



1

**Chongqing Changan Automobile Company Limited**  
**Semi-annual Report 2015**

**August 2015**

## **I.Important directory and interpretation**

The Board of Directors & Supervisors, the directors, supervisors and senior management of the Company guarantee that the information contained in the report is free of false records, misleading statements or significant omissions, and assume individual and joint liabilities for the truthfulness, accuracy and integrity of the report.

All the directors attended the board meeting on auditing the report.

For the first half of the year, the Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either.

Chairman Mr. Xu Liuping, Chief Accountant Mr. Wang Kun, and the Chief of Accountant department Mr. Hua Zhanbiao guarantee: the truthfulness and completeness of the financial statements of this semi-annual report.

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

## Contents

I	Important notes, contents and definitions
II	General introduction to the Company
III	Accounting data and summary of financial indexes
IV	Report by Board of Directors
V	Important Issues
VI	Change in shares and information about shareholders
VII	Information on directors, supervisors, senior executives and staffs
VIII	Financial Statements
IX	Document for future reference

## Definition

Changan Auto., the Company	meaning	Chongqing Changan Automobile Company Limited
South Industries	meaning	China South Industries Group Corp. Company's actual controller
China Changan	meaning	China Changan, old name: China South Industries Automobile Co., Ltd., a subsidiary company of South Industries
Changan Industry	meaning	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	meaning	Nanjing Changan Automobile Co., Ltd., a subsidiary company of the Company
Hebei Changan	meaning	Hebei Changan Automobile Co., Ltd., a subsidiary company of the Company
Hefei Changan	meaning	Hefei Changan Automobile Co., Ltd., a subsidiary company of