	1.78	92,131,578.08	38.05	3,780,579.27	4.10
individually insignificant items but analyzed individually for provision	1,889,213.22	0.71	1,889,213.22	100	2,356,694.22	0.97	2,356,694.22	100
Total	264,827,765.85	100	4,370,480.35		242,147,272.30	100	30,336,273.49	

6. Other receivables (continued)

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

Aging	2014			2013(Restated)		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	133,122,029.36	95.82	-	79,467,789.22	86.26	-
6 to 12 months	370,404.77	0.27	18,520.23	4,088,696.22	4.44	204,434.81
Within 1 year subtotal	133,492,434.13	96.09	18,520.23	83,556,485.44	90.70	204,434.81
1 to 2 years	1,876,797.77	1.35	187,679.78	1,736,470.64	1.88	173,647.06
2 to 3 years	1,407,927.71	1.01	422,378.31	4,476,678.00	4.86	1,343,003.40
3 to 4 years	372,323.61	0.27	186,161.81	600,900.00	0.65	300,450.00
4 to 5 years	547,500.00	0.39	438,000.00	10,000.00	0.01	8,000.00
Over 5 years	1,228,527.00	0.89	1,228,527.00	1,751,044.00	1.90	1,751,044.00
Total	138,925,510.22	100	2,481,267.13	92,131,578.08	100.00	3,780,579.27

As at 31 December 2014, there are no individually significant items analyzed individually for provision.

As at 31 December 2013, individually significant items analyzed individually for provision are as follows:

Details of other receivables	Balance	Provision	Provision Percentage (%)	Reason for provision
Nanjing Yinkun Real Estate Brokerage Co., Ltd.	24,199,000.00	24,199,000.00	100.00	Client is unable to make payment due to insolvency

(3) For the year ended 31 December 2014, provision for impairment of other receivables amounted to RMB258,171.94 has been accrued (2013: RMB149,283.21). For the year ended 31 December 2014, provision for impairment of other receivables amounted to RMB1,459,695.08 has been reversed (2013: RMB4,913,646.95).

(4) For the year ended 31 December 2014, provision for impairment of other receivables amounted to RMB24,764,270.00 has been written off (2013: Nil) as follow:

Details of other receivables	Balance	Provision	Provision Percentage (%)	Reason for provision written off
Nanjing Yinkun Real Estate Brokerage Co., Ltd.	24,199,000.00	24,199,000.00	100.00	Client is unable to make payment due to insolvency
Dianjiang Test Office	565,270.00	565,270.00	100.00	Project terminated
Total	24,764,270.00	24,764,270.00	100.00	

6. Other receivables (continued)

(5) An analysis of the other receivables by nature is as follows:

Nature	2014	2013(Restated)
Energy-saving subsidy	123,832,000.00	123,460,000.00
Pretty Cash	50,696,835.12	42,894,166.30
Security Deposit	26,808,048.13	8,398,644.00
Export rebates	15,961,250.16	3,617,112.98
Others	43,159,152.09	33,441,075.53
Total	260,457,285.50	211,810,998.81

(6) As at 31 December 2014, top five debtors of other receivables are as follows:

Debtors	Amount	Nature	Aging	Proportion of total other receivables (%)	Provision
First	123,832,000.00	Energy-saving subsidy	Within two year	46.76	-
Second	19,644,766.13	Security Deposit	Within one year	7.42	-
Third	5,725,391.09	Pretty Cash	Within one year	2.16	-
Fourth	5,000,000.00	Pretty Cash	Within one year	1.89	-
Fifth	3,418,803.42	Pretty Cash	Within one year	1.29	-
Total	157,620,960.64			59.52	-

As at 31 December 2013, top five debtors of other receivables are as follows:

Debtors	Amount	Nature	Aging	Proportion of total other receivables (%)	Provision
First	123,460,000.00	Energy-saving subsidy	Within one year	50.99	-
Second	24,199,000.00	Lease receivable	Within five years	9.99	24,199,000.00
Third	21,373,332.00	Pretty Cash	Within one year	8.83	-
Fourth	13,176,365.28	Pretty Cash	Within one year	5.44	-
Fifth	11,868,277.14	Pretty Cash	Within one year	4.90	-
Total	194,076,974.42			80.15	24,199,000.00

(7) As at 31 December 2014, there is no other receivables from government grant (2013: Nil).

(8) There is no accounts receivable derecognized due to transfer of financial assets during 2014 (2013: Nil).

7. Inventories

(1) Classification of inventories

Item	2014			2013(Restated)		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	479,605,856.33	43,047,494.14	436,558,362.19	415,769,370.41	117,772,351.55	297,997,018.86
Material in transit	48,741,864.29	-	48,741,864.29	90,148,709.08	-	90,148,709.08
Work in progress	666,159,202.60	72,883,429.99	593,275,772.61	633,540,001.07	53,583,639.35	579,956,361.72
Finish goods	5,378,816,735.63	38,664,885.02	5,340,151,850.61	3,642,436,542.98	49,947,251.98	3,592,489,291.00
Consigned processing material	2,157,864.35	-	2,157,864.35	2,217,155.60	-	2,217,155.60
Consumables	151,297,690.45	-	151,297,690.45	171,926,569.45	-	171,926,569.45
Spare parts	3,077.01	-	3,077.01	316,620.86	-	316,620.86
Total	6,726,782,290.66	154,595,809.15	6,572,186,481.51	4,956,354,969.45	221,303,242.88	4,735,051,726.57

(2) Provision for inventories

2014

Type	Beginning balance (Restated)	Provision	Deduction	Ending balance
			Reversal Or Written off	
Raw materials	117,772,351.55	11,764,669.25	86,489,526.66	43,047,494.14
Work in progress	53,583,639.35	58,036,377.72	38,736,587.08	72,883,429.99
Finish goods	49,947,251.98	69,041,950.01	80,324,316.97	38,664,885.02
Total	221,303,242.88	138,842,996.98	205,550,430.71	154,595,809.15

2013(Restated)

Type	Beginning balance (Restated)	Provision	Deduction	Ending balance
			Reversal Or Written off	
Raw materials	94,323,523.41	29,811,164.51	6,362,336.37	117,772,351.55
Work in progress	5,464,558.32	49,145,075.33	1,025,994.30	53,583,639.35
Finish goods	98,172,550.44	52,303,624.55	100,528,923.01	49,947,251.98
Total	197,960,632.17	131,259,864.39	107,917,253.68	221,303,242.88

(3) Explanation for the provision

The Group assesses whether the cost of inventory is higher than the net realizable value and makes provision of the difference. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The reversal of inventory provisions are due to reboundance of net realizable value of previous impaired inventories, while written off of inventory provisions are due to selling out of previous impaired inventories in current year.

7. Inventories (continued)

Explanation for the inventory

As at 31 December 2014, finished goods of 62,395 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: 7,189 cars in Huaxia Bank; 12,257 cars in China Citic Bank; 8,923 cars in China Everbright Bank; 3,640 cars in Bank of Communications Co., Ltd.; 30,386 cars in China South Industry Group Finance Co., Ltd..

As at 31 December 2013, finished goods of 63,758 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: 6,499 cars in Huaxia Bank; 12,363 cars in China Citic Bank; 8,532 cars in China Everbright Bank; 3,211 cars in Bank of Communications Co., Ltd.; 32,889 cars in China South Industry Group Finance Co., Ltd.; 264 cars in other banks.

8. Other current assets

Item	2014	2013(Restated)
Accrual input tax	2,835,337.83	2,541,492.57
Others	534,882.00	44,245.00
Total	3,370,219.83	2,585,737.57

9. Available-for-sale financial assets

Item	2014			2013 (Restated)		
	Book value	Provision	Net value	Book value	Provision	Net value
Available-for-sale equity instrument						
Measured at fair value	422,767,500.00	27,120,000.00	395,647,500.00	284,439,416.00	27,120,000.00	257,319,416.00
Measured at historical cost	148,809,274.00	-	148,809,274.00	108,809,274.00	-	108,809,274.00
Total	571,576,774.00	27,120,000.00	544,456,774.00	393,248,690.00	27,120,000.00	366,128,690.00

As at 31 December 2014, The available-for-sale equity securities instrument measured at fair vale are the 17.75 million ordinary share of Southwest Securities Co., Ltd.. (31 December 2013: 17.75 million ordinary shares of Southwest Securities Co., Ltd. and 9.46 million ordinary shares of Huaxia Bank)

Available-for-sale financial assets measured at fair value:

Item	2014	2013
Cost of equity instrument	50,000,000.00	55,716,571.71
Fair value	395,647,500.00	257,319,416.00
Accumulated amount of change on fair value recorded in other comprehensive income	372,767,500.00	228,722,844.29
Provision	27,120,000.00	27,120,000.00

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g. Available-for-sale financial assets (continued)

Available-for-sale financial assets measured at historical cost:

Item	Book value				Provision				Shareholding Ratio (%)	Cash dividend in current year
	Beginning balance (Restated)	Addition	Disposal	Ending balance	Beginning balance	Addition	Disposal	Ending balance		
China South Industry Group Finance Co., Ltd.	80,000,000.00	-	-	80,000,000.00	-	-	-	-	5.33	31,252,435.46
Chongqing Ante trading Co., Ltd	3,000,000.00	-	-	3,000,000.00	-	-	-	-	10.00	-
Sichuan Glass Co., Ltd.	1,809,274.00	-	-	1,809,274.00	-	-	-	-	0.64	-
Zhong Fa Lian Investment Co., Ltd.	21,000,000.00	-	-	21,000,000.00	-	-	-	-	10.00	-
CAERI(Beijing) automobile Lightweight Technology Research Institution Co., Ltd.	3,000,000.00	-	-	3,000,000.00	-	-	-	-	6.89	-
Guoqi Automobile Power Cell Research Co., Ltd.	-	40,000,000.00	-	40,000,000.00	-	-	-	-	7.41	-
Total	108,809,274.00	40,000,000.00	-	148,809,274.00	-	-	-	-		31,252,435.46

Provision for available-for-sale financial assets	2014	2013
Provision balance at beginning and ending of the year	27,120,000.00	27,120,000.00

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10. Long-term equity investments

2014

Investee	Beginning balance	Addition	Deduction	Investment income under equity method	Other comprehensive income	Other equity variation	Cash dividends declared	Provision	Book value ending balance	Provision ending balance
Joint Venture										
Chongqing Changan Suzuki Automobile Co., Ltd.	1,422,871,007.19	-	(28,024,712.81)	10,299,515.59	-	3,127,864.50	-	-	1,408,273,674.47	-
Jiangling Holding Co., Ltd.	1,970,068,511.81	-	-	363,988,695.87	-	-	-	-	2,334,057,207.68	-
Changan Ford Automobile Co., Ltd.	5,168,880,471.54	-	-	7,148,483,522.43	-	-	(7,700,000,000.00)	-	4,617,363,993.97	-
Changan Mazda Automobile Co., Ltd.	1,165,287,267.32	-	-	120,709,554.23	-	-	-	-	1,285,996,821.55	-
Changan Ford Mazda Engine Co., Ltd.	599,468,669.92	-	-	507,303,463.50	-	-	-	-	1,106,772,133.42	-
Changan PSA Automobiles Co., Ltd.	1,957,257,672.14	-	-	(161,510,779.33)	-	-	-	-	1,795,746,892.81	-
Associates										
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	8,772,039.08	-	-	448,145.51	-	-	-	-	9,220,184.59	-
Chongqing Changan Kuayue Automobile Co., Ltd.	64,068,246.00	-	-	2,490,445.97	-	-	-	-	66,558,691.97	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd. (note)	-	-	-	-	-	-	-	-	-	-
Beijing Fang'an taxi Co., Ltd. (note)	998,629.64	-	-	(998,629.64)	-	-	-	-	-	-
Total	12,357,672,514.64	-	(28,024,712.81)	7,991,213,934.13	-	3,127,864.50	(7,700,000,000.00)	-	12,623,989,600.46	-

Note: As at 31 December 2014, the Group is not responsible for extral loss from Chongqing Changan Kuayue Automobile Sales Co., Ltd. and Beijing Fang'an taxi Co., Ltd.. Therefore, when these two associates occurred excess losses, the Group just reduced its correspondent long-term equity investment to zero, and did not recognize contingent liabilities accordingly.

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10. Long-term equity investments

2013

Investee	Beginning balance	Addition	Deduction	Investment income under equity method	Other comprehensive income	Other equity variation	Cash dividends declared	Provision	Book value ending balance	Provision ending balance
Joint Venture										
Chongqing Changan Suzuki Automobile Co., Ltd.	1,421,953,088.21	-	-	917,918.98	-	-	-	-	1,422,871,007.19	-
Jiangling Holding Co., Ltd.	1,706,722,325.52	-	-	263,346,186.29	-	-	-	-	1,970,068,511.81	-
Changan Ford Automobile Co., Ltd.	2,677,677,911.23	-	-	4,091,202,560.31	-	-	(1,600,000,000.00)	-	5,168,880,471.54	-
Changan Mazda Automobile Co., Ltd.	1,115,310,608.80	-	-	49,976,658.52	-	-	-	-	1,165,287,267.32	-
Changan Ford Mazda Engine Co., Ltd.	475,236,298.82	-	-	124,232,371.10	-	-	-	-	599,468,669.92	-
Changan PSA Automobiles Co., Ltd.	-	2,007,841,700.00	-	(50,584,027.86)	-	-	-	-	1,957,257,672.14	-
Associates										
Chongqing HelpGo Information Technology Co., Ltd.	10,316,211.80	-	(10,316,211.80)	-	-	-	-	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	8,415,002.53	-	-	357,036.55	-	-	-	-	8,772,039.08	-
Chongqing Changan Kuayue Automobile Co., Ltd.	63,870,734.11	-	-	197,511.89	-	-	-	-	64,068,246.00	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Beijing Fang'an taxi Co., Ltd.	6,000,000.00	-	-	(5,001,370.36)	-	-	-	-	998,629.64	-
Total	7,485,502,181.02	2,007,841,700.00	(10,316,211.80)	4,474,644,845.42	-	-	(1,600,000,000.00)	-	12,357,672,514.64	-

11. Investment property

Cost Model

2014

Item	Buildings	
	2014	2013(Restated)
Original cost		
Beginning (Restated)	11,511,221.65	11,511,221.65
Transferred from CIP	308,479.59	-
Ending	11,819,701.24	11,511,221.65
Accumulated depreciat ion and amortization		
Beginning (Restated)	2,020,594.52	1,456,926.86
Accrual	338,961.68	563,667.66
Ending	2,359,556.20	2,020,594.52
Impairment Provision		
Beginning and Ending	-	-
Carrying amount		
Ending	9,460,145.04	9,490,627.13
Beginning (Restated)	9,490,627.13	10,054,294.79

As at 31 December 2014, there is no investment property whose certificate of title is not completed (As at 31 December 2013: Nil).

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12. Fixed assets

(1) Details of fixed assets

2014

Item	Buildings	Machinery	Vehicles	Other Equipments	Total
Original cost					
Beginning (Restated)	5,328,303,054.21	11,658,837,136.95	104,296,206.24	3,397,802,842.91	20,489,239,240.31
Purchase	15,906,457.03	235,729,864.13	1,881,337.46	37,200,150.49	290,717,809.11
Transfers	390,529,320.65	878,796,589.88	14,310,645.06	460,354,359.89	1,743,990,915.48
Disposal	13,809,809.42	316,950,466.71	15,403,063.98	140,573,746.91	486,737,087.02
Ending	5,720,929,022.47	12,456,413,124.25	105,085,124.78	3,754,783,606.38	22,037,210,877.88
Accumulated depreciation					
Beginning (Restated)	692,887,200.12	3,744,382,170.71	40,204,107.27	1,179,545,602.51	5,657,019,080.61
Accrual	185,964,907.63	1,052,390,886.15	12,079,240.50	375,795,049.84	1,626,230,084.12
Disposal	9,200,640.70	297,656,727.19	9,050,571.42	92,238,244.33	408,146,183.64
Ending	869,651,467.05	4,499,116,329.67	43,232,776.35	1,463,102,408.02	6,875,102,981.09
Impairment provision					
Beginning (Restated)	1,440,453.56	419,130,165.95	55,086.70	38,601,942.33	459,227,648.54
Accrual	4,208,463.69	152,059,173.83	56,868.95	29,620,813.72	185,945,320.19
Disposal	650,000.00	25,105,940.51	-	22,888,927.81	48,644,868.32
Ending	4,998,917.25	546,083,399.27	111,955.65	45,333,828.24	596,528,100.41
Carrying amount					
Ending	4,846,278,638.17	7,411,213,395.31	61,740,392.78	2,246,347,370.12	14,565,579,796.38
Beginning (Restated)	4,633,975,400.53	7,495,324,800.29	64,037,012.27	2,179,655,298.07	14,372,992,511.16

2013 (Restated)

Item	Buildings	Machinery	Vehicles	Other Equipments	Total
Original cost					
Beginning	4,346,268,495.38	9,986,404,274.39	88,446,137.31	2,913,028,352.84	17,334,147,259.92
Purchase	77,361,200.59	34,492,205.79	3,553,292.29	46,221,866.42	161,628,565.09
Transfers	908,695,680.55	2,131,082,248.74	20,008,836.93	491,979,770.40	3,551,766,536.62
Disposal	4,022,322.31	493,141,591.97	7,712,060.29	53,427,146.75	558,303,121.32
Ending	5,328,303,054.21	11,658,837,136.95	104,296,206.24	3,397,802,842.91	20,489,239,240.31
Accumulated depreciation					
Beginning	532,881,481.25	2,981,307,895.43	36,158,670.70	969,976,130.71	4,520,324,178.09
Accrual	161,027,937.00	965,415,100.97	9,599,007.01	252,434,720.09	1,388,476,765.07
Disposal	1,022,218.13	202,340,825.69	5,553,570.44	42,865,248.29	251,781,862.55
Ending	692,887,200.12	3,744,382,170.71	40,204,107.27	1,179,545,602.51	5,657,019,080.61
Impairment provision					
Beginning	-	498,087,652.82	-	12,529,850.03	510,617,502.85
Accrual	1,440,453.56	130,785,697.66	55,086.70	26,678,877.16	158,960,115.08
Disposal	-	209,743,184.53	-	606,784.86	210,349,969.39
Ending	1,440,453.56	419,130,165.95	55,086.70	38,601,942.33	459,227,648.54
Carrying amount					
Ending	4,633,975,400.53	7,495,324,800.29	64,037,012.27	2,179,655,298.07	14,372,992,511.16
Beginning	3,813,387,014.13	6,507,008,726.14	52,287,466.61	1,930,522,372.10	12,303,205,578.98

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12. Fixed assets (continued)

(2) Fixed assets that are temporarily unused

2014

Item	Original cost	Accumulated depreciation	Impairment provision	Carrying amount
Buildings	36,615,885.46	11,877,600.90	-	24,738,284.56
Machinery	679,453,239.72	298,095,420.08	381,179,932.77	177,886.87
Vehicles	78,185.00	4,738.02	73,446.98	-
Other Equipments	51,246,872.17	26,548,842.29	24,270,384.58	427,645.30
Total	767,394,182.35	336,526,601.29	405,523,764.33	25,343,816.73

2013 (Restated)

Item	Original cost	Accumulated depreciation	Impairment provision	Carrying amount
Buildings	39,786,789.29	11,871,941.68	1,357,928.94	26,556,918.67
Machinery	639,180,548.12	331,877,145.79	304,709,586.59	2,593,815.74
Vehicles	1,279,792.64	764,171.61	75,815.98	439,805.05
Other Equipments	167,860,182.57	112,608,679.28	49,637,653.34	5,613,849.95
Total	848,107,312.62	457,121,938.36	355,780,984.85	35,204,389.41

(3) As at 31 December 2014, 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 2013: Nil).

(4) Fixed assets whose certificate of title is not completed as at 31 December 2014:

Item	Carrying amount	Reason for incomplete certificate of title
Painting plant I	204,939,031.48	Under processing
Assemble plant I	160,901,915.45	Under processing
Welding plant I	142,900,933.75	Under processing
Assemble plant II	129,424,859.88	Under processing
Painting plant II	90,564,695.59	Under processing
Stamping plant	78,839,607.59	Under processing
Factory Road	78,515,778.45	Under processing
Painting workshop in new site	71,863,924.81	Under processing
Stamping plant	54,680,563.98	Under processing
Packaging plant	51,606,700.76	Under processing
Service facilities	48,104,072.59	Under processing
Assemble workshop in new site	46,010,518.27	Under processing
EACasting workshop Phase I	45,720,296.35	Under processing
Welding plant II	41,449,758.06	Under processing
New energy and laboratory shop	39,567,272.23	Under processing
Buildings in testing projects	38,039,429.17	Under processing
Office building	37,436,100.97	Under processing
Second plant and public building	34,929,869.44	Under processing
Welding workshop in new site	26,590,402.32	Under processing
Test Road	25,262,251.81	Under processing
Exhibition Centre	25,215,473.45	Under processing
Debugging workshop	23,563,301.98	Under processing
Sewage treatment station	23,301,762.13	Under processing
Car park	18,655,316.93	Under processing
Canteen I & II	18,654,957.19	Under processing
Power Station	18,455,531.37	Under processing
Visual inspection plant	18,124,381.23	Under processing

13. Construction in progress

(1) Details of construction in progress

Item	2014			2013(Restated)		
	Balance	Provision	Carrying amount	Balance	Provision	Carrying amount
Mini-bus production equipment	51,532,611.69	-	51,532,611.69	50,083,620.26	-	50,083,620.26
Yuzui motor city project	56,137,499.36	-	56,137,499.36	3,340,635.09	-	3,340,635.09
Sedan production equipment	21,154,399.12	-	21,154,399.12	42,419,237.65	-	42,419,237.65
Engine plant	390,640,806.71	-	390,640,806.71	90,556,793.45	-	90,556,793.45
Vehicle research institution	27,883,151.96	-	27,883,151.96	69,250,097.06	-	69,250,097.06
Car moulds	264,739,352.30	-	264,739,352.30	356,844,644.42	-	356,844,644.42
Light vehicle technical transformation project of Baoding Changan bus	29,974,950.86	-	29,974,950.86	56,020,860.61	-	56,020,860.61
Plant for vehicle test project	76,854.40	-	76,854.40	541,058,623.64	-	541,058,623.64
Beijing vehicle construction project	232,656,244.67	-	232,656,244.67	40,243,489.44	-	40,243,489.44
Production Line for 100,000 capacity	10,458,678.57	10,458,678.57	-	10,458,678.57	10,458,678.57	-
Engine Base of Nanjing	24,147,569.91	-	24,147,569.91	3,113,926.18	-	3,113,926.18
Yuzui Refitting factory	20,399,257.73	-	20,399,257.73	6,716,923.97	-	6,716,923.97
Car production Project Of Hefei Changan	15,630,398.56	-	15,630,398.56	-	-	-
Others	139,023,867.97	-	139,023,867.97	69,124,905.28	-	69,124,905.28
Total	1,284,455,643.81	10,458,678.57	1,273,996,965.24	1,339,232,435.62	10,458,678.57	1,328,773,757.05

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13. Construction in progress (continued)

(2) Significant movements of construction in progress in 2014

Project	Budget (RMB0,000)	Beginning balance (Restated)	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	Ending balance
Mini-bus production equipment	133,127.00	50,083,620.26	63,899,939.33	62,416,985.62	33,962.28	86%	86%	412,957.05	-	-	Raised	51,532,611.69
Yuzui motor city project	228,863.00	3,340,635.09	65,985,148.78	13,188,284.51	-	63%	63%	-	-	-	Raised	56,137,499.36
Sedan production equipment	173,359.00	42,419,237.65	170,345,859.68	191,610,698.21	-	44%	44%	505,924.12	-	-	Raised	21,154,399.12
Engine plant	561,556.20	90,556,793.45	406,723,165.96	106,551,836.05	87,316.65	62%	62%	12,926,342.81	-	-	Raised	390,640,806.71
Vehicle research institution	73,417.00	69,250,097.06	59,081,623.04	100,182,532.48	266,035.36	95%	95%	863,669.92	-	-	Raised	27,883,152.26
Car moulds	150,727.81	356,844,644.42	108,065,995.25	200,171,287.67	-	76%	82%	3,397,900.43	-	-	Raised	264,739,352.00
Light vehicle technical transformation project of Baoding Changan Bus	27,596.15	56,020,860.61	51,544,526.19	77,587,435.94	-	80%	80%	-	-	-	Raised	29,974,950.86
Plant for vehicle test project	148,556.00	541,058,623.64	197,142,374.96	737,934,680.06	189,464.14	83%	83%	-	-	-	Raised	76,854.40
Beijing vehicle construction project	257,468.00	40,243,489.44	270,767,602.21	78,354,846.98	-	92%	91%	-	-	-	Raised	232,656,244.67
Engine Base of Nanjing	17,750.00	3,113,926.18	22,404,714.10	1,371,070.37	-	15%	15%	-	-	-	Raised	24,147,569.91
Yuzui Refitting factory	29,977.00	6,716,923.97	13,682,333.76	-	-	16%	16%	-	-	-	Raised	20,399,257.73
Car production project of Hefei Changan	34,660.00	-	72,447,820.97	52,483,463.77	4,333,958.64	2%	2%	-	-	-	Raised	15,630,398.56
Others	-	69,124,905.28	192,054,961.68	122,137,793.82	18,205.17	-	-	27,646,324.37	117,119.22	-	Raised and loans	139,023,867.97
Total		1,328,773,757.05	1,694,143,065.91	1,743,990,915.48	4,928,942.24			45,753,118.7	117,119.22			1,273,996,965.24

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13. Construction in progress (continued)

(2) Significant movements of construction in progress in 2013 (Restated):

Project	Budget (RMB0,000)	Beginning balance	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	Ending balance
Mini-bus production equipment	111,717.00	5,351,731.68	84,725,957.57	39,994,068.99	-	96%	96%	412,957.05	-	-	Raised	50,083,620.26
Yuzui motor city project	179,363.00	44,396,939.00	38,242,367.79	79,298,671.70	-	77%	77%	-	-	-	Raised	3,340,635.09
Changan industrial garden project	149,031.00	8,980,021.25	25,401.71	8,369,061.25	-	100%	99%	19,943,614.65	-	-	Raised	636,361.71
Sedan production equipment	113,432.00	48,529,810.27	100,607,372.75	106,717,945.37	-	52%	52%	505,924.12	-	-	Raised	42,419,237.65
Engine plant	492,356.20	1,356,956,576.22	565,359,037.72	1,831,628,035.52	130,784.97	63%	63%	12,926,342.81	-	-	Raised	90,556,793.45
Vehicle research institution	71,400.00	133,651,791.31	38,989,912.11	103,391,606.36	-	89%	89%	863,669.92	-	-	Raised	69,250,097.06
Car moulds	108,937.05	226,624,484.08	454,355,070.04	324,134,909.70	-	96%	96%	3,397,900.43	-	-	Raised	356,844,644.42
Hebei M201 bus production plant project	27,511.15	36,064,353.60	44,528,516.68	76,102,870.35	4,489,999.93	100%	100%	-	-	-	Raised	-
Light vehicle technical transformation project of Baoding Changan bus	22,442.00	6,302,795.17	86,859,728.72	37,141,663.28	-	75%	75%	-	-	-	Raised	56,020,860.61
Plant for vehicle test project	108,688.00	688,512,568.10	296,175,741.22	443,629,685.68	-	90%	95%	-	-	-	Raised	541,058,623.64
Beijing vehicle construction project	191,943.00	26,246,205.34	46,370,322.93	32,373,038.83	-	100%	98%	-	-	-	Raised	40,243,489.44
Reform of production line with 150,000 capacity	172,917.72	117,974,029.06	17,701,009.79	135,675,038.85	-	100%	100%	-	-	-	Raised	-
Engine Base of Nanjing	17,750.00	-	4,214,064.59	1,100,138.41	-	2%	2%	-	-	-	Raised	3,113,926.18
Yuzui Refitting factory	29,977.00	582,004.00	6,134,919.97	-	-	2%	2%	-	-	-	Raised	6,716,923.97
Others	-	223,129,606.04	177,902,828.78	332,209,802.33	334,088.92	-	-	4,888,488.22	2,814,221.50	6.15%	Raised and loans	68,488,543.57
Total		2,923,302,915.12	1,962,192,252.37	3,551,766,536.62	4,954,873.82	-	-	42,938,897.20	2,814,221.50			1,328,773,757.05

13. Construction in progress (continued)

(3) Movement of provision for the impairment of construction in progress:

2014 and 2013(Restated)

	Beginning balance	Addition	Deduction	Ending balance	Reason
Reform of production line with 100,000 capacity of Hefei Changan in previous years	10,458,678.57	-	-	10,458,678.57	According to the Company's strategic planning adjustment, the project had been cancelled.

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14. Intangible assets

Details of intangible assets

2014

Item	Land use rights	Software use rights	Trademark use rights	Non-patent technology	Total
Original cost					
Beginning (Restated)	1,355,080,789.00	261,423,962.37	211,784,400.00	1,282,254,915.47	3,110,544,066.84
Purchase	556,916,821.93	51,334,201.98	-	1,929,069.69	610,180,093.60
Internal research and development	-	-	-	571,558,173.67	571,558,173.67
Ending	1,911,997,610.93	312,758,164.35	211,784,400.00	1,855,742,158.83	4,292,282,334.11
Accumulated amortization					
Beginning (Restated)	113,358,628.31	187,007,238.16	79,969,224.29	577,811,832.75	958,146,923.51
Accrual	31,989,850.48	58,417,304.54	19,954,213.29	247,312,351.54	357,673,719.85
Ending	145,348,478.79	245,424,542.70	99,923,437.58	825,124,184.29	1,315,820,643.36
Impairment provision					
Beginning (Restated)	-	-	-	76,176,660.79	76,176,660.79
Accrual	-	21,319,804.81	-	-	21,319,804.81
Ending	-	21,319,804.81	-	76,176,660.79	97,496,465.60
Carrying amount					
Ending	1,766,649,132.14	46,013,816.84	111,860,962.42	954,441,313.75	2,878,965,225.15
Beginning (Restated)	1,241,722,160.69	74,416,724.21	131,815,175.71	628,266,421.93	2,076,220,482.54

2013(Restated)

Item	Land use rights	Software use rights	Trademark use rights	Non-patent technology	Total
Original cost					
Beginning	1,316,839,240.92	189,302,665.88	211,784,400.00	1,099,490,649.02	2,817,416,955.82
Purchase	46,845,247.74	72,121,296.49	-	-	118,966,544.23
Internal research and development				182,764,266.45	182,764,266.45
Disposal	8,603,699.66	-	-	-	8,603,699.66
Ending	1,355,080,789.00	261,423,962.37	211,784,400.00	1,282,254,915.47	3,110,544,066.84
Accumulated amortization					
Beginning	86,929,347.88	146,851,187.94	60,012,611.01	364,025,245.97	657,818,392.80
Accrual	26,966,736.43	40,156,050.22	19,956,613.28	213,786,586.78	300,865,986.71
Disposal	537,456.00	-	-	-	537,456.00
Ending	113,358,628.31	187,007,238.16	79,969,224.29	577,811,832.75	958,146,923.51
Impairment provision					
Beginning	6,700,000.00	-	-	9,126,515.83	15,826,515.83
Accrual	-	-	-	67,050,144.96	67,050,144.96
Disposal	6,700,000.00	-	-	-	6,700,000.00
Ending	-	-	-	76,176,660.79	76,176,660.79
Carrying amount					
Ending	1,241,722,160.69	74,416,724.21	131,815,175.71	628,266,421.93	2,076,220,482.54
Beginning	1,223,209,893.04	42,451,477.94	151,771,788.99	726,338,887.22	2,143,772,047.19

14. Intangible assets (continued)

As at 31 December 2014, the intangible assets from internal research and development account for 33.15% of total intangible assets (as at 31 December 2013: 30.26%).

As at 31 December 2014, land use rights with the book value of RMB8,088,768.26 (as at 31 December 2013: RMB93,334,584.97) are restricted. During 2014, the amortization of the land use rights is RMB218,615.28 (2013: RMB3,794,132.27). Including, the restricted land use rights with the book value of RMB5,544,016.02 (2013: RMB2,613,529.28) was mortgaged to obtain loans. Refer to note V 21.

As at 31 December 2014, there is no intangible assets whose certificate of title is not completed (As at 31 December 2013: Nil).

15. Development expenditure

2014

Item	Beginning balance	Addition	Deduction		Ending balance
		Internal research and development	Recognized as intangible assets	Charged to income Statement of the current year	
Automobile Development	685,666,604.48	609,676,788.84	571,558,173.67	95,939,764.65	627,845,455.00

2013

Item	Beginning balance	Adition	Deduction		Ending balance
			Recognized as intangible assets	Charged to income Statement of the current year	
Automobile Development	373,059,730.66	515,162,564.44	182,764,266.45	19,791,424.17	685,666,604.48

16. Goodwill

2014 and 2013

Investee	Beginning balance	Addition	Deduction	Ending balance
		Business combination under common control	Disposal	
Hebei Changan Automobile Co., Ltd.	9,804,394.00	-	-	9,804,394.00
Nanjing Changan Automobile Co., Ltd.	-	-	-	-
Total	9,804,394.00	-	-	9,804,394.00

Movement of provision for the impairment of goodwill is as follow:

2014 and 2013

Investee	Beginning balance	Addition	Deduction	Ending balance
		Accrual	Disposal	
Nanjing Changan Automobile Co., Ltd.	73,465,335.00	-	-	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 RMB73,465,335.00.

17. Long-term deferred expenses

2014

Item	Beginning balance	Addition	Amortization	Ending balance
Long-term deferred expenses	1,410,228.76	728,246.27	450,611.71	1,687,863.32

2013

Item	Beginning balance	Addition	Amortization	Ending balance
Long-term deferred expenses	2,055,164.45	1,194,167.19	1,839,102.88	1,410,228.76

18. Deferred tax assets and liabilities

Item	2014		2013	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets:				
Provision for the impairment of assets	750,544,057.27	112,581,608.59	646,665,033.44	96,999,755.02
Accrued expenses and contingent liabilities	3,603,789,292.79	540,568,393.92	2,605,313,935.79	390,797,090.37
Unpaid tech development expense and advertisement expense	132,275,013.20	19,841,251.98	264,175,587.81	39,626,338.17
Deferred income	2,380,309,239.59	357,046,385.94	2,424,031,846.05	363,604,776.91
Unpaid salary and bonus and others	851,526,238.10	130,547,132.15	716,740,820.12	107,407,841.52
Total	7,718,443,840.95	1,160,584,772.58	6,656,927,223.21	998,435,801.99

Item	2014		2013	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities:				
Available-for-sale financial assets on the changes in fair value	372,767,500.00	55,915,125.00	228,722,844.29	41,842,961.06

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

Year	2014	2013(Restated)
2014	-	9,499,981.79
2015	47,892,050.50	47,892,050.50
2016	298,254,160.23	298,254,160.23
2017	284,843,562.52	284,843,562.52
2018	489,799,407.80	489,799,407.80
2019	827,843,122.05	-
Total	1,948,632,303.10	1,130,289,162.84

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

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19. Provision for the impairment of assets

2014

Item	Beginning (Restated)	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	92,434,410.49	10,376,133.79	6,754,022.62	24,764,270.00	71,292,251.66
II. Provision for obsolete inventory	221,303,242.88	138,842,996.98	6,125,183.90	199,425,246.81	154,595,809.15
III. Provision for the impairment of fixed assets	459,227,648.54	185,945,320.19	-	48,644,868.32	596,528,100.41
IV. Provision for the impairment of intangible assets	76,176,660.79	21,319,804.81	-	-	97,496,465.60
V. Provision for the impairment of construction in progress	10,458,678.57	-	-	-	10,458,678.57
VI. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
Total	933,065,976.27	356,484,255.77	12,879,206.52	272,834,385.13	1,003,836,640.39

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

The increase of impairment of intangible assets is mainly due to the impairment of the non-patent technology for the discontinued productions.

The impairment of inventory is mainly due to the cost of some vehicle and engine is lower than the net realizable value.

2013(Restated)

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	96,977,572.46	8,660,734.27	4,913,646.95	8,290,249.29	92,434,410.49
II. Provision for obsolete inventory	197,960,632.17	131,259,864.39	1,940,609.52	105,976,644.16	221,303,242.88
III. Provision for the impairment of fixed assets	510,617,502.85	158,960,115.08	-	210,349,969.39	459,227,648.54
IV. Provision for the impairment of intangible assets	15,826,515.83	67,050,144.96	-	6,700,000.00	76,176,660.79
V. Provision for the impairment of construction in progress	10,458,678.57	-	-	-	10,458,678.57
VI. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
Total	905,306,236.88	365,930,858.70	6,854,256.47	331,316,862.84	933,065,976.27

20. Other non-current assets

Item	2014	2013
Prepayment of land(Note)	60,901,712.09	244,336,881.52

Note: The prepayment of land is paid to acquire the land use right.

21. Short-term loans

Classification of short-term loans:

Item	2014	2013 (Restated)
Mortgage loans	50,000,000.00	30,000,000.00
Credit loans	40,000,000.00	1,468,000,000.00
Total	90,000,000.00	1,498,000,000.00

As at 31 December 2014, the interest rate of the above loans was 5.90%-6.30% (as at 31 December 2013: 4.92%-7.20%).

As at 31 December 2014, there is no short-term loan which is due but not repaid (as at 31 December 2013: Nil).

For the year ended 31 December 2014, the Group obtained short-term loan of RMB50,000,000.00 and commercial acceptance bill of RMB50,000,000.00 from China South Industry Group Finance Co., Ltd. The credit was secured the mortgages of the land use rights amounted to RMB5,544,016.02, buildings amounted to RMB30,278,453.44, and accounts receivable amounted to RMB188,803,148.85.

For the year ended 31 December 2013, the Group obtained short-term loan of RMB30,000,000.00 from China CITIC Bank. The loan was secured by the mortgages of the land use rights amounted to RMB2,613,529.28, buildings amounted to RMB4,632,076.69 and machinery amounted to RMB28,637,786.47.

22. Notes payable

Item	2014	2013 (Restated)
Commercial acceptance bill	217,000,000.00	226,946,025.00
Bank acceptance bill	12,891,623,397.32	9,350,708,650.13
Total	13,108,623,397.32	9,577,654,675.13

As at 31 December 2014, there is no unpaid notes payable at maturity (as at 31 December 2013: Nil)

23. Accounts payable

(1) Accounts payable

Item	2014	2013(Restated)
Accounts payable	13,038,793,688.31	7,963,798,219.72

(2) As at 31 December 2014, there is no accounts payable aged over one year.

24. Advances from customers

(1) Advances from customers

Item	2014	2013(Restated)
Advances from customers	5,802,717,284.79	4,260,282,749.23

(2) As at 31 December 2014, the advances from customers of RMB104,010,171.30 aged over one year is mainly credit guarantee charged to dealers.

25. Payroll payable

2014

Item	Beginning (Restated)	Addition	Deduction	Ending
Short term salary benefits	748,146,430.81	3,752,953,931.38	3,547,257,485.31	953,842,876.88
Defined contribution plans	64,538,658.71	332,717,685.98	334,288,556.77	62,967,787.92
Early retirement benefits	7,911,000.00	5,372,000.00	7,724,000.00	5,559,000.00
Total	820,596,089.52	4,091,043,617.36	3,889,270,042.08	1,022,369,664.80

2013 (Restated)

Item	Beginning	Addition	Deduction	Ending
Short term salary benefits	374,889,623.36	3,013,188,999.92	2,639,932,192.47	748,146,430.81
Defined contribution plans	67,225,586.68	250,440,788.73	253,127,716.70	64,538,658.71
Early retirement benefits	10,474,000.00	8,048,000.00	10,611,000.00	7,911,000.00
Total	452,589,210.04	3,271,677,788.65	2,903,670,909.17	820,596,089.52

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25. Payroll payable (continued)

Short term salary benefits:

2014

Item	Beginning (Restated)	Addition	Deduction	Ending
Salary, bonus, allowance and subsidy	475,975,263.71	3,078,801,722.05	2,862,521,208.58	692,255,777.18
Employee benefit	199,845,915.15	230,654,422.34	259,934,165.67	170,566,171.82
Social insurance	(8,340,240.75)	167,734,161.12	166,590,483.70	(7,196,563.33)
Medical insurance	(8,051,064.22)	146,424,856.76	146,102,030.73	(7,728,238.19)
Industrial injury insurance	(867,720.06)	9,576,763.89	10,007,414.81	(1,298,370.98)
Maternity insurance	578,543.53	11,732,540.47	10,481,038.16	1,830,045.84
Housing accumulation fund	70,370,340.91	200,333,755.23	182,846,099.15	87,857,996.99
Labor fund and employee education fund	10,295,151.79	75,429,870.64	75,365,528.21	10,359,494.22
Total	748,146,430.81	3,752,953,931.38	3,547,257,485.31	953,842,876.88

2013(Restated)

Item	Beginning	Addition	Deduction	Ending
Salary, bonus, allowance and subsidy	297,622,702.66	2,285,039,377.84	2,106,686,816.79	475,975,263.71
Employee benefit	285,124.58	334,681,727.35	135,120,936.78	199,845,915.15
Social insurance	(5,064,678.13)	115,247,801.12	118,523,363.74	(8,340,240.75)
Medical insurance	(5,388,584.84)	99,725,477.96	102,387,957.34	(8,051,064.22)
Industrial injury insurance	(74,881.05)	6,914,044.24	7,706,883.25	(867,720.06)
Maternity insurance	398,787.76	8,608,278.92	8,428,523.15	578,543.53
Housing accumulation fund	76,541,750.36	219,285,315.93	225,456,725.38	70,370,340.91
Labor fund and employee education fund	5,504,723.89	58,934,777.68	54,144,349.78	10,295,151.79
Total	374,889,623.36	3,013,188,999.92	2,639,932,192.47	748,146,430.81

Defined contribution plans:

2014

Item	Beginning (Restated)	Addition	Deduction	Ending
Basic retirement security	64,928,521.93	300,516,615.79	307,638,218.19	57,806,919.53
Unemployment insurance	(389,863.22)	32,201,070.19	26,650,338.58	5,160,868.39
Total	64,538,658.71	332,717,685.98	334,288,556.77	62,967,787.92

2013(Restated)

Item	Beginning	Addition	Deduction	Ending
Basic retirement security	66,561,260.13	234,608,700.44	236,241,438.64	64,928,521.93
Unemployment insurance	664,326.55	15,832,088.29	16,886,278.06	(389,863.22)
Total	67,225,586.68	250,440,788.73	253,127,716.70	64,538,658.71

25. Payroll payable (continued)

As at 31 December 2014 and 2013, there is no balance which is in arrears.

The salary, bonus, allowance and subsidy, employee benefits and other social insurances mentioned above are arranged to pay within time limit according to related laws and regulations and sets of the Group.

26. Taxes payable

Item	2014	2013 (Restated)
Value-added tax	(539,064,710.78)	(201,192,520.94)
Consumption tax	401,279,837.43	308,331,120.21
Business tax	282,714.01	774,277.54
Corporate income tax	141,452,158.87	(35,315,345.50)
Individual Income tax	1,652,891.26	2,342,059.73
City maintenance and construction tax	11,004,722.20	17,174,390.28
Education surcharge	7,281,955.73	12,041,066.91
Others	12,134,437.82	9,534,551.92
Total	36,024,006.54	113,689,600.15

27. Interest payable

Item	2014	2013
Long-term loan interest	-	3,917,361.11
Short-term loan interest	-	738,351.38
Corporate bonds interest	73,458,000.00	73,458,000.00
Total	73,458,000.00	78,113,712.49

28. Dividend payable

Item	2014	2013
Dividend payable – Hebei Changan minority interests	79,742.80	79,742.80

29. Other payables

(1) Details of other payables

Item	2014	2013 (Restated)
Dealer earnest money	80,536,502.50	150,012,597.08
Warranty	166,479,977.35	22,273,965.45
Repair fees	112,281,336.33	185,746,575.98
Advertisement fees	371,576,347.22	198,835,065.92
Warehousing and transport fees	366,946,572.75	216,289,028.04
Loans temporarily	2,933,577.79	22,030,326.70
Project funds	864,715,976.54	823,024,925.55
Others	41,946,345.10	161,620,288.73
Total	2,007,416,635.58	1,779,832,773.45

29. Other payables (continued)

- (2) As at 31 December 2014, RMB165,909,930.29 of other payables aged over one year were mainly security deposits from dealers and suppliers.

30. Contingent liabilities

2014

Item	Beginning	Addition	Deduction	Ending
Warranty	1,117,167,286.59	1,003,462,139.82	899,514,545.91	1,221,114,880.50

2013

Item	Beginning	Addition	Deduction	Ending
Warranty	676,261,668.40	934,221,163.44	493,315,545.25	1,117,167,286.59

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

31. Long-term loans within one year

Item	2014	2013
Credit loans	-	520,000,000.00
Total	-	520,000,000.00

32. Other current liabilities

Item	2014	2013(Restated)
Accrued utilities	21,061,398.76	13,205,988.82
Accrued transportation fee	415,843,773.77	380,523,308.93
Accrued labor service fee	61,730,677.11	21,407,047.55
Accrued technology royalty	117,420,347.70	42,497,027.01
Accrued commercial discount payable	1,766,670,010.35	1,236,916,077.71
Accrued market development expense	172,731,573.72	154,394,367.01
Accrued extended warranty	315,400,000.00	-
Others	51,041,190.27	46,683,285.09
Total	2,921,898,971.68	1,895,627,102.12

33. Long-term loans

The classification of long-term loans is as follows:

Item	2014	2013
Credit loans	-	1,270,000,000.00
Total	-	1,270,000,000.00

As at 31 December 2014, the Group had no long-term loan. As at 31 December 2013, the annual interest rate of long-term loans ranged from 5.220% to 5.535%.

34. Bonds payables

Item	2014	2013
Corporate bonds	1,971,184,679.89	1,967,266,759.93

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 RMB1,980,000,000.00 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 RMB19,589,600.00, the Company raised RMB1,960,410,400.00 totally. The bond is guaranteed by China Changan unconditionally and irrevocably.

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

Movement of bonds payables is as follows as at 31 December 2014:

	Beginning	Accrued interest	Amortization	Paid interest	Ending
Bonds payable	1,967,266,759.93	104,940,000.00	3,917,919.96	104,940,000.00	1,971,184,679.89

Movement of bonds payables is as follows as at 31 December 2013:

	Beginning	Accrued interest	Amortization	Paid interest	Ending
Bonds payable	1,963,348,839.97	104,940,000.00	3,917,919.96	104,940,000.00	1,967,266,759.93

35. Long-term payroll payable

Item	2014	2013 (Restated)
Net obligation of defined benefit plan	31,249,000.00	26,909,000.00
Early retirement	17,068,000.00	22,418,000.00
Total	48,317,000.00	49,327,000.00

In addition to basic retirement security and unemployment insurance, which are managed by local government, the Group offers different kinds of overall pension and annual compensation to some retired employees until their death. The Group also offered early-retired salary, social insurances and housing accumulation fund with different standards until their formal retirement (Male: Age 60; Female: Age 50 or 55). These amounts of social insurances and housing accumulation fund are based on cost base and statutory proportion.

The present value of the defined benefits plan is valued by expected cumulative welfare units determination, which was ensured by Mercer, a member of Actuarial Society of Hongkong as at 31 December 2014.

The key actuarial assumptions as at 31 December 2014 are as follows:

Discount rate	
Retirement Staff	3.7%~3.8%
Early retirement staff	3.3%~3.5%
Retirement age	
Male	60
Female	50/55
Increase rate of key benefits	
Retired employees	0.0%~4.0%
Early-retired employees	0.0%~4.0%

35. Long-term payroll payable (continued)

The future mortality rate is based on China experience life table of life insurance(2000-2003) "CL(2000-2003)", the table is a public statistics in PRC.

As 31 December 2013, the difference in the net obligation of defined benefit plan caused by the change of actuarial assumptions above was immaterial.

The sensitive analysis of the key assumption as at 31 December 2014 is as follows:

	Increase %	Increase/(Decrease) in the obligation of defined benefits plan	Decrease %	Increase/(Decrease) in the obligation of defined benefits plan
Discount rate	0.05%	(1,851,000.00)	0.05%	1,586,000.00
Increase rate of key benefits	0.05%	1,640,000.00	0.05%	(1,913,000.00)
Mortality rate	5%	(465,000.00)	5%	457,000.00

The sensitive analysis above is based on the deduction to reasonable change of key assumption as at the balance sheet date.

Related costs charged to income statement are as follows:

	2014
Service costs- current period	45,000.00
Service costs- prior period	2,293,000.00
Interest costs	1,306,000.00
Post employment benefits, net	3,644,000.00
Recorded in general administrative expenses	3,644,000.00

The movement of present value of defined benefits plan is as follows:

	Obligation of defined benefits plan
2014	
Beginning balance	26,909,000.00
Charged to income Statement of the current period	
Service costs- current period	45,000.00
Service costs- prior period	2,293,000.00
Interest expense, net	1,306,000.00
Actuarial losses charged to other comprehensive income	3,134,000.00
Benefits Payment	(2,438,000.00)
Ending balance	31,249,000.00

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36. Special payables

2014

Item	Beginning	Addition	Deduction	Ending
Project 863	5,204,918.01	6,780,000.00	9,983,381.03	2,001,536.98
Test on key technology of hybrid electric vehicles	4,188,977.29	1,320,000.00	934,953.71	4,574,023.58
New vehicle product	6,236,251.01	-	308,674.81	5,927,576.20
Automobile product chain sharing platform	4,810,605.54	-	57,478.00	4,753,127.54
Gasoline Engine Development	5,745,355.86	5,587,800.00	5,910,414.42	5,422,741.44
Development and industrialization of the embedded software platform for automotive electronic controllers	5,420,449.76	-	5,156,902.06	263,547.70
Changan automobile E class Gasoline engine cylinder block, cylinder head production line project	61,420,000.00	-	959,477.36	60,460,522.64
Land relocation compensation	55,350,709.40	-	-	55,350,709.40
Project 973	187,806.82	-	25,986.00	161,820.82
Automotive order to delivery system project	475,689.00	-	-	475,689.00
Industrialization of patented technologies	593,000.00	955,000.00	201,920.00	1,346,080.00
Vehicle network intelligent information terminal middleware key technologies research and application	848,115.03	-	905,021.33	(56,906.30)
Development and industrialization of C206 pure electric cars	52,344,341.83	5,369,240.00	65,748,428.33	(8,034,846.50)
System development of electromagnetic compatibility of key accessories on electric cars	457,826.30	300,000.00	522,929.24	234,897.06
Others	10,346,156.65	6,928,018.33	3,518,759.41	13,755,415.57
Total	213,630,202.50	27,240,058.33	94,234,325.70	146,635,935.13

2013

Item	Beginning	Addition	Deduction	Ending
Project 863	22,372,753.50	16,644,400.00	33,812,235.49	5,204,918.01
Test on key technology of hybrid electric vehicles	286,473.08	4,720,000.00	817,495.79	4,188,977.29
New Vehicle product	5,811,359.41	1,820,000.00	1,395,108.40	6,236,251.01
Automobile product chain sharing platform	4,360,605.54	450,000.00	-	4,810,605.54
Gasoline Engine Development	2,076,615.10	4,480,000.00	811,259.24	5,745,355.86
Development and industrialization of the embedded software platform for automotive electronic controllers	5,817,004.87	-	396,555.11	5,420,449.76
Changan automobile E class Gasoline engine cylinder block, cylinder head production line project	22,660,000.00	38,760,000.00	-	61,420,000.00
Land relocation compensation	50,350,709.40	5,000,000.00	-	55,350,709.40
Project 973	313,490.50	890,000.00	1,015,683.68	187,806.82
Automotive order to delivery system project	991,047.00	-	515,358.00	475,689.00
Industrialization of patented technologies	593,000.00	-	-	593,000.00
Vehicle network intelligent information terminal middleware key technologies research and application	2,400,000.00	-	1,551,884.97	848,115.03
Development and industrialization of C206 pure electric cars	-	80,000,000.00	27,655,658.17	52,344,341.83
System development of electromagnetic compatibility of key accessories on electric cars	-	500,000.00	42,173.70	457,826.30
Others	13,020,465.56	4,279,211.00	6,953,519.91	10,346,156.65
Total	131,053,523.96	157,543,611.00	74,966,932.46	213,630,202.50

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37. Deferred income

2014

Item	Beginning (Restated)	Addition	Deduction	Ending
Government grants related to assets	2,726,487,939.90	66,698,671.17	105,794,429.81	2,687,392,181.26

2013(Restated)

Item	Beginning	Addition	Deduction	Ending
Government grants related to assets	2,664,814,288.58	160,246,599.00	98,572,947.68	2,726,487,939.90

As at 31 December 2014, details of liabilities related to government grants are as follows:

Item	Beginning (Restated)	Addition	Recorded to non-operating income	Ending	Relates to asset/gain
Subsidies for the automobile comprehensive testing ground project	575,820,000.00	-	4,502,583.34	571,317,416.66	Relates to asset
Funds for Yuzui motor city project	261,448,979.59	-	5,683,673.47	255,765,306.12	Relates to asset
Funds for Beijing Changan project	1,127,868,191.68	-	31,059,112.56	1,096,809,079.12	Relates to asset
Funds for technology innovation	16,150,000.00	-	-	16,150,000.00	Relates to asset
Funds for expansion of production capacity of auto mold	17,420,000.00	-	-	17,420,000.00	Relates to asset
Funds for H series engine	58,666,666.68	-	5,333,333.30	53,333,333.38	Relates to asset
Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line	156,517,361.12	-	15,965,833.32	140,551,527.80	Relates to asset
Expansion of production capacity project	62,408,576.68	-	6,215,637.84	56,192,938.84	Relates to asset
Subsidies for the construction of Hebei new plant	25,440,000.00	-	2,740,000.00	22,700,000.00	Relates to asset
Funds for the project of Ministry of Industry and Information Technology	5,000,000.00	-	-	5,000,000.00	Relates to asset
Subsidies for engine produce base of Nanjing Changan	9,545,952.00	-	-	9,545,952.00	Relates to asset
Light vehicle technical transformation project of Baoding Changan Bus	143,700,647.00	13,000,000.00	6,200,000.00	150,500,647.00	Relates to asset
Subsidies for initial capital of new basebut and research and development	266,501,565.15	-	27,955,367.09	238,546,198.06	Relates to asset
Premium rebate from Dingzhou local bureau of finance	-	10,900,818.41	-	10,900,818.41	Relates to asset
Hebei M201 bus production plant project	-	4,000,000.00	138,888.89	3,861,111.11	Relates to asset
Productization of automobile lightweight components	-	23,697,013.51	-	23,697,013.51	Relates to asset
Development and industrial application of high-effective and clean turbocharged direct injection gasoline engine	-	10,022,200.00	-	10,022,200.00	Relates to asset
Development and industrial application of the intelligent vehicle terminal with Beidou compatible GPS	-	4,990,638.87	-	4,990,638.87	Relates to asset
Development of the key technology of the laser micro texture on the surface of energy-efficient and anti-friction internal combustion	-	88,000.38	-	88,000.38	Relates to asset
Total	2,726,487,939.90	66,698,671.17	105,794,429.81	2,687,392,181.26	

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37. Deferred income (continued)

As at 31 December 2013, details of liability related to government grants are as follows (Restated):

Item	Beginning	Addition	Recorded to non-operating income	Ending	Relates to asset/gain
Subsidies for the automobile comprehensive testing ground project	575,820,000.00	-	-	575,820,000.00	Relates to asset
Funds for Yuzui motor city project	267,132,653.06	-	5,683,673.47	261,448,979.59	Relates to asset
Funds for Beijing Changan project	1,158,927,304.24	-	31,059,112.56	1,127,868,191.68	Relates to asset
Funds for technology innovation	16,150,000.00	-	-	16,150,000.00	Relates to asset
Funds for expansion of production capacity of auto mold	17,420,000.00	-	-	17,420,000.00	Relates to asset
Funds for H series engine	64,000,000.00	-	5,333,333.32	58,666,666.68	Relates to asset
Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line	172,483,194.45	-	15,965,833.33	156,517,361.12	Relates to asset
Expansion of production capacity project	68,624,215.16	-	6,215,638.48	62,408,576.68	Relates to asset
Subsidies for the construction of Hebei new plant	23,180,000.00	5,000,000.00	2,740,000.00	25,440,000.00	Relates to asset
Funds for the project of Ministry of Industry and Information Technology	5,000,000.00	-	-	5,000,000.00	Relates to asset
Subsidies for engine produce base of Nanjing Changan	-	9,545,952.00	-	9,545,952.00	Relates to asset
Light vehicle technical transformation project of Baoding Changan Bus	-	145,700,647.00	2,000,000.00	143,700,647.00	Relates to asset
Subsidies for initial capital of new basebut and research and development	296,076,921.67	-	29,575,356.52	266,501,565.15	Relates to asset
Total	2,664,814,288.58	160,246,599.00	98,572,947.68	2,726,487,939.90	

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38. Share capital

As at 31 December 2014 the registered and paid-in share capital of the Company was RMB4,662,886,108.00 (As at 31 December 2013: RMB4,662,886,108.00); the face value of each share is RMB1.00, and the category and structure of the shares are as follows:

		31 December 2013	Issuance of shares	Movement					31 December 2014
				Stock dividend	Transfer of reserve to common shares	Repurchase	Others	Sub-total	
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	17,246	-	-	-	-	5,965	-	23,211
	Shares held by domestic natural person	-	-	-	-	-	-	-	-
4	Foreign Shares								
	Including:								
	Shares held by foreign legal persons	-	-	-	-	-	-	-	-
	Shares held by foreign natural persons	-	-	-	-	-	-	-	-
	Total of restricted shares	373,375,588	-	-	-	-	5,965	-	373,381,553
II.	Unrestricted shares								
1	RMB ordinary shares	3,387,524,378	-	-	-	-	(5,965)	-	3,387,518,413
2	Foreign-funded shares listed domestically	901,986,142	-	-	-	-	-	-	901,986,142
3	Foreign-funded shares listed overseas	-	-	-	-	-	-	-	-
4	Others	-	-	-	-	-	-	-	-
	Total of unrestricted shares	4,289,510,520	-	-	-	-	(5,965)	-	4,289,504,555
III.	Total shares	4,662,886,108	-	-	-	-	-	-	4,662,886,108

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38. Share capital (continued)

2013

		31 December, 2012	Issuance of shares	Movement				31 December 2013
				Stock dividend	Transfer of reserve to common shares	Repurchase	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	17,246	-	-	-	-	-	17,246
	Shares held by domestic natural person	-	-	-	-	-	-	-
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	RMBordinary shares	3,387,524,378	-	-	-	-	-	3,387,524,378
2	Foreign-funded shares listed domestically	901,986,142	-	-	-	-	-	901,986,142
3	Foreign-funded shares listed overseas	-	-	-	-	-	-	-
4	Others	-	-	-	-	-	-	-
	Total of unrestricted shares	4,289,510,520		-	-	-	-	4,289,510,520
III.	Total shares	4,662,886,108	-	-	-	-	-	4,662,886,108

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39. Capital reserves

2014

Item	Beginning (Restated)	Addition	Deduction	Ending
Share premium	3,564,758,021.71	344,550.94	439,980,000.00	3,125,122,572.65
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Restricted capital reserve of equity investments	17,015,985.20	-	-	17,015,985.20
Others	40,935,215.86	-	81,351.88	40,853,863.98
Total	3,667,206,121.77	344,550.94	440,061,351.88	3,227,489,320.83

2013(Restated)

Item	Beginning	Addition	Deduction	Ending
Share premium	3,494,539,975.00	100,000,000.00	29,781,953.29	3,564,758,021.71
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Restricted capital reserve of equity investments	17,015,985.20	-	-	17,015,985.20
Others	40,935,215.86	-	-	40,935,215.86
Total	3,596,988,075.06	100,000,000.00	29,781,953.29	3,667,206,121.77

The addition of share premium was due to the purchase of minority interest of Hebei Changan Automobile Co., Ltd. amounted to RMB344,550.94; The deduction of share premium was due to the purchase of 100% of Hefei Changhe Automobile Co., Ltd.'s share amounted to RMB439,980,000.00. The deduction of other capital reserve was due to transferring 1% of the share of Chongqing Changan Suzuki Automobile Co. amounted to RMB81,351.88.

40. Other comprehensive income

The accumulated other comprehensive income in balance sheet attributable to parent company:

	1 January 2013	Movement	31 December 2013	Movement	31 December 2014
Change in net liability or asset from defined benefit plan	-	-	-	556,000.00	556,000.00
Profits generated from available for sale financial assets	167,475,896.22	19,403,987.00	186,879,883.22	129,972,491.77	316,852,374.99
Foreign currency translation difference	(16,160,551.29)	1,270,030.45	(14,890,520.84)	(10,504,456.91)	(25,394,977.75)
Total	151,315,344.93	20,674,017.45	171,989,362.38	120,024,034.86	292,013,397.24

40. Other comprehensive income (continued)

The current occurrence amount of other comprehensive income in income statement attributable to parent company:

2014

	Amount before tax	Income tax	Amount after tax
Other comprehensive income not to be reclassified to profit or loss in subsequent period			
Change in net liability or asset from defined benefit plan	556,000.00	-	556,000.00
Subtotal	556,000.00	-	556,000.00
Other comprehensive income will be reclassified to profit or loss in subsequent period			
Fair value change of available for sale financial assets	218,813,296.00	(32,764,324.00)	186,048,972.00
Deduct : amounts transferred to income statement which were recognized in other comprehensive income in prior period	74,768,640.29	(18,692,160.06)	56,076,480.23
Subtotal	144,044,655.71	(14,072,163.94)	129,972,491.77
Foreign currency translation difference	(10,504,456.91)	-	(10,504,456.91)
Subtotal	(10,504,456.91)	-	(10,504,456.91)

2013 (Restated)

	Pre tax amount	Income tax	Amount after tax
Other comprehensive income will be reclassified to profit or loss in subsequent period			
Fair value change of available for sale financial assets	23,505,316.00	(4,101,329.00)	19,403,987.00
Subtotal	23,505,316.00	(4,101,329.00)	19,403,987.00
Foreign currency translation difference	1,270,030.45	-	1,270,030.45
Subtotal	1,270,030.45	-	1,270,030.45

41. Special reserves

2014

Item	Beginning	Addition	Deduction	Ending
Safety fund	1,670,967.02	35,299,178.61	29,105,295.69	7,864,849.94

2013

Item	Beginning	Addition	Deduction	Ending
Safety fund	-	28,431,299.68	26,760,332.66	1,670,967.02

The Group accrued safety fund according to the provision (NO.[2012]16 <the Guidance of Safety Fund Accual and Usage>) issued by the Ministry of Finance and the State Administration of work safety on 14 February 14 2012 that enterprises in mining, gas production, transportation, metallurgy, machinery manufacturing and building services should accue safety fund.

42. Surplus reserves

2014

Item	Beginning	Addition	Deduction	Ending
Statutory surplus	1,816,272,976.53	515,170,077.47	-	2,331,443,054.00

2013

Item	Beginning	Addition	Deduction	Ending
Statutory surplus	1,441,483,901.26	374,789,075.27	-	1,816,272,976.53

The Company appropriated statutory surplus reserves amounted to 10% of profit after tax.

43. Retained earnings

Item	2014	2013
Retained earnings of prior year before adjustment	9,233,857,503.02	6,335,790,529.86
Combination under common control	(696,770,264.11)	(559,720,849.96)
Retained earnings of prior year after adjustment	8,537,087,238.91	5,776,069,679.90
Add: Net profits attributable to parent company for the current year	7,561,081,585.81	3,368,591,105.89
Less: Appropriation to statutory surplus reserves	(515,170,077.47)	(374,789,075.27)
Ordinary share dividend of cash	(467,396,927.46)	(232,784,471.61)
Retained earnings at the end of year	15,115,601,819.79	8,537,087,238.91

Adjustment: since the combination under common control in 2014 causes change of consolidation scope, reducing retained earnings of the prior year by RMB696,770,264.11(2013:Reduce RMB559,720,849.96)

According to the resolution of the 32th meeting of the sixth session of the Board of Directors, the profit distribution plan of 2014 is as follow: on the base of the existing share capital of 4,662,886,108 shares, the Group will issue cash dividends of RMB2.50 to every 10 shares, RMB1,165,721,527.00 in total (tax included). This profit distribution plan should be approved in the annual general meeting.

44. Operating revenue and cost

(1) Operating revenue and cost

Item	2014		2013(Restated)	
	Revenue	Cost	Revenue	Cost
Main business	52,025,768,622.09	42,565,918,023.75	38,313,479,709.10	31,656,659,292.30
Other business	887,563,478.74	699,907,840.12	828,223,341.09	812,899,195.55
Total	52,913,332,100.83	43,265,825,863.87	39,141,703,050.19	32,469,558,487.85

(2) Operating revenue listed as follows:

Item	2014	2013(Restated)
Sale of goods	52,702,266,463.64	38,929,485,271.19
Outsourcing processing	211,065,637.19	212,217,779.00
Total	52,913,332,100.83	39,141,703,050.19

45. Business tax and surcharges

Item	2014	2013(Restated)
Business tax	8,746,727.25	2,733,743.37
Consumption tax	1,710,437,955.34	1,038,445,132.38
City maintenance and construction tax	234,015,737.97	153,021,944.87
Educational surcharge	111,013,041.93	72,233,288.60
Others	131,264.42	676,520.27
Total	2,064,344,726.91	1,267,110,629.49

46. Operating expenses

Item	2014	2013(Restated)
Payroll and welfare	276,676,308.66	201,648,361.36
Promotion and advertisement fee	889,135,693.15	721,820,224.62
Transportation expenses	1,565,809,376.14	1,383,278,494.64
Travelling expenses	65,524,575.42	64,336,087.61
Package expenses	12,828,823.23	13,466,932.83
Administrative expenses	26,551,531.56	12,683,725.97
Selling service fee	802,898,985.34	790,289,887.96
Sales discount	616,631,764.26	298,227,846.48
Others	101,111,590.78	71,808,210.56
Total	4,357,168,648.54	3,557,559,772.03

47. General and administrative expenses

Item	2014	2013(Restated)
Payroll and welfare	1,243,198,304.73	936,385,540.44
Technology research expenses	1,401,539,716.34	1,111,770,155.75
Administrative expenses	196,013,864.34	199,409,909.51
Depreciation and amortization	469,240,599.55	393,701,628.13
Miscellaneous service charges	52,791,234.85	37,654,275.25
Tax fee	218,971,782.34	165,306,834.04
Traffic expenses	47,310,720.85	32,085,268.81
Travelling expenses	34,303,673.21	21,388,984.66
Entertainment expenses	8,634,317.42	22,858,476.51
Others	69,910,662.21	71,894,707.08
Total	3,741,914,875.84	2,992,455,780.18

48. Financial expenses

Item	2014	2013(Restated)
Interest expense	190,891,792.12	213,523,380.08
Less: interest income	152,526,950.60	147,402,072.23
capitalized interest	117,119.22	2,814,221.50
Foreign exchange gain or loss	12,797,381.77	(792,628.28)
Others	15,028,935.99	12,028,302.15
Total	66,074,040.06	74,542,760.22

The capitalized interest cost had been recorded in construction in process.

49. Impairment loss on assets

Item	2014	2013(Restated)
1. Bad debt loss	3,622,111.17	3,747,087.32
2. Impairment provision of obsolete inventory	132,717,813.08	129,319,254.87
3. Impairment provision of fixed assets	185,945,320.19	158,960,115.08
4. Impairment provision of intangible assets	21,319,804.81	67,050,144.96
Total	343,605,049.25	359,076,602.23

50. Loss from fair value changes

Sources of fair value changes	2014	2013
Financial assets at fair value through profit or loss	-	(332,407.00)
Total	-	(332,407.00)

51. Investment income

Item	2014	2013
Long-term equity investment income under equity method	7,991,213,934.13	4,474,644,845.42
Investment loss through disposal of long-term equity investment	499,938.17	(250,733.75)
Investment income during holding period from available-for-sale financial assets	34,539,013.46	32,208,203.42
Income from disposal of available-for-sale financial assets	75,864,114.48	-
Total	8,102,117,000.24	4,506,602,315.09

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52. Non-operating income

Item	2014	2013 (Restated)	Amount recognized in 2014 as non-recurring profit and loss
Gain on the disposal of fixed assets	4,835,757.23	29,229,111.98	4,835,757.23
Gain on the disposal of intangible assets	-	3,652,513.99	-
Government grants	339,001,795.70	234,412,047.68	339,001,795.70
Others	57,832,624.18	23,193,973.28	57,832,624.18
Total	401,670,177.11	290,487,646.93	401,670,177.11

Government grants recognized as current income:

Item	2014	2013 (Restated)	Relates to asset/gain
Technology innovation and industrialization funds	-	89,755,000.00	Relates to gain
Tax refund	33,619,000.00	-	Relates to gain
Funds for Beijing Changan project	31,059,112.56	31,059,112.56	Relates to asset
Tax refund for new products	50,000,000.00	17,181,800.00	Relates to gain
Subsidy of Import Discount Interest from MOF	2,668,485.00	16,973,000.00	Relates to gain
Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line	15,965,833.32	15,965,833.33	Relates to asset
Expansion of production capacity project	6,215,637.84	6,215,638.48	Relates to asset
Funds for Yuzui motor city project	5,683,673.47	5,683,673.47	Relates to asset
Funds for H series engine	5,333,333.30	5,333,333.32	Relates to asset
Government grants for technology research expenses	100,000,000.00	540,000.00	Relates to gain
Subsidies for the construction of Hebei new plant	2,740,000.00	2,740,000.00	Relates to asset
Light vehicle technical transformation project of Baoding Changan Bus	6,200,000.00	2,000,000.00	Relates to asset
Subsidies for new base launching and R&D of Hefei	27,955,367.09	29,575,356.52	Relates to asset
R&D program for new energy auto	17,977,998.87	-	Relates to asset
Subsidies and rewards for career training	6,449,500.00	-	Relates to gain
Development fund for energy saving demonstration program	4,560,000.00	-	Relates to gain
Comprehensive testing field program	4,502,583.34	-	Relates to asset
Subsidies for new energy automobile	5,000,000.00	5,000,000.00	Relates to gain
Subsidies for troubled enterprise	3,750,300.00	3,750,300.00	Relates to gain
Loan discount for industrial project	2,410,000.00	-	Relates to gain
Reward for transformation of scientific and technological achievements for passenger cars	1,000,000.00	-	Relates to gain
Production line remodeling project	138,888.89	-	Relates to asset
Others	5,772,082.02	2,639,000.00	Relates to gain
Total	339,001,795.70	234,412,047.68	

53. Non-operating expenses

Item	2014	2013 (Restated)	Amount recognized as non-recurring profit and loss
Loss on the disposal of fixed assets	22,128,955.42	18,631,996.52	22,128,955.42
Donation	3,329,731.68	6,585,829.09	3,329,731.68
Vehicle premium	4,041,120.00	1,027,400.00	4,041,120.00
Others	9,856,622.37	13,399,226.81	9,856,622.37
Total	39,356,429.47	39,644,452.42	39,356,429.47

54. Gross Profit

The Group's expenses classified in accordance with nature are as follows

	2014	2013(Restated)
Raw materials consumed	40,245,890,589.98	27,668,624,856.01
Changes in the quantity of finished goods and work in process inventory	(1,968,424,640.99)	35,425,637.60
Salaries	4,091,043,617.36	3,271,677,788.65
Promotion and advertisement fee	889,135,693.15	721,820,224.62
Transportation expenses	1,709,760,013.86	1,466,193,938.30
Sales discount	616,631,764.26	298,227,846.48
Sale services	802,898,985.34	790,289,887.96
Depreciation and amortization	1,984,693,377.36	1,691,745,522.32
Research and development costs	680,124,923.75	537,298,916.01
Taxation	218,971,782.34	165,306,834.04
Fuel expense	581,839,050.00	549,179,423.34
Financial expense	66,074,040.06	74,542,760.22

55. Income tax expense

The relationship between income tax expense and total profit before tax is as follows:

Item	2014	2013
Current income tax expense	182,999,679.21	(13,762,198.93)
Deferred income tax expense	(162,148,970.59)	(139,168,615.79)
Total	20,850,708.62	(152,930,814.72)

55. Income tax expense (continued)

Item	2014	2013(Restated)
Total profit	7,538,829,644.24	3,178,512,120.78
Tax at the applicable tax rate (Note)	1,507,765,928.85	635,702,424.16
Impact of non-uniform tax rates of branches and subsidiaries	43,594,494.42	101,294,192.73
Adjustments to current income tax of previous period	4,523,142.10	(38,476,440.98)
Profit or loss attributable to joint ventures and associates	(1,598,242,786.83)	(894,878,822.33)
Income not subject to tax	(6,859,030.40)	(6,270,640.68)
Non-deductible tax expense	27,776,786.34	40,129,879.81
Deductible loss of previous period	(1,234.06)	(1,320,923.40)
Unrecognized tax loss	169,598,878.02	122,449,851.96
Additional deduction arising from research and development expense	(127,305,469.82)	(111,560,335.99)
Tax expense under actual tax rate of the Group	20,850,708.62	(152,930,814.72)

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 IV), 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%.

56. Earnings per share ("EPS")

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 be calculated from the date consideration is receivable (which is generally the date of their issue).

The Company has no dilutive potential ordinary shares.

	2014	2013(Restated)
Earnings		
Net profit belong to ordinary shareholders	7,561,081,585.81	3,368,591,105.89
Shares		
Weighted average ordinary shares	4,662,886,108	4,662,886,108

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.

57. Notes to cash flow statement

(1) The major cash received relating to other operating activities:

Item	2014	2013(Restated)
Interest income	130,443,756.16	147,402,072.33
Government grants related to operating activities	210,176,603.31	909,898,611.00
Others	211,081.78	127,388,340.63
Total	340,831,441.25	1,184,689,023.96

(2) The major cash paid relating to other operating activities:

Item	2014	2013(Restated)
Selling expense	2,964,255,746.27	3,356,118,403.42
Administrative expense	996,357,047.56	939,879,271.11
Others	241,472,713.84	522,527,708.42
Total	4,202,085,507.67	4,818,525,382.95

(3) The major cash received relating to other investing activities:

Item	2014	2013(Restated)
Government grants related to assets	66,636,035.28	26,545,952.00
Others	-	5,000,000.00
Total	66,636,035.28	31,545,952.00

(4) The major cash paid relating to other investing activities

Item	2014	2013(Restated)
Commission fee for acquisition	626,230.62	-

(5) The major cash received relating to other financing activities

Item	2014	2013(Restated)
Withdraw for deposit of bill	374,843,241.92	332,208,572.31
Others	4,028.93	-
Total	374,847,270.36	332,208,572.31

(6) The major cash paid relating to other financing activities:

Item	2014	2013(Restated)
Payment for deposit of bill	94,715,579.73	148,971,324.46
Purchased minority interest	288,000.00	9,028,000.00
Others	26,394.81	866,544.91
Total	95,029,974.54	158,865,869.37

58. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Supplementary information	2014	2013(Restated)
1. Cash flows from operating activities calculated by adjusting the net profit		
Net profit	7,517,978,935.62	3,331,442,935.51
Add: impairment provision for assets	343,605,049.25	359,076,602.23
Depreciation of fixed assets	1,626,230,084.12	1,388,476,765.07
Depreciation and amortization of investment property	338,961.68	563,667.66
Amortization of intangible assets	357,673,719.85	300,865,986.71
Amortization of long-term deferred expense	450,611.71	1,839,102.88
Amortization of deferred income	(105,794,429.81)	(98,572,947.68)
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets	17,293,198.19	(14,249,629.45)
Loss from fair value changes	-	332,407.00
Financial expense	190,891,792.12	213,523,380.08
Investment income	(8,102,117,000.24)	(4,506,602,315.09)
Increase in deferred tax assets	(162,148,970.59)	(139,168,615.79)
Decrease / (increase) in inventory	(1,969,852,568.02)	187,042,572.91
Increase in operating receivables	(6,972,345,425.13)	(3,490,601,990.85)
Increase in operating payables	11,034,405,635.60	4,001,515,460.22
Others	3,312,180.22	1,670,967.02
Net cash flows from operating activities	3,779,921,774.57	1,537,154,348.43
2. Movement of cash and cash equivalents		
Ending balance of cash	9,362,853,917.71	3,942,941,861.56
Less: beginning balance of cash	3,942,941,861.56	3,892,344,582.36
Add: ending balance of cash equivalents	-	-
Less: beginning balance of cash equivalents	-	-
Increase in cash and cash equivalents	5,419,912,056.15	50,597,279.20

(2) The major non-cash investing and financing activities:

Item	2014	2013(Restated)
Government grants related to assets	-	133,700,647.00

(3) Cash and cash equivalents

Item	2014	2013(Restated)
I. Cash		
Including: Cash on hand	29,174.13	92,359.69
Bank deposits that can be readily used	9,362,824,743.58	3,942,849,501.87
Other monetary assets that can be readily used	-	-
II. Cash equivalents	9,362,853,917.71	3,942,941,861.56
III. Ending balance of cash and cash equivalents		

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

59. Ownership or right of use restrained assets

Item	2014	2013(Restated)	Notes
Cash and cash equivalents	330,229,580.07	592,884,110.99	Note 1
Accounts receivable	134,869,659.51	-	Note 2
Notes receivable	315,248,201.14	505,713,794.48	Note 3
Fixed assets	53,356,163.72	82,153,774.82	Note 2
Intangible assets	8,088,768.26	93,334,584.97	Note 2, Note 4

Note 1: As at 31 December 2014, the Group has no restricted time deposit for bank loan (2013: Nil).

As at 31 December 2014, the Group has restricted cash at banks amounted to RMB312,756,449.29 (As at 31 December 2013: RMB592,884,110.99) for the issuance of bank acceptance bill.

Note 2: As at 31 December 2014, accounts receivable with a book value of RMB188,803,148.85 has been used as pledge, buildings and land use right with book value of RMB30,278,453.44 and RMB5,544,016.02 respectively as collateral to obtain RMB50,000,000.00 short-term loan and issue RMB50,000,000.00 bank acceptance bills from China South Industry Group Finance Co., Ltd. The amortization of the land use right in 2014 is RMB149,838.24.

In addition, buildings with a book value of RMB7,097,334.25 and machinery with a book value of RMB15,980,376.03 are still pledged for the estimated credit line application.

As at 31 December 2013, buildings with the book value of RMB15,275,072.70, and machinery with the book value of RMB66,878,702.12 is restricted to get the credit line. Buildings, machinery and land use right with the book value of RMB4,632,076.69, RMB28,637,786.47 and RMB2,613,529.28 respectively are used as collateral to obtain short-term loan of RMB30,000,000.00. The land use right has been amortized for amount of 68,777.04.

Note 3: As at 31 December 2014, notes receivable with a book value of RMB315,248,201.14 (31 December 2013: RMB505,713,794.48) has been used as pledged to issue bank acceptance bills.

Note 4: As at 31 December 2014, land use right with a book value of RMB2,544,752.24 is still pledged for the estimated credit line application and the amortization is amounted to RMB68,777.04 in 2014.

As at 31 December 2013, except for the land use right with a book value of RMB2,613,529.28, another land use right with a book value of RMB90,721,055.69 are restrained to obtain credit line. The land use right has been amortized for amount of RMB3,725,355.23 in 2013.

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60. Foreign Monetary Item

Item	2014			2013		
	Original Currency	Exchange Rate	Translated to RMB	Original Currency	Exchange Rate	Translated to RMB
Cash						
USD	6,152,812.31	6.1190	37,649,058.51	6,217,289.68	6.1299	38,111,079.91
GBP	191,099.00	9.5437	1,823,791.53	728,381.00	10.0556	7,324,307.98
EUR	2,768,828.57	7.4556	20,643,278.29	1,483,992.00	8.4189	12,493,580.25
JPY	24,106,774.00	0.0514	1,238,389.09	31,781,915.00	0.0578	1,836,073.01
SUR	3,513,281.45	0.1105	388,217.60	-	-	-
Accounts receivable						
USD	24,571,500.79	6.1190	150,353,013.31	6,136,456.34	6.1299	37,615,863.72
GBP	694.73	9.5437	6,630.29	-	-	-
Other receivable						
USD	230,120.50	6.1190	1,408,107.34	-	-	-
JPY	18,412,940.00	0.0514	945,891.14	-	-	-
EUR	1,061,736.00	7.4556	7,915,878.92	-	-	-
Accounts Payable						
USD	5,354.86	6.1190	32,766.39	-	-	-
JPY	650,000.00	0.0514	33,391.15	-	-	-
EUR	1,055,649.00	7.4556	7,870,496.68	-	-	-
GBP	12,363.00	9.5437	117,988.76	-	-	-
Other Payables						
USD	12,975.39	6.1190	79,396.41	-	-	-
EUR	8,045.00	7.4556	59,980.30	-	-	-
GBP	468,701.34	9.5437	4,473,144.98	-	-	-

VI The change of consolidation scope

1. Combination under common control

In April 2014, the Company obtained 100% equity of Hefei Changan Automobile Co., Ltd with amount of RMB439,980,000.00 from China Changan Automobile Group Co., Ltd which is the parent company of both the Company and Hefei Changan then, hence the merger can be classified as combination under common control. The merger date is 10 April 2014, which is determined by the date when Hefei Administration for Industry and Commerce issued new business license to Hefei Changan. After the completion of combination, Hefei Changan becomes the wholly owned subsidiary of the Company.

Item	1 January 2014-10 April 2014	2013
Operating revenue	1,298,818.17	659,840,788.29
Net loss	(43,390,581.51)	137,049,414.15
Net cash flow	137,308,119.98	(134,334,520.87)

The balances of assets and liabilities of Hefei Changan on merger date and the prior balance sheet date are as follows:

Item	10 April 2014	31 December 2013
Assets		
Cash	391,418,492.30	254,110,372.32
Accounts receivable	17,081,910.20	324,620,910.20
Prepayments	968,869.84	219,400.41
Other receivables	9,748,302.37	3,801,725.46
Inventories	8,770,072.40	6,469,377.13
Investment property	8,422,227.23	8,484,359.76
Fixed assets	616,693,525.19	632,229,134.91
Intangible assets	17,162,313.85	17,478,190.92
Liabilities		
Short-term loans	140,000,000.00	240,000,000.00
Notes payable	208,963,580.77	188,872,715.33
Accounts payable	287,201,740.36	291,952,514.85
Advances from customers	2,295,237.31	2,281,215.63
Payroll payable	21,779,036.21	26,768,970.57
Taxes payable	(28,512,750.89)	(17,406,874.69)
Other payables	121,504,006.99	148,254,017.53
Non-current liabilities	281,667,097.40	287,932,565.15
Owners' equity		
Share capital	775,000,000.00	775,000,000.00
Capital reserves	528,610.85	528,610.85
Retained earnings	(740,160,845.62)	(696,770,264.11)
Equity attributable to owners	35,367,765.23	78,758,346.74
Add: Consolidated price difference (recognized in equity)	404,612,234.77	
Merger consideration	439,980,000.00	

2. Change of consolidation scope due to other reasons

(1) Establishment of new subsidiaries during reporting period

Company name	Registered Place	Nature of business	The Group's total shareholding rate	The Group's total voting right in percentage	Notes
Changan Automobile Russia Co., Ltd.	Mosco, Russia	Auto sales	100%	100%	Note 1
Changan Brazil Holdings Limited	St Paul, Brazil	Auto sales	100%	100%	Note 2

Note 1: Changan Automobile Russia Co., Ltd. is incorporated in Moscow, Russia; the Group holds 100% of its shares and takes it into the scope of consolidation this year.

Note 2: Changan Brazil Holdings Limited is incorporated in St Paul, Brazil; the Group holds 100% of its shares and takes it into the scope of consolidation this year.

(2) Subsidiaries deregistered during reporting period

Company name	Registered Place	Nature of business	Shareholding percentage (%)	Voting percentage (%)	Note
Jiangxi Changan R&D Center Co., Ltd.	Jindezhen, Jiangxi province	Cars and parts development	100%	100%	Note

Note: Jiangxi Changan R&D Center Co., Ltd. deregistered in Jindezhen Municipal Administration for Industry and commerce on 28 May 2014, and is no longer included in the consolidation scope of the Group.

VII Stake in other entities

1. Rights in subsidiaries

The subsidiaries of the Company are as follows :

Company name	Main operating place	Registered place	Nature of business	Registered capital (0,000)	Total proportion of shareholders (%)	
					direct	indirect
I. The subsidiary formed by establish or investment						
Hebei Changan Automobile Co., Ltd. (note 1)	Dingzhou	Dingzhou	Manufacturing	46,469	94.22	-
Chongqing Changan International Automobile Sales Co., Ltd.	Chongqing	Chongqing	sales	1,376	95.00	-
Chongqing Changan Automobile Sales Co., Ltd.	Chongqing	Chongqing	sales	4,850	100.00	-
Chongqing Changan Special Automobile Sales Co., Ltd (note 2)	Chongqing	Chongqing	sales	500	50.00	-
Chongqing Changan Automobile Supporting Service Co., Ltd.	Chongqing	Chongqing	sales	3,000	100.00	-
Chongqing Changan New Energy Automobile Co. Ltd.	Chongqing	Chongqing	R&D	2,900	65.00	-
Chongqing Changan Europe Design Academy Co., Ltd.	Turin, Italy	Turin, Italy	R&D	EUR1,460	100.00	-
Changan United Kingdom R&D Center Co., Ltd.	Notttingham, United Kingdom	Notttingham, United Kingdom	R&D	GBP10	100.00	-
Beijing Changan R&D Center Co., Ltd.	Beijing	Beijing	R&D	100	100.00	-
Harbin Changan R&D Center Co., Ltd.	Habin	Habin	R&D	100	100.00	-
Shanghai Changan R&D Center Co., Ltd.	Shanghai	Shanghai	R&D	100	100.00	-
Changan Japan Designing Center Co.,Ltd.	Yokohama, Japan	Yokohama, Japan	R&D	JPY2,000	100.00	-
Changan United States R&D Center Co., Ltd.	Troy, United states	Troy, United states	R&D	USD20	100.00	-
Changan Automobile Russia Co., Ltd.	Moscow, Russia	Moscow, Russia	Sales	USD20	100.00	-
Changan Brazil Holdings Limited	St. Paul, Brazil	St. Paul, Brazil	Sales	BRL100	100.00	-
II. The subsidiary formed by business combination not under common control						
Nanjing Changan Automobile Co., Ltd.(note1)	Nanjing	Nanjing	Manufacturing	60,181	84.73	-
III. The subsidiary formed by business combination under common control						
Chongqing Changan Automobile sales subsidiaries	China	China	Sales	850	100.00	-
Hebei Baoding Changan Bus Co., Ltd.	Dingzhou	Dingzhou	Manufacturing	3,000	100.00	-
Hefei Changhe Automobile Co.,Ltd.	Hefei	Hefei	Manufacturing	77,500	100.00	-

1. Rights in subsidiaries (continued)

Note 1: the Company owns 93.79% and 95.70% of voting shares of Nanjing Changan Automobile Co., Ltd. And Hebei Changan Automobile Co., Ltd. respectively, the difference between proportion of voting shares and proportion of shares held is due to the voting right consigned from minority shareholders.

Note 2: The remaining shareholders of Chongqing Changan Special Automobile 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 controlled by the Company, so it is included in the scope of consolidated financial statements.

As at 31 December 2014, the Group has no subsidiaries with important minority interests.

2. Transactions result in change of holding share proportion but no effect in control of subsidiaries

In December 2014, the Company acquired 0.07% of the shares of Hebei Changan Automobile Co., Ltd with the consideration of RMB288,000.00, leading the minority interests decreasing by RMB501,427.01 while capital reserve increasing by RMB213,427.01.

3. Stakes in joint ventures and associates

Company name	Main operating place	Registered place	Nature of business	Registered capital (0,000)	Total proportion of shareholders (%)		Accounting treatment
					direct	indirect	
I. Joint ventures							
Chongqing Changan Suzuki Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD19,000	50.00	-	Equity
Jiangling Holding Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	200,000	50.00	-	Equity
Changan Ford Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD24,100	50.00	-	Equity
Changan Mazda Automobile Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD11,097	50.00	-	Equity
Changan Ford Mazda Engine Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD20,996	50.00	-	Equity
Changan PSA Automobiles Co., Ltd. (Note)	Shenzhen	Shenzhen	Manufacture and sale of automobiles, and components	400,000	50.00	-	Equity
II. Associates							
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Chongqing	Chongqing	Develop, manufacture, sale of linkage rod	1,900	40.00	-	Equity
Chongqing Changan Kuayue Automobile Co., Ltd.	Chongqing	Chongqing	Develop, product and sale of automobile and components; import and export goods.	6,533	34.30	-	Equity
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	Chongqing	Chongqing	Sale of Changan Kuayue's automobile and agricultural cars and components. Technical advisory services for automobile	300	34.30	-	Equity
Beijing Fang'an Taxi Co., Ltd.	Beijing	Beijing	Regional taxi operation	1,420	42.25	-	Equity

3. Stakes in joint ventures and associates (continued)

Changan Ford Automobile Co., Ltd. is the important joint venture to the Group and makes great influence in the share of profit and loss in joint venture and associates, the Group adopts equity method to deal with the investment to it.

The table below shows the financial status of Changan Ford Automobile Co., Ltd., and all the information has been adjusted to eliminate the difference of the accounting policies.

	2014	2013
Current assets	18,749,082,739.00	19,514,621,414.00
-cash and cash equivalent	10,484,893,743.00	12,309,752,161.00
Non-current assets	22,704,819,379.00	17,839,181,087.00
Total assets	41,453,902,118.00	37,353,802,501.00
Current liabilities	30,399,912,981.00	26,044,348,052.00
Non-current liabilities	1,681,418,801.00	871,766,378.00
Total liabilities	32,081,331,782.00	26,916,114,430.00
Minority interests	37,104,391.00	25,646,231.00
Equity attributable to owners	9,335,465,945.00	10,412,041,840.00
Net asset owned according to share proportion	4,667,732,972.50	5,206,020,920.00
Adjustment	(50,368,978.53)	(37,140,448.46)
Book value of investment	4,617,363,993.97	5,168,880,471.54
Operating revenue	106,353,899,023.00	84,166,039,672.00
Financial expenses- interest income	168,217,185.00	151,226,201.00
Financial expenses- interest expense	1,753,587.00	1,985,820.00
Income tax expense	2,258,780,072.00	1,453,591,406.00
Net profit	14,412,857,430.00	8,217,819,554.00
Other comprehensive income	-	-
Total comprehensive income	14,412,857,430.00	8,217,819,554.00
Dividend	7,700,000,000.00	1,600,000,000.00

3. Stakes in joint ventures and associates (continued)

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

	2014	2013
Joint venture		
Total book value of the investment	7,930,846,729.93	7,114,953,128.38
Total amount calculated by shareholding proportion		
Net profit	840,790,449.86	387,889,107.03
Other comprehensive income	-	-
Total comprehensive income	840,790,449.86	387,889,107.03
Associate		
Total book value of the investment	75,778,876.56	73,838,914.72
Total amount calculated by shareholding proportion		
Net profit	1,939,961.84	(4,446,821.92)
Other comprehensive income	-	-
Total comprehensive income	1,939,961.84	(4,446,821.92)

Since the Group has no obligation to undertake the extra loss of Chongqing Changan Kuayue Automobile Sales Co., Ltd and Beijing Fang'an Taxi Co., Ltd, when extra loss occurs, the Group writes down the long-term investment to zero without recognizing the contingent liability. The Group's unrecognized investment loss for the current period is RMB 6,141,717.29 (2013: RMB6,899,401.41).

VIII. Risks associated with financial instruments

1. Classification of financial instruments

The book values of different classes of financial instruments are as follows:

Financial assets

2014	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	9,693,083,497.78	-	9,693,083,497.78
Notes receivable	17,780,161,662.94	-	17,780,161,662.94
Accounts receivable	758,876,190.82	-	758,876,190.82
Other receivables	260,457,285.50	-	260,457,285.50
Available-for-sale financial assets	-	544,456,774.00	544,456,774.00
Interest receivable	22,083,194.44	-	22,083,194.44
Total	28,514,661,831.48	544,456,774.00	29,059,118,605.48

2013(Restated)	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	4,535,825,972.55	-	4,535,825,972.55
Notes receivable	11,272,212,347.84	-	11,272,212,347.84
Accounts receivable	704,638,231.06	-	704,638,231.06
Other receivables	211,810,998.81	-	211,810,998.81
Available-for-sale financial assets	-	366,128,690.00	366,128,690.00
Total	16,724,487,550.26	366,128,690.00	17,090,616,240.26

Financial liabilities

	2014	2013(restated)
Short-term loans	90,000,000.00	1,498,000,000.00
Notes payable	13,108,623,397.32	9,577,654,675.13
Accounts payable	13,038,793,688.31	7,963,798,219.72
Interest payable	73,458,000.00	78,113,712.49
Dividend payable	79,742.80	79,742.80
Other payables	2,007,416,635.58	1,779,832,773.45
Non-current liabilities within one year	-	520,000,000.00
Long-term loans	-	1,270,000,000.00
Bonds payable	1,971,184,679.89	1,967,266,759.93
Total	30,289,556,143.90	24,654,745,883.52

2. Transfer of financial assets

The transferred financial assets that entirely derecognized but continuing involved

As at 31 December 2014, the Group has endorsed bank acceptance bill with a carrying amount of RMB6,619,901,191.66 (2013:RMB3,346,586,260.31) to suppliers to settle the accounts payable. The maturities of the notes are between 1 to 12 months, according to the relevant provisions of the "law of negotiable instruments", if the banks refuse the payment, the holder has the right of recourse to the Group (the "continuing involvement"). The Group holds the view that almost all the risks and rewards concerned have been transferred; therefore, the book value of the accounts payable should be derecognized. The maximum loss and the undiscounted cash flow of the continuing involvement and repurchase is equal to its book value, the Group regards the fair value of the continuing involvement is not significant.

In 2014, the Group didn't recognize profit or loss on the transferring date. No revenue or expense should be recognized in accordance with the continuing involvement in the current period. The indorsement occurred flatly in this period.

3. Risks of financial instruments

The Group's principal financial instruments, except for derivatives, include 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 main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group's risk management policies are summarized below:

3. Risks of financial instruments (continued)

Credit risk

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 2014, 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 2014, among the Group's collections with specific credit risk, 23.07% (2013: 69.83%) of accounts receivables of the Group are due from top five clients respectively.

As at the end of the year, the maturity analysis for the Group's financial assets not impaired is as follows:

2014

	Total	Neither overdue nor impaired	Overdue but not impaired		
			Within 3 months	3 months to 1 year	Over 1 year
Accounts receivable	758,876,190.82	569,744,782.83	174,781,709.01	5,807,000.62	8,542,698.36
Other receivables	260,457,285.50	257,135,071.77	351,884.54	1,689,117.99	1,281,211.20
Notes receivable	17,780,161,662.94	17,780,161,662.94	-	-	-
Available for sale financial assets	544,456,774.00	544,456,774.00	-	-	-
Interest receivables	22,083,194.44	22,083,194.44	-	-	-

3. Risks of financial instruments (continued)

2013 (Restated)

	Total	Neither overdue nor impaired	Overdue but not impaired		
			Within 3 months		
Accounts receivable	704,638,231.06	659,702,558.30	4,017,119.08	26,531,575.90	14,386,977.78
Other receivables	211,810,998.81	202,927,789.22	3,884,261.41	1,562,823.58	3,436,124.60
Notes receivable	11,272,212,347.84	11,272,212,347.84	-	-	-
Available-for-sale financial assets	366,128,690.00	366,128,690.00	-	-	-

As at 31 December 2014 and 2013, the balance of accounts receivable which is neither overdue nor impaired is mainly due to the customers who have no default records recently.

As at 31 December 2014 and 2013, overdue but not impaired accounts receivable 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 minus 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.

Liquidity risk

The Group adopts cycle liquidity planning instrument to manage capital shortage risks. The instrument takes into consideration the maturity date of financial instruments plus estimated cash flow from the Group's operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility and sufficient cash to support operating capital through financing functions by the use of bank loans, debentures, etc.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on the non-discounted cash flow of the contracts:

2014

	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Short-term loans	204,166.67	61,107,583.33	30,568,424.66	-	91,880,174.66
Notes payable	1,981,150,746.34	4,385,247,342.23	6,742,225,308.75	-	13,108,623,397.32
Accounts payable	3,418,101,787.40	5,685,060,691.30	3,935,631,209.61	-	13,038,793,688.31
Interest payable	-	-	73,458,000.00	-	73,458,000.00
Dividend payable	79,742.80	-	-	-	79,742.80
Other payable	614,829,987.19	345,820,695.75	1,046,765,952.64	-	2,007,416,635.58
Bonds payable	-	-	31,482,000.00	2,189,880,000.00	2,221,362,000.00
Total	6,014,366,430.40	10,477,236,312.61	11,860,130,895.66	2,189,880,000.00	30,541,613,638.67

3. Risks of financial instruments (continued)

2013(restated)

	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Short-term loans	-	47,072,771.93	1,489,672,413.68	-	1,536,745,185.61
Notes payable	1,934,974,194.70	3,298,501,815.93	4,344,178,664.50	-	9,577,654,675.13
Accounts payable	2,689,332,345.03	3,557,839,033.76	1,716,626,840.93	-	7,963,798,219.72
Interest payable	315,123.30	4,340,589.19	73,458,000.00	-	78,113,712.49
Dividend payable	79,742.80	-	-	-	79,742.80
Other payable	604,974,213.76	510,531,612.97	664,326,946.72	-	1,779,832,773.45
Non-current liabilities within one year	-	5,799,886.06	534,641,082.19	-	540,440,968.25
Long-term loans	-	13,932,163.78	51,062,979.45	1,322,860,439.74	1,387,855,582.97
Bonds payable	-	-	31,482,000.00	2,294,820,000.00	2,326,302,000.00
Total	5,229,675,619.59	7,438,017,873.62	8,905,448,927.47	3,617,680,439.74	25,190,822,860.42

Market risk

Interest rate risk

The Group's revenue and operating cash flows are seldomly influenced by the interest fluctuation. As at 31 December 2014, the Group's loans are bearing fixed interest rate and the Group is not hedging the risk currently.

Foreign currency risk

The Group's exposures to fluctuation in foreign currency exchange rate mainly arise from operating activities where transactions are settled in currencies other than the units' functional currency and net investment to offshore subsidiary.

In 2014, the Group only has transactional currency exposures of 1.74% (2013: 1.37%) of its total revenue that is valued in currencies other than the units' functional currency. Since most of the Group's businesses are operated in China mainland, the estimated influence of fluctuation of foreign currency is insignificant; therefore, the Group hasn't carried out large amount of hedging to reduce the risk.

3. Risks of financial instruments (continued)

Equity instruments investment price risk

The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale investments (Note V 9) as at 31 December 2014. 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 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.

	Carrying amount of equity investments	Change in fair value	Increase/(decrease) in net profit	Increase/(decrease) in equity
2014				
Shanghai- Available for sale	395,647,500.00	5%	-	19,782,375.00
Shanghai- Available for sale	395,647,500.00	(5%)	-	(19,782,375.00)
2013				
Shanghai- Available for sale	257,319,416.00	5%	-	12,865,970.80
Shanghai- Available-for-sale	257,319,416.00	(5%)	-	(12,865,970.80)

4. Capital management

The main goal of the Group's capital management is to ensure that the ability of continuous operation, and maintain a healthy capital ratios in order to support business development, and to maximize shareholder value.

The Group manages the capital structure and adjusts it with the change of economy trend and the risk feature of the assets. To maintain or adjust the capital structure, the Group can rectify dividend distribution, return capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements constraints. The goal, principle and procedure of capital management stay the same in 2014 and 2013.

4. Capital management (ontinued)

The Group adopts leverage ratio to manage capital. The leverage ratio is net liability divided by net liability and adjusted capital. The Group plans to maintain the ratio between 50% and 60%. Net liability consists of short-term loan, notes payable, accounts payable, interest payable, dividend payable, other payables, non-current liabilities within one year, long-term loans and bonds payable; capital consists of all the equity items.

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

	31 December 2014	31 December 2014 (Restated)
Leverage ratio	<u>63.47%</u>	<u>65.72%</u>

IX. Disclosure of fair value

(1) Assets and liabilities measured at fair value

2014

	Input measured at fair value			
	Quoted price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The second level)	Total
Available-for-sale financial assets- equity instruments	395,647,500.00	-	-	395,647,500.00

2013

	Input measured at fair value			
	Quoted price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The second level)	Total
Available-for-sale financial assets- equity instruments	257,319,416.00	-	-	257,319,416.00

(2) Assets and liabilities disclosed at fair value

2014

	Input measured at fair value			
	Quoted market price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The second level)	Total
Bonds payable	2,003,562,000.00	-	-	2,003,562,000.00

2013

	Input measured at fair value			
	Quoted market price in active market (The first level)	Quoted price in active market (The first level)	Quoted price in active market (The first level)	Quoted price in active market (The first level)
Bonds payable	1,922,580,000.00	-	-	1,922,580,000.00
Long-term loans	-	-	1,287,942,211.79	1,287,942,211.79

For the year ended 2014, there is neither transference of financial assets and liabilities between first and second level, nor transference to or from third level.

IX. Disclosure of fair value (continued)

Fair value of financial instruments

Following are book value and fair value of financial instruments of the group except for equity instruments whose fair value is similar with book value and those neither have quoted market price in active market nor be reliably measured.

	Book value		Fair value	
	2014	2013	2014	2013
Financial assets				
Financial assets available for sale-equity instruments	395,647,500.00	257,319,416.00	395,647,500.00	257,319,416.00
Financial liabilities				
Bonds payable	1,971,184,679.89	1,967,266,759.93	2,003,562,000.00	1,922,580,000.00
Long-term loans	-	1,270,000,000.00	-	1,287,942,211.79

Management has assessed and concluded that, accounts, including cash, notes receivable, accounts receivable, other receivables, short-term loans, interest payable, dividend payables, other payables, notes payable, accounts payable and so on, whose fair value equals to book value because of its short term to overdue.

Financial assets and financial liabilities are measured at the amount that an asset could be exchanged for or by which a liability could be incurred or settled by knowledgeable, willing parties in a current arm's-length transaction, other than liquidation or unwilling sales. Methods and hypothesis followed are used for determining fair value.

Bonds payable are carried at amortized cost and those fair value are determined by the settlement price on 31 December 2014 and 2013, which are traded in open and active market.

Long-term loans are carried at amortized cost. On 31 December 2013, fair value of long-term loans is determined at the discount rate of 6.15%. The discount rate is the prevailing rate of financial instruments whose nature, credit risk and repayment period are similar to the Group's.

The important but unobservable input measured by long-term loans equals to rate of payment in advance and default.

X. Related party relationships and transactions

1. Parent company

Parent	Place of registration	Registered capital	Nature of the business	Proportion of shares in the Company	Proportion of voting rights in the company
China Changan Automobile Group Co ,Ltd.	Beijing	4,582,373,700.00	Manufacture and sale of automobiles, engine, and components	39.11%	39.11%

The ultimate holding company is China Changan Automobile Group Co ,Ltd..

The registered capital and paid-up capital was unchanged in 2014.

2. Subsidiaries

Refer to Note VII 1 for details of the Group's subsidiaries.

3. Joint ventures and associates

Refer to Note VII 3 for details of the Group's joint ventures and associates.

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4. Other related parties

Related parties	Relationship
China South Industries Group Corporation	Ultimate holding company
China Changan Automobile Co., Ltd. – Chengdu Jian'an Automobile Bridge Branch	Branch of parent
China Changan Automobile Co., Ltd. – Shichuan Jian'an Automobile Bridge Branch (hereafter referred to as "CSIA - Jian'an Automobile Bridge Branch")	Branch of parent
China Changan Automobile Co., Ltd. – Chongqing Tsingshan Transmission Branch (hereafter referred to as "CSIA-Chongqing Tsingshan Transmission Branch")	Branch of parent
Chengdu Huachuan Electric Equipment Co., Ltd.	Controlled by the same parent company
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Controlled by the same parent company
Harbin Dongan Auto Engine Co., Ltd.	Controlled by the same parent company
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Controlled by the same parent company
Hafei Motor Co., Ltd.	Controlled by the same parent company
South Tianhe Chassis System Co., Ltd.	Controlled by the same parent company
South Inter Air-conditioner Co., Ltd.	Controlled by the same parent company
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Controlled by the same parent company
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd.	Controlled by the same parent company
Wanyou Automobile Investment Co., Ltd.	Controlled by the same parent company
China Changan Automobile Group Ningbo Dongxiang Sales Co., Ltd.	Controlled by the same parent company
China Changan Automobile Group Tianjin Sales Co., Ltd.	Controlled by the same parent company
United Prosperity Investment Co., Ltd.	Controlled by the same parent company
Chongqing Anfu Automobile Co., Ltd.	Controlled by the same parent company
Chongqing Automobile Air-conditioner Co., Ltd.	Controlled by the same parent company
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Controlled by the same parent company
South Industry Assets Management Co.' Ltd.	Controlled by the same ultimate holding company
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	Controlled by the same ultimate holding company
China South Industry Group Finance Co., Ltd.	Controlled by the same ultimate holding company
CDGM Tanaka Environmental Catalyst Co., Ltd.	Controlled by the same ultimate holding company

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Related parties	Relationship
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Lingchuan Special Industry Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Ningxing Automobile Spring Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Wanyou Economic Technological Development Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Wanyou Filter Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Wanyou Trading Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Controlled by the same ultimate holding company
Nanning Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Controlled by the same ultimate holding company
Suining Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Southwest Ordnance Industry Corporation	Controlled by the same ultimate holding company
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Yunnan Xiyi Industries Co., Ltd.	Controlled by the same ultimate holding company
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Dajiang Jiexing Forging Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Jialing Yimin Special Equipment Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Shangfang Automobile Fittings Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Qingshan Transmission Sales Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Property Management Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanbing Supplies Ltd.	Controlled by the same ultimate holding company

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Related parties	Relationship
Chongqing Wanyou Construction Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Economic Development Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Longxing Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Auto Sales and Service Corporation	Controlled by the same ultimate holding company
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Real Estate Development Co., Ltd.	Controlled by the same ultimate holding company
Changan Industries Group Co. Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Construction Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changrong Machinery Co., Ltd.	Controlled by the same ultimate holding company
Jiangxi Changhe Automobile Co., Ltd.	Historical related party
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd.	Historical related party

5. Major transactions between the Group and its related parties

(1) Transactions of goods and services

Purchases of goods and services from related parties

Related parties	Nature of the transaction	2014	2013(Restated)
CSIA-Chongqing Tsingshan Transmission Branch")	Purchase of spare parts	1,772,109,900.52	1,295,873,099.36
Chongqing Changan Min Sheng Logistics Co., Ltd.	Purchase of spare parts/ Transportation fee	1,162,228,880.20	1,122,409,568.27
CSIA - Jian'an Automobile Bridge Branch")	Purchase of spare parts	867,010,405.30	666,512,447.25
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Purchase of spare parts	853,493,934.92	494,939,184.60
South Tianhe Chassis System Co., Ltd.	Purchase of spare parts	652,486,555.11	421,203,298.96
Chengdu Huachuan Electric Equipment Co., Ltd.	Purchase of spare parts	322,618,843.01	220,545,512.32
Changan Industries Group Co. Ltd.	Purchase of spare parts and accept service	250,721,264.15	34,219,835.04
South Inter Air-conditioner Co., Ltd.	Purchase of spare parts	234,914,830.47	99,003,948.19

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Related parties	Nature of the transaction	2014	2013(Restated)
Hafei Motor Co., Ltd.	Purchase of spare parts and accept service	182,145,346.76	243,102,302.79
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Purchase of spare parts	172,323,081.17	123,763,784.52
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Purchase of spare parts	133,893,925.14	110,242,759.07
Harbin Dongan Auto Engine Co., Ltd.	Purchase of spare parts	123,859,663.79	90,011,433.14
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd.	Purchase of spare parts	117,396,987.71	94,876,210.19
Chongqing Shangfang Automobile Fittings Co., Ltd.	Purchase of spare parts	104,710,813.33	101,945,038.87
Changan Ford Automobile Co., Ltd.	Purchase of spare parts	99,613,995.85	110,080,523.38
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Purchase of spare parts	96,965,314.57	84,922,504.44
Chongqing Changrong Machinery Co., Ltd.	Purchase of spare parts	88,458,014.41	109,594,507.93
Chengdu Wanyou Filter Co., Ltd.	Purchase of spare parts	84,924,068.98	63,524,086.01
Chengdu Lingchuan Special Industry Co., Ltd.	Purchase of spare parts	84,097,032.26	81,130,188.54
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Purchase of spare parts	77,766,730.35	80,696,956.74
Chongqing Wanyou Economic Development Co., Ltd.	Purchase of spare parts	73,787,651.08	70,274,425.03
Yunnan Xiyi Industries Co., Ltd.	Purchase of spare parts	69,458,376.03	47,175,847.18
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Purchase of spare parts	68,902,942.32	71,461,920.47
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Purchase of spare parts	51,489,451.69	36,492,354.22
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Purchase of spare parts	35,015,934.14	20,755,652.85
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Purchase of spare parts	31,473,447.99	34,890,787.40
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Purchase of spare parts	29,834,181.59	11,582,240.67
Chengdu Ningxing Automobile Spring Co., Ltd.	Purchase of spare parts	12,311,991.13	8,742,284.42
China Changan Automobile Co., Ltd. – Chengdu Jian'an Automobile Bridge Branch	Purchase of spare parts	10,445,764.76	31,861,014.37
United Prosperity Investment Co., Ltd.(Note 1)	Accept service	7,379,317.05	762,048.00
Chongqing Qingshan Transmission Sales Co., Ltd.	Purchase of spare parts	7,188,412.53	5,926,883.55
Chongqing Changan Property Management Co., Ltd.	Accept service	5,972,802.68	2,936,383.54
Chongqing Dajiang Jiexin	Purchase of spare parts	5,094,192.00	-
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Purchase of spare parts	3,730,906.96	777,349.40
CDGM Tanaka Environmental Catalyst Co., Ltd.	Purchase of spare parts	3,688,701.55	-
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Purchase of spare parts	3,484,502.40	18,043,745.48
Chongqing Changan Suzuki Automobile Co., Ltd.	Purchase of spare parts	1,237,784.75	684,000.00
Chongqing Jialing Yimin Special Equipment Co., Ltd.	Purchase of spare parts	1,021,473.02	-
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Purchase of spare parts	250,461.93	-
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Purchase of spare parts	225,194.03	-

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Related parties	Nature of the transaction	2014	2013(Restated)
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Purchase of spare parts	139,246.50	116,385.29
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	Purchase of spare parts	108,726.84	273,189.39
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Purchase of spare parts	32,815.08	164,456.86
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Purchase of spare parts	24,727.51	-
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Purchase of spare parts	21,844.49	-
Chengdu Wanyou Economic Technological Development Co., Ltd.	Purchase of spare parts	10,589.08	-
Nanning Wanyou Auto Sales and Service Co., Ltd.	Purchase of spare parts	6,664.63	-
Chengdu Wanyou Trading Co., Ltd.	Purchase of spare parts	568.89	-
Changan Mazda Automobile Co., Ltd.	Purchase of spare parts	-	814,666.67
Total		7,904,078,260.65	6,012,332,824.40

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

Note1: For year ended 2014, United Prosperity Investment Co., Ltd. provides financial service for the Company's import of machinery. Current year, the Company paid RMB 145,020,650.96 for purchase of machinery overseas on behalf of United Prosperity Investment Co., Ltd. (2013: RMB. 71,724,768.58). Therefore, the Company paid it RMB 6,716,878.20 for its financial service (2013: 762,048.00).

Besides, for the year ended 2014, United Prosperity Investment Co., Ltd also provides sales agency service for the Group, and sales amount to RMB 62,379,572.86 (2013: Nil), therefore the Group paid it RMB 662,438.85.

Sales of goods and services to related parties

Related parties	Nature of the transaction	2014	2013(Restated)
Chongqing Wanyou Economic Development Co., Ltd.	Sales of cars and spare parts	1,720,361,095.98	1,183,316,184.16
Wanyou Automobile Investment Co., Ltd.	Sales of cars and spare parts	1,033,758,478.34	514,525,042.46
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Sales of cars	950,587,751.13	609,211,116.96
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Sales of cars and spare parts	944,185,877.17	787,473,701.16
Chengdu Wanyou Economic Technological Development Co., Ltd.	Sales of cars and spare parts	858,837,220.43	754,115,231.30
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Sales of cars and spare parts	768,930,221.51	678,089,089.90
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Sales of cars and spare parts	189,860,380.43	133,437,661.45
Changan Ford Automobile Co., Ltd.	Providing outsourcing processing and service	144,031,886.74	170,084,840.02
Nanning Wanyou Auto Sales and Service Co., Ltd.	Sales of cars	125,685,008.27	61,605,394.95

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Related parties	Nature of the transaction	2014	2013(Restated)
China Changan Automobile Group Tianjin Sales Co., Ltd.	Sales of cars	93,456,852.77	77,244,057.14
Chengdu Lingchuan Special Industry Co., Ltd.	Sale of spare parts	63,228,179.47	35,525,974.37
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Sales of cars	61,268,914.35	-
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Sale of spare parts	47,870,826.73	61,159,960.80
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Sale of spare parts	36,023,795.72	45,514,079.66
Harbin Dongan Automot ive Engine Manufacturing Co., Ltd.	Sale of spare parts and providing service	35,505,936.25	28,953,587.77
China South Industry Group Finance Co., Ltd.	Providing service	13,776,308.00	8,403,033.00
Changan PSA Automobiles Co., Ltd.	Sale of spare parts	12,754,584.34	-
Chongqing Shangfang Automobile Fittings Co., Ltd.	Sale of spare parts	10,874,495.13	10,909,651.41
Chongqing Anfu Automobile Co., Ltd.	Sales of cars	5,451,299.15	6,664,606.85
Yunnan Xiyi Industries Co., Ltd.	Sale of spare parts	2,891,746.17	1,815,400.00
Changan Industries Group Co. Ltd.	Sale of spare parts and providing service	757,451.01	633,182.02
Chongqing Changan Suzuki Automobile Co., Ltd.	Sale of spare parts	459,288.44	4,708,877.27
Chongqing Changan Min Sheng Logistics Co., Ltd.	Sale of spare parts and providing service	273,547.11	282,974.34
Chongqing Changan Kuayue Automobile Co., Ltd.	Sale of spare parts	14,018.37	1,781,538.46
Chengdu Wanyou Trading Co., Ltd.	Sale of spare parts	8,281.19	-
Chongqing Changrong Machinery Co., Ltd.	Warehousing	6,037.75	-
Hafei Motor Co., Ltd.	Sale of spare parts	2,957.76	-
Chongqing Changan Real Estate Development Co., Ltd.	Warehousing	1,886.79	-
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	Sale of spare parts	1,797.40	-
Jiangling Holding Co., Ltd.	Sale of spare parts	497.09	1,561,537.31
Changan Ford Mazda Engine Co., Ltd.	Sale of spare parts	-	341,880.34
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Providing service	-	62,815.10
Southwest Ordnance Industry Corporation	Sales of cars	-	425,659,660.31
Jiangxi Changhe Automobile Co., Ltd.	providing system maintenance and service	-	9,757,440.57
CSIA - Jian'an Automobile Bridge Branch")	Providing service	-	700,000.00
Total		7,120,866,620.99	5,613,538,519.08

The price of the Group's sales to related parties is based on contracts agreed by all parties.

Other major related-party transactions

The price of the Group's other major related-party transactions is based on contracts agreed by all parties.

5. Major transactions between the Group and its related parties (continued)

Expenses of integrated service charges

Related parties	Nature of the transaction	2014	2013
Changan Industries Group Co. Ltd.	Payment of land rental fees	28,705,101.00	23,712,951.00
Changan Industries Group Co. Ltd.	Payment of building rental fees	33,255,483.00	36,342,652.70
Changan Industries Group Co. Ltd.	Payment of utilities	146,380,856.93	135,487,132.14
Changan Industries Group Co. Ltd.	Payment of firefighting fees	2,740,000.00	2,740,000.00
Changan Industries Group Co. Ltd.	Others	17,733,060.01	14,686,277.48
Hafei Motor Co., Ltd.	Integrated service	2,898,812.92	-
Total		231,713,313.86	212,969,013.32

Purchase of project materials

Related parties	2014	2013
Chongqing Changan Construction Co., Ltd.	98,291,857.00	88,476,083.75
Chongqing Changan Min Sheng Logistics Co., Ltd.	2,278,127.25	26,876,099.26
Changan Industries Group Co. Ltd.	3,763,647.24	1,145,433.72
Total	104,333,631.49	116,497,616.73

5. Major transactions between the Group and its related parties (continued)

Staff expenses for technical supporting

Related parties	2014	2013
Changan Ford Automobile Co., Ltd.	45,861,502.13	39,831,638.20
Changan Mazda Automobile Co., Ltd.	24,454,919.90	23,978,538.68
Changan Ford Mazda Engine Co., Ltd.	18,819,603.94	16,850,588.80
Changan PSA Automobiles Co., Ltd.	9,250,000.00	-
Chongqing Changan Suzuki Automobile Co., Ltd.	6,845,142.00	4,301,808.00
Jiangling Holding Co., Ltd.	1,515,928.06	1,279,403.20
Chongqing Changan Kuayue Automobile Co., Ltd.	820,000.00	-
Hafei Motor Co., Ltd.	275,035.11	259,600.00
Harbin Dongan Auto Engine Co., Ltd.	-	93,928.00
Total	107,842,131.14	86,595,504.88

Trademark license income

Related parties	2014	2013
Chongqing Changan Kuayue Automobile Co., Ltd.	-	2,907,420.00

Technical service income

Related parties	2014	2013
Changan PSA Automobiles Co., Ltd.	829,246.63	-
Chongqing Changan Suzuki Automobile Co., Ltd.	991,656.23	5,500,000.00
Total	1,820,902.86	5,500,000.00

Capital occupied income

Related parties	2014	2013
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	1,841,788.88	-
Chengdu Wanyou Economic Technological Development Co., Ltd.	1,240,136.75	3,896,167.53
China Changan Automobile Group Tianjin Sales Co., Ltd.	347,389.75	-
Chongqing Wanyou Economic Development Co., Ltd.	145,747.02	521,365.79
Guangxi Wanyou Auto Sales and Service Co., Ltd.	13,302.56	56,455.56
Yunnan Wanyou Auto Sales and Service Co., Ltd.	5,208.54	-
Guizhou Wanyou Auto Sales and Service Co., Ltd.	-	151,794.87
Wanyou Automobile Investment Co., Ltd.	-	935,000.85
Southwest Ordnance Industry Corporation	-	1,963,623.08
Total	3,593,573.50	7,524,407.68

5. Major transactions between the Group and its related parties

(2) Lease between related parties

Rent assets to related parties

Leasee	Type of leased assets	Rental income for 2014	Rental income for 2013
Chongqing Changan Min Sheng Logistics Co., Ltd.	Office building	143,080.00	-

Rent assets from related parties

Lessors	Type of leased assets	Rental expense for 2014	Rental expense for 2013
Chongqing Changan Min Sheng Logistics Co., Ltd.	Storage	3,482,865.00	5,934,453.12
Hafei Motor Co., Ltd.	Land	2,464,000.00	1,568,920.00
Chongqing Changan Real Estate Development Co., Ltd.	Office building and storage	2,806,108.00	3,441,998.00

(3) Transfer of assets between related parties

Related party	Type of transaction	2014	2013
China Changan Automobile Group Co.,Ltd. (Note)	Transfer of equity	439,980,000.00	1,304,408,890.00

Note1: In April 2014, the Group paid the equity investment transfer price with the amount of RMB439,980,000.00 to its parent company China Changan for purchase of 100% equity of Hefei Changan Automobile Co., Ltd.. Refer to Note VI for further details.

(4) Guarantee of related party

In 2014, China Changan, the parent company, provided an unconditionally and irrevocably joint guarantee for the corporate bonds with face value of RMB1,980,000,000.00. Refer to Note V 37.

(5) Other related party transaction

Item	2014	2013(Restated)
Compensation of key management personal	13,793,354.00	12,654,134.88

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6. Amounts due from/to related parties

Notes receivable

Related parties	2014	2013(Restated)
Wanyou Automobile Investment Co., Ltd.	1,933,900,000.00	627,000,000.00
Yunnan Wanyou Auto Sales and Service Co., Ltd.	519,000,000.00	401,000,000.00
Chongqing Wanyou Economic Development Co., Ltd.	153,700,000.00	366,730,000.00
Nanning Wanyou Auto Sales and Service Co., Ltd.	60,600,000.00	27,950,000.00
Guangxi Wanyou Auto Sales and Service Co., Ltd.	57,200,000.00	31,400,000.00
China Changan Automobile Group Tianjin Sales Co., Ltd.	55,000,000.00	36,000,000.00
Chengdu Wanyou Economic Technological Development Co., Ltd.	22,000,000.00	21,000,000.00
Guizhou Wanyou Auto Sales and Service Co., Ltd.	7,500,000.00	114,950,000.00
Chongqing Changan Min Sheng Logistics Co., Ltd.	4,000,000.00	-
Changan Industries Group Co. Ltd.	2,402,062.50	-
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	-	127,500,000.00
Total	2,815,302,062.50	1,753,530,000.00

Accounts receivable

Related parties	2014		2013(Restated)	
	Amount	Provision	Amount	Provision
Changan Ford Automobile Co., Ltd.	38,840,411.42	-	67,203,793.50	-
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	34,732,286.33	-	28,083,882.87	-
Changan PSA Automobiles Co., Ltd.	13,541,028.82	-	-	-
United Prosperity Investment Co., Ltd.	10,856,165.22	-	-	-
Changan Mazda Automobile Co., Ltd.	10,426,339.17	-	22,058,248.72	-
Chongqing Changan Suzuki Automobile Co., Ltd.	7,301,911.32	-	3,401,258.46	-
Jiangling Holding Co., Ltd.	6,525,274.41	-	6,187,757.28	-
Changan Ford Mazda Engine Co., Ltd.	5,923,814.08	-	13,994,402.88	-
Chongqing Changan Kuayue Automobile Co., Ltd.	5,758,272.00	-	7,997,692.00	-
Changan Industries Group Co. Ltd.	1,825,968.36	-	-	-
Chengdu Wanyou Economic Technological Development Co., Ltd.	1,043.72	-	1,043.72	-
Jiangxi Changhe Automobile Co., Ltd.	-	-	10,322,428.89	-
Chongqing Anfu Automobile Co., Ltd.	-	-	3,908,410.00	-
China South Industry Group Finance Co., Ltd.	-	-	1,985,948.00	-
Hafei Motor Co., Ltd.	-	-	259,600.00	-
Guizhou Wanyou Auto Sales and Service Co., Ltd.	-	-	372.52	-
Chongqing Wanyou Economic Development Co., Ltd.	-	-	272.57	-
China Changan Automobile Group Co., Ltd.	-	-	307,806,400.00	-
Yunnan Wanyou Auto Sales and Service Co., Ltd.	-	-	895.31	-
Total	135,732,514.85	-	473,212,406.72	-

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

Prepayments

Related parties	2014	2013(Restated)
Chongqing Changan Suzuki Automobile Co., Ltd.	280,209.25	-
Chongqing Qingshan Transmission Sales Co., Ltd.	17,532.12	-
United Prosperity Investment Co., Ltd.	-	2,096,569.86
Hafei Motor Co., Ltd.	-	696,224.48
Total	297,741.37	2,792,794.34

Other receivables

Related party	2014	2013(Restated)
Chongqing Changan Min Sheng Logistics Co., Ltd.	181,042.41	-

Notes payable

Related parties	2014	2013(Restated)
Hafei Motor Co., Ltd.	464,660,000.00	525,110,000.00
Harbin Dongan Automot ive Engine Manufacturing Co., Ltd.	247,700,000.00	91,690,000.00
South Tianhe Chassis System Co., Ltd.	197,690,000.00	209,093,904.12
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	87,910,000.00	20,460,000.00
Chengdu Huachuan Electric Equipment Co., Ltd.	85,650,000.00	25,097,237.03
South Inter Air-conditioner Co., Ltd.	66,670,000.00	49,698,932.30
Harbin Dongan Auto Engine Co., Ltd.	51,700,000.00	51,010,000.00
Yunnan Xiyi Industries Co., Ltd.	50,760,000.00	25,290,000.00
Chengdu Wanyou Filter Co., Ltd.	47,110,000.00	28,563,390.83
Chongqing Changan Construction Co., Ltd.	44,749,050.70	24,874,994.00
Chongqing Shangfang Automobile Fittings Co., Ltd.	30,440,000.00	31,214,565.98
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	26,860,000.00	28,348,693.18
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	26,520,000.00	6,400,584.67
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	26,520,000.00	27,709,821.95
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd.	20,210,000.00	20,800,518.35
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	19,020,000.00	20,791,080.11
Sichuan Hongguang Machinery and Electrics Co., Ltd.	16,660,000.00	16,520,000.00
Chongqing Changrong Machinery Co., Ltd.	14,680,000.00	21,392,316.02
Chongqing Yihong Engineering Plastic Products Co., Ltd.	9,190,000.00	7,882,093.12
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	7,490,000.00	7,130,000.00
Chengdu Ningxing Automobile Spring Co., Ltd.	4,430,000.00	3,360,588.86
Chengdu Lingchuan Special Industry Co., Ltd.	3,860,000.00	25,218,082.88
Chongqing Wanyou Construction Co., Ltd.	3,286,323.00	12,190,614.00
Chongqing Changan Min Sheng Logistics Co., Ltd.	2,163,387.00	29,138,317.66
Changan Industries Group Co. Ltd.	1,684,437.30	262,629.65
Chongqing Changan Property Management Co., Ltd.	1,280,000.00	1,098,960.00
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	1,110,000.00	430,000.00
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd.	860,000.00	-
China Changan Automobile Co., Ltd. – Chengdu Jian'an Automobile Bridge Branch	580,000.00	25,648,950.85
CSIA - Jian'an Automobile Bridge Branch	-	97,681,407.62
CSIA-Chongqing Tsingshan Transmission Branch	-	42,144,317.79
Chongqing Changfeng Jiquan Machinery Co., Ltd.	-	1,410,481.31
Total	1,561,443,198.00	1,477,662,482.28

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

Accounts payable

Related parties	2014	2013(Restated)
Hafei Motor Co., Ltd.	231,401,070.28	211,566,557.98
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	219,176,454.82	37,202,140.47
South Tianhe Chassis System Co., Ltd.	124,362,361.53	102,070,092.74
CSIA-Chongqing Tsingshan Transmission Branch	119,749,504.60	81,061,026.50
CSIA - Jian'an Automobile Bridge Branch	119,241,308.69	87,494,213.75
South Inter Air-conditioner Co., Ltd.	85,699,120.04	25,512,682.93
Chongqing Changan Min Sheng Logistics Co., Ltd.	63,190,489.33	58,165,316.80
Harbin Dongan Auto Engine Co., Ltd.	37,836,046.69	62,847,700.91
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	37,810,978.41	71,333,271.84
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	33,857,713.97	39,419,147.84
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	23,832,720.53	748,874.25
Chengdu Wanyou Filter Co., Ltd.	20,513,534.18	14,495,391.54
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	19,430,898.24	12,522,328.50
Chongqing Shangfang Automobile Fittings Co., Ltd.	17,173,815.05	16,654,102.47
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd.	16,076,620.75	10,314,312.25
Chongqing Wanyou Economic Development Co., Ltd.	15,705,418.84	19,331,791.01
Chengdu Lingchuan Special Industry Co., Ltd.	15,243,707.30	13,751,316.61
Changan Ford Automobile Co., Ltd.	9,270,810.87	14,814,080.88
Chengdu Huachuan Electric Equipment Co., Ltd.	8,997,687.52	2,091,191.98
Chongqing Changrong Machinery Co., Ltd.	8,962,364.46	8,945,469.86
Sichuan Hongguang Machinery and Electrics Co., Ltd.	6,309,820.98	587,194.88
Chongqing Changfeng Jiquan Machinery Co., Ltd.	4,909,024.51	4,034,553.99
Chongqing Qingshan Transmission Sales Co., Ltd.	4,630,437.00	3,510,369.53
Chongqing Yihong Engineering Plastic Products Co., Ltd.	3,947,802.82	388,320.89
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	3,886,641.32	8,646,420.87
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd.	3,459,532.82	-
Chengdu Ningxing Automobile Spring Co., Ltd.	3,164,034.29	2,636,191.41
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	2,828,606.92	3,094,672.85
Chongqing Dajiang Jiexing Forging Co., Ltd.	2,349,986.93	-
China Changan Automobile Co., Ltd. – Chengdu Jian'an Automobile Bridge Branch	1,847,863.97	4,225,567.85
Yunnan Xiyi Industries Co., Ltd.	1,690,738.76	6,307,781.87
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	1,459,824.16	4,415,046.05
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	695,931.69	460,309.02
Chongqing Jialing Yimin Special Equipment Co., Ltd.	362,102.19	-
Changan Industries Group Co. Ltd.	347,476.12	1,470,171.48
Yunnan Wanyou Auto Sales and Service Co., Ltd.	295,982.89	1,588.50
Guizhou Wanyou Auto Sales and Service Co., Ltd.	225,194.03	-
Chongqing Automobile Air-conditioner Co., Ltd.	205,041.51	205,041.51
Beijing Bei Ji Mechanical and Electrical Industry Co., Ltd.	135,480.50	187,931.10
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	125,679.59	78,777.22
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	119,814.74	86,896.33
Chongqing Changan Kuayue Automobile Co., Ltd.	77,208.01	77,208.01
Guangxi Wanyou Auto Sales and Service Co., Ltd.	24,727.51	-
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	21,844.49	-
Chengdu Wanyou Economic Technological Development Co., Ltd.	10,589.08	-
Nanning Wanyou Auto Sales and Service Co., Ltd.	6,664.63	-
Chengdu Wanyou Trading Co., Ltd.	568.89	-
Total	1,270,671,246.45	930,755,054.47

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

Advances from customers

Related parties	2014	2013(Restated)
Chongqing Wanyou Economic Development Co., Ltd.	224,012,279.88	22,423,321.66
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	124,492,768.07	33,777,648.07
Yunnan Wanyou Auto Sales and Service Co., Ltd.	97,055,869.67	26,371,376.55
Guizhou Wanyou Auto Sales and Service Co., Ltd.	92,748,342.34	37,904,652.54
Wanyou Automobile Investment Co., Ltd.	60,787,767.00	66,697,598.00
Chengdu Wanyou Economic Technological Development Co., Ltd.	45,908,401.66	16,744,132.43
Guangxi Wanyou Auto Sales and Service Co., Ltd.	12,826,075.48	7,808,775.67
Nanning Wanyou Auto Sales and Service Co., Ltd.	12,102,977.87	3,942,335.87
China Changan Automobile Group Tianjin Sales Co., Ltd.	9,923,044.00	3,352,511.00
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	5,616,867.00	-
United Prosperity Investment Co., Ltd.	4,343,194.69	-
Chongqing Changan Min Sheng Logistics Co., Ltd.	361,998.32	346,716.96
Chengdu Wanyou Trading Co., Ltd.	38,295.50	-
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	1,890.04	-
Harbin Dongan Auto Engine Co., Ltd.	44.94	-
Jiangling Holding Co., Ltd.	-	499,717.24
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd.	-	21,843.52
Total	690,219,816.46	219,890,629.51

Other payables

Related parties	2014	2013(Restated)
Chongqing Changan Min Sheng Logistics Co., Ltd.	233,978,891.80	227,774,641.76
United Prosperity Investment Co., Ltd.	192,977,320.11	-
Changan Industries Group Co. Ltd.	14,260,455.80	6,228,519.04
Chongqing Changan Construction Co., Ltd.	8,113,625.16	23,769,391.30
Hafei Motor Co., Ltd.	1,892,739.54	4,811,080.37
Chongqing Wanyou Construction Co., Ltd.	870,654.00	242,726.00
Chongqing Changan Property Management Co., Ltd.	793,985.65	1,345,904.19
Chongqing Wanyou Economic Development Co., Ltd.	253,841.75	67,233.45
Chongqing Changan Real Estate Development Co., Ltd.	250,690.60	74,374.90
Yunnan Wanyou Auto Sales and Service Co., Ltd.	224,025.84	821,010.31
Chengdu Wanyou Economic Technological Development Co., Ltd.	151,537.60	125,509.91
Chengdu Wanyou Filter Co., Ltd.	120,000.00	120,000.00
Guangxi Wanyou Auto Sales and Service Co., Ltd.	100,000.00	-
Guizhou Wanyou Auto Sales and Service Co., Ltd.	100,000.00	-
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	82,651.45	1,331,884.26
CSIA - Jian'an Automobile Bridge Branch	1,000.00	1,000.00
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	-	72,770.27
Suining Wanyou Auto Sales and Service Co., Ltd.	-	32,968.00
Chongqing Wanyou Longxing Auto Sales and Service Co., Ltd.	-	18,301.40
Chengdu Wanyou Trading Co., Ltd.	-	13,825.70
Total	454,171,419.30	266,851,140.86

7. Cash deposited in related party

Related party	2014	2013(Restated)
China South Industry Group Finance Co., Ltd.	2,629,151,710.51	790,903,414.89

Deposits earn interest at the respective bank deposit rates.

8. Loans from related parties

Short-term loans

Related parties	2014	2013(Restated)
China South Industry Group Finance Co., Ltd.	50,000,000.00	1,050,000,000.00
China Changan Automobile Group Co.,Ltd.	-	100,000,000.00
Total	50,000,000.00	1,150,000,000.00

Non-current liabilities within one year

Related party	2014	2013
China South Industry Group Finance Co., Ltd.	-	20,000,000.00

Long-term loans

Related party	2014	2013
China South Industry Group Finance Co., Ltd.	-	470,000,000.00

The interest rates of short-term loans and long-term loans are determined in accordance with the current bank loan rate.

XI Contingencies and commitments

1. Commitments

Capital commitments

Item	2014	2013 (restated)
Contracted, but not provided for	17,047,297,904.10	5,380,877,554.25
Approved by board, but not contracted	430,913,750.00	4,583,381,796.00
Total	17,478,211,654.10	9,964,259,350.25

Investment commitments

On 31 December 2014, there is no investment commitment contracted but not completed (31 December 2013 : Nil)

2. Contingencies

As at 31 December 2014, no material contingencies needed to be disclosed.

XII 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

In January 2015, the Company signed contract with its parent company China Changan, its related party United Prosperity Investment Co., Ltd, and South Industry Assets Management Co.,Ltd, which is controlled by the same ultimate holding company, and made an agreement that the Company invested in United Prosperity Investment (Shenzheng) Co., Ltd (The company name is tentative) by USD 5 million. This investment has been approved by the twenty-sixth meeting of the sixth session of the Board of Directors. Thereafter, the proportion of equity in Prosperity Investment (Shenzheng) Co., Ltd of the Company, China Changan, United Prosperity Investment Co., Ltd. and South Industry Assets Management Co., Ltd. will be 5%, 5%, 85% and 5% respectively.

As of the approval date of financial statement, no significant event was noted except the above.

XIII Other important event

1. Leasing arrangements

According to the lease contracts signed with the lessor, the minimum leases payments under non-cancellable leases are as follows:

Item	2014	2013
Less than 1 year (including 1 year)	28,733,029.03	27,278,638.26
1 to 2 years (including 2 years)	2,768,199.03	1,176,173.92
2 to 3 years (including 3 years)	969,649.44	628,998.92
Over 3 years	5,400,000.00	314,499.46
Total	37,870,877.50	29,398,310.56

2. Segment report

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

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

- (1) it engages in business activities from which it may earn revenues and incur expenses;
- (2) its operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance; and
- (3) the Group 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.

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

3. Comparative data

As stated in Note II 2, related accounting methods related accounting treatment, disclosure and financial data in financial statements are revised in accordance with certain Accounting Standards for Business Enterprises adopted from 1 July July the first, 2014. Accordingly, related financial data of prior year, and related comparative data have been restated or reclassified. Meanwhile, as there was a business combination involving entity under common control, comparative data has been restated.

XIV 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:

	2014	2013
Within 1 year	2,186,464,400.10	1,320,170,130.72
1 to 2 years	560,274,728.97	43,706,677.51
2 to 3 years	1,900,100.00	11,103,089.64
Over 3 years	<u>55,509,062.79</u>	<u>58,497,580.08</u>
Provision	2,804,148,291.86 <u>(42,238,460.64)</u>	1,433,477,477.95 <u>(39,547,040.38)</u>
	<u>2,761,909,831.22</u>	<u>1,393,930,437.57</u>

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

	Beginning	Addition	Reduction		Ending Balance
			Reversal	Write-off	
2014	39,547,040.38	2,982,767.01	291,346.75	-	42,238,460.64
2013	37,508,407.16	2,038,633.22	-	-	39,547,040.38

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1. Accounts Receivable (continued)

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

Item	2014				2013			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	45,088,295.09	1.61	-	-	40,432,696.53	2.82	-	-
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	277,846,638.96	9.91	42,238,460.64	15.20	59,555,988.83	4.16	39,547,040.38	66.40
Group 2. Accounts receivable from related parties	2,481,213,357.81	88.48	-	-	1,333,488,792.59	93.02	-	-
Group subtotal	2,759,059,996.77	98.39	42,238,460.64	1.53	1,393,044,781.42	97.18	39,547,040.38	2.84
Individually insignificant items but analyzed individually for provision	-	-	-	-	-	-	-	-
Total	2,804,148,291.86	100.00	42,238,460.64		1,433,477,477.95	100.00	39,547,040.38	

1. Accounts Receivable (continued)

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

Aging	2014			2013		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	232,145,184.96	83.56	-	11,723,964.33	19.69	-
6 to 12 months	3,720.00	0.00	186.00	234,146.46	0.39	11,707.32
Within 1 year subtotal	232,148,904.96	83.56	186.00	11,958,110.79	20.08	11,707.32
1 to 2 years	-	-	-	2,078,683.07	3.49	207,868.31
2 to 3 years	2,034,616.77	0.73	610,385.03	878,111.50	1.47	263,433.45
3 to 4 years	-	-	-	11,154,104.35	18.73	5,577,052.18
4 to 5 years	10,176,138.11	3.66	8,140,910.49	-	-	-
Over 5 years	33,486,979.12	12.05	33,486,979.12	33,486,979.12	56.23	33,486,979.12
Total	277,846,638.96	100	42,238,460.64	59,555,988.83	100	39,547,040.38

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

Group	Balance	Provision
Accounts receivable from related parties	2,481,213,357.81	-

As at 31 December 2014, there was no individually significant items but analyzed individually for provision (2013: Nil).

- (3) For the year ended 2014, provision for impairment of accounts receivable has been reversed amounts to RMB 291,346.75(2013:Nil).
- (4) For the year ended 2014, there is no write-off of provision for bad debts (2013: Nil).
- (5) As at 31 December 2014, top five debtors of accounts receivable are as follows:

Debtors	Amount	Proportion of total accounts receivable (%)	Ending balance of provision
First	1,361,998,669.22	48.57	-
Second	415,981,705.13	14.83	-
Third	220,704,577.35	7.87	-
Forth	142,144,328.91	5.07	-
Fifth	130,594,616.37	4.66	-
Total	2,271,423,896.98	81.00	-

- (6) There is no accounts receivable derecognized due to transference of financial assets during 2014 (2013: Nil).

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2. Other receivables

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

	2014	2013
Within 1 year	650,367,439.20	518,767,650.62
1 to 2 years	5,695,601.19	10,388,237.71
2 to 3 years	9,865,955.42	22,118,265.16
Over 3 years	<u>4,207,359.05</u>	<u>2,361,744.00</u>
Provision	670,136,354.86 <u>(1,976,498.02)</u>	553,635,897.49 <u>(2,890,162.19)</u>
	<u><u>668,159,856.84</u></u>	<u><u>550,745,735.30</u></u>

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

	Opening Balance	Addition	Deduction		Ending Balance
			Reversal	Write-off	
2014	2,890,162.19	199,234.14	547,628.31	565,270.00	1,976,498.02
2013	2,740,878.98	149,283.21	-	-	2,890,162.19

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

Item	2014				2013			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	123,832,000.00	18.48	-	-	123,460,000.00	22.30	-	-
Other receivables analyzed as groups for provision								
Group 1. Other receivables analyzed for provision according to aging analysis	81,576,371.15	12.17	1,976,498.02	2.42	43,265,117.90	7.81	2,890,162.19	6.68
Group 2. Other receivables from related parties	464,727,983.71	69.35	-	-	386,910,779.59	69.89	-	-
Group subtotal	546,304,354.86	81.52	1,976,498.02	0.36	430,175,897.49	77.70	2,890,162.19	0.67
Total	670,136,354.86	100	1,976,498.02		553,635,897.49	100	2,890,162.19	

2. Other receivables (continued)

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

Aging	2014			2013		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	77,276,646.60	94.73	-	34,538,599.66	79.83	-
6 to 12 months	370,404.77	0.45	18,520.24	4,018,896.42	9.29	200,944.80
Within 1 year subtotal	77,647,051.37	95.18	18,520.24	38,557,496.08	89.12	200,944.80
1 to 2 years	1,876,797.77	2.30	187,679.78	369,199.81	0.85	36,919.99
2 to 3 years	65,000.00	0.08	19,500.00	1,976,678.01	4.57	593,003.40
3 to 4 years	254,448.01	0.31	127,224.01	600,900.00	1.39	300,450.00
4 to 5 years	547,500.00	0.67	438,000.00	10,000.00	0.02	8,000.00
Over 5 years	1,185,574.00	1.46	1,185,573.99	1,750,844.00	4.05	1,750,844.00
Total	81,576,371.15	100.00	1,976,498.02	43,265,117.90	100.00	2,890,162.19

- (3) For the year ended 2014, provision for impairment of other receivables has been reversed amounts to RMB 547,628.31(2013: Nil).
- (4) For the year ended 2014, provision for impairment of other receivables has been written off amounts to RMB 565,270.00 (2013: Nil).
- (5) Other receivables categorized by nature is as follows:

Nature	2014	2013
Warranty	227,831,662.61	53,672,725.02
Energy-saving subsidy	123,832,000.00	123,460,000.00
Disposal income of assets	94,999,768.40	19,161,427.05
Sales income of molds	89,085,988.80	-
Petty cash	50,443,213.37	31,824,541.12
Technical royalties	25,556,158.23	-
Security deposits	24,926,854.13	2,155,959.00
Loans to third parties	24,782,800.00	300,000,000.00
Disbursements	5,695,779.26	16,885,523.41
Others	1,005,632.04	3,585,559.70
Total	668,159,856.84	550,745,735.30

2. Other receivables (continued)

(6) As at 31 December 2014, top five debtors of other receivables are as follows:

Debtors	Relationship with the Company	Amount	Aging	Proportion of total other receivables (%)	Ending balance of provision
First	Subsidiary	196,913,889.05	Within 1 year	29.38	-
Second	Subsidiary	151,457,274.07	Within 1 year	22.60	-
Third	Not related	123,832,000.00	Within 1 year	18.48	-
Forth	Subsidiary	69,590,470.83	Within 1 year	10.38	-
Fifth	Subsidiary	24,782,800.00	Within 1 year	3.70	-
Total		566,576,433.95		84.54	-

(7) There is no other receivables derecognized due to transfer of financial assets during 2014 (2013: Nil).

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3. Long-term equity investments

2014

Investee	Opening Balance	Addition	Deduction	Investment income/loss under equity method	Other comprehensive income	Other movements of equity	Dividend of cash declared	Provision	Ending Balance of book value	Ending Balance of provision
Joint ventures										
Chongqing Changan Suzuki Automobile Co., Ltd.	1,422,871,007.19	-	(28,024,712.81)	10,299,515.59	-	3,127,864.50	-	-	1,408,273,674.47	-
Jiangling Holding Co., Ltd.	1,970,068,511.81	-	-	363,988,695.87	-	-	-	-	2,334,057,207.68	-
Changan Ford Automobile Co., Ltd.	5,168,880,471.54	-	-	7,148,483,522.43	-	-	(7,700,000,000.00)	-	4,617,363,993.97	-
Changan Mazda Automobile Co., Ltd.	1,165,287,267.32	-	-	120,709,554.23	-	-	-	-	1,285,996,821.55	-
Changan Ford Mazda Engine Co., Ltd.	599,468,669.92	-	-	507,303,463.50	-	-	-	-	1,106,772,133.42	-
Changan PSA Automobiles Co., Ltd.	1,957,257,672.14	-	-	(161,510,779.33)	-	-	-	-	1,795,746,892.81	-
Associates										
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	8,772,039.08	-	-	448,145.51	-	-	-	-	9,220,184.59	-
Chongqing Changan Kuayue Automobile Co., Ltd.	64,068,246.00	-	-	2,490,445.97	-	-	-	-	66,558,691.97	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Beijing Fang'an taxi Co., Ltd.	998,629.64	-	-	(998,629.64)	-	-	-	-	-	-
Subsidiaries										
Nanjing Changan Automobile Co., Ltd.	422,533,259.00	-	-	-	-	-	-	-	422,533,259.00	-
Hebei Changan Automobile Co., Ltd.	437,935,236.00	288,000.00	-	-	-	-	-	-	438,223,236.00	-
Chongqing Changan International Automobile Sales Co., Ltd.	13,068,580.00	-	-	-	-	-	-	-	13,068,580.00	-
Chongqing Changan Automobile support ing service Co., Ltd.	29,700,000.00	-	-	-	-	-	-	-	29,700,000.00	-
Chongqing Changan Automobile Sales Co., Ltd.	48,500,000.00	-	-	-	-	-	-	-	48,500,000.00	-

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Chongqing Changan Automobile sales subsidiaries	8,050,000.00	-	-	-	-	-	-	-	8,050,000.00	-
Chongqing Changan Special Automobile sales Co., Ltd.	2,500,000.00	-	-	-	-	-	-	-	2,500,000.00	-
Chongqing Changan Europe Design Academy Co., Ltd.	134,879,700.00	-	-	-	-	-	-	-	134,879,700.00	-
Chongqing Changan new Engergy Automobile Co. Ltd.	18,850,000.00	-	-	-	-	-	-	-	18,850,000.00	-
Changan United Kingdom R&D Center Co., Ltd.	981,934.40	-	-	-	-	-	-	-	981,934.40	-
Beijing Changan R&D Center Co., Ltd.	1,000,000.00	-	-	-	-	-	-	-	1,000,000.00	-
Harbin Changan R&D Center Co., Ltd.	1,000,000.00	-	-	-	-	-	-	-	1,000,000.00	-
Jiangxi Changan R&D Center Co., Ltd.	2,000,000.00	-	(2,000,000.00)	-	-	-	-	-	-	-
Shanghai Changan R&D Center Co., Ltd.	1,000,000.00	-	-	-	-	-	-	-	1,000,000.00	-
Changan Japan Designing Center Co., Ltd.	1,396,370.15	-	-	-	-	-	-	-	1,396,370.15	-
Changan United States R&D Center Co., Ltd.	1,317,720.00	-	-	-	-	-	-	-	1,317,720.00	-
Hebei Baoding Changan Bus Co., Ltd.	176,002,613.18	-	-	-	-	-	-	-	176,002,613.18	-
Hefei Changan Automobile Company Ltd.	-	35,367,765.23	-	-	-	-	-	-	35,367,765.23	-
Changan Automobile Russia Co., Ltd.	-	1,242,589.15	-	-	-	-	-	-	1,242,589.15	-
Changan Brazil Holdings Limited	-	2,161,591.21	-	-	-	-	-	-	2,161,591.21	-
Total	13,658,387,927.37	39,059,945.59	(30,024,712.81)	7,991,213,934.13	-	3,127,864.50	(7,700,000,000.00)	-	13,961,764,958.78	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2014
(Expressed in Renminbi Yuan)

2013

Investee	Opening Balance	Addition	Deduction	Investment income/loss under equity method	Other comprehensive income	Other movements of equity	Dividend of cash declared	Provision	Ending Balance of book value	Ending Balance of provision
Joint ventures										
Chongqing Changan Suzuki Automobile Co., Ltd.	1,421,953,088.21	-	-	917,918.98	-	-	-	-	1,422,871,007.19	-
Jiangling Holding Co., Ltd.	1,706,722,325.52	-	-	263,346,186.29	-	-	-	-	1,970,068,511.81	-
Changan Ford Automobile Co., Ltd.	2,677,677,911.23	-	-	4,091,202,560.31	-	-	(1,600,000,000.00)	-	5,168,880,471.54	-
Changan Mazda Automobile Co., Ltd.	1,115,310,608.80	-	-	49,976,658.52	-	-	-	-	1,165,287,267.32	-
Changan Ford Mazda Engine Co., Ltd.	475,236,298.82	-	-	124,232,371.10	-	-	-	-	599,468,669.92	-
Changan PSA Automobiles Co., Ltd.	-	2,007,841,700.00	-	(50,584,027.86)	-	-	-	-	1,957,257,672.14	-
Associates										
Chongqing HelpGo Information Technology Co., Ltd.	10,316,211.80	-	(10,316,211.80)	-	-	-	-	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	8,415,002.53	-	-	357,036.55	-	-	-	-	8,772,039.08	-
Chongqing Changan Kuayue Automobile Co., Ltd.	63,870,734.11	-	-	197,511.89	-	-	-	-	64,068,246.00	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Beijing Fang'an taxi Co., Ltd.	6,000,000.00	-	-	(5,001,370.36)	-	-	-	-	998,629.64	-
Subsidiaries										
Nanjing Changan Automobile Co., Ltd.	413,805,259.00	8,728,000.00	-	-	-	-	-	-	422,533,259.00	-
Hebei Changan Automobile Co., Ltd.	437,635,236.00	300,000.00	-	-	-	-	-	-	437,935,236.00	-
Chongqing Changan International Automobile Sales Co., Ltd.	13,068,580.00	-	-	-	-	-	-	-	13,068,580.00	-
Chongqing Changan Automobile supporting service Co., Ltd.	29,700,000.00	-	-	-	-	-	-	-	29,700,000.00	-
Chongqing Changan Automobile Sales Co.,	48,500,000.00	-	-	-	-	-	-	-	48,500,000.00	-

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2014
(Expressed in Renminbi Yuan)

Ltd.										
Chongqing Changan Automobile sales subsidiaries	8,050,000.00	-	-	-	-	-	-	-	8,050,000.00	-
Chongqing Changan Special Automobile sales Co., Ltd.	2,500,000.00	-	-	-	-	-	-	-	2,500,000.00	-
Chongqing Changan Europe Design Academy Co., Ltd.	134,879,700.00	-	-	-	-	-	-	-	134,879,700.00	-
Chongqing Changan new Engergy Automobile Co. Ltd.	18,850,000.00	-	-	-	-	-	-	-	18,850,000.00	-
Changan United Kingdom R&D Center Co., Ltd.	981,934.40	-	-	-	-	-	-	-	981,934.40	-
Beijing Changan R&D Center Co., Ltd.	1,000,000.00	-	-	-	-	-	-	-	1,000,000.00	-
Harbin Changan R&D Center Co., Ltd.	1,000,000.00	-	-	-	-	-	-	-	1,000,000.00	-
Jiangxi Changan R&D Center Co., Ltd.	2,000,000.00	-	-	-	-	-	-	-	2,000,000.00	-
Shanghai Changan R&D Center Co., Ltd.	1,000,000.00	-	-	-	-	-	-	-	1,000,000.00	-
Changan Japan Designing Center Co., Ltd.	1,396,370.15	-	-	-	-	-	-	-	1,396,370.15	-
Changan United States R&D Center Co., Ltd.	1,317,720.00	-	-	-	-	-	-	-	1,317,720.00	-
Hebei Baoding Changan Bus Co., Ltd.	176,002,613.18	-	-	-	-	-	-	-	176,002,613.18	-
Total	8,777,189,593.75	2,016,869,700.00	(10,316,211.80)	4,474,644,845.42	-	-	(1,600,000,000.00)	-	13,658,387,927.37	-

4. Operating revenue and cost

(1) Operating revenue, operating cost

Item	2014		2013	
	Revenue	Cost	Revenue	Cost
Primary Operation	51,229,276,554.88	42,760,989,717.11	32,188,012,740.23	26,654,719,173.47
Other Operation	1,265,377,194.16	685,289,608.51	1,048,667,930.67	590,723,617.76
Total	52,494,653,749.04	43,446,279,325.62	33,236,680,670.90	27,245,442,791.23

(2) Revenue listed by products are as follows:

Item	2014		2013	
	Revenue	Cost	Revenue	Cost
Sales of goods	52,283,588,111.85	43,257,415,173.92	33,024,462,891.90	27,055,776,426.79
Outsourcing processing	211,065,637.19	188,864,151.70	212,217,779.00	189,666,364.44
Total	52,494,653,749.04	43,446,279,325.62	33,236,680,670.90	27,245,442,791.23

5. Investment income

(1) Details of investment income

Item	2014	2013
Long-term equity investment income under equity method	7,991,213,934.13	4,474,644,845.42
Long-term equity investment income through resulted from disposal of long-term equity	(1,236,986.88)	(250,733.75)
Investment income during holding period of available-for-sale financial assets	33,382,435.46	28,788,203.42
Others	6,035,833.33	10,941,666.67
Total	8,029,395,216.04	4,514,123,981.76

(2) Available-for-sale financial assets under cost method

Investee	2014	2013
China South Industry Group Finance Co., Ltd.	31,252,435.46	23,413,203.42
Chongqing Ante trading Co., Ltd	-	3,600,000.00
Total	31,252,435.46	27,013,203.42

5. Investment income (continued)

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

Investee	2014	2013	Reason for the fluctuation
Changan Ford Automobile Co., Ltd.	7,148,483,522.43	4,091,202,560.31	Increase in profit due to sales expansion
Changan Mazda Automobile Co., Ltd.	507,303,463.50	49,976,658.52	Increase in profit due to sales expansion
Chongqing Changan Suzuki Automobile Co., Ltd.	10,299,515.59	917,918.98	Increase in profit due to sales expansion
Changan Ford Mazda Engine Co., Ltd.	120,709,554.23	124,232,371.10	Increase in profit due to sales expansion
Jiangling Holding Co., Ltd.	363,988,695.87	263,346,186.29	Increase in profit due to sales expansion
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	448,145.51	357,036.55	Increase in profit due to sales expansion
Beijing Fang'an Taxi Co., Ltd.	(998,629.64)	(5,001,370.36)	Decrease in loss profit due to sales expansion
Changan PSA Automobiles Co., Ltd.	(161,510,779.33)	(50,584,027.86)	High cost due to initial operation
Chongqing Changan Kuayue Automobile Co., Ltd.	2,490,445.97	197,511.89	Increase in profit due to sales expansion
Total	7,991,213,934.13	4,474,644,845.42	Increase in profit due to sales expansion

1. Schedule of non-recurring profit and loss

Item	2014
Gain and loss arising from disposal of non-current assets (including write-off of accrued impairment loss on assets)	(17,293,198.19)
Government grants (excluding the grants closely related to enterprise business, which the Group enjoyed according to the allotment standards or quantitative criteria of the country)	339,001,795.70
Profit arising from subsidiary under common control from opening to business combination date	(43,390,581.51)
Other non-operating income and expenses	40,605,150.13
Capital occupied income from non-financial entities	36,729,835.74
Effect on income tax	(66,584,968.46)
Effect on minority shareholders (after tax)	(6,995,127.07)
Total	282,072,906.34

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

2014

Profit	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	34.20	1.62	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	32.96	1.56	N/A

2013

Profit	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	21.77	0.72	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	20.27	0.67	N/A

The Company has no dilutive potential ordinary shares.

In accordance with the regulations issued by China Security Regulation Commission, Regulation of Information Disclosure of Public Companies—the Calculation and Disclosure of Return of Net Assets and Earning per Share (2010 Revision), the Group disclosed the return of net assets and earnings per share in the reporting period.

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.

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. Zhu Huarong

Chongqing Changan Automobile Co., Ltd.

15 April, 2014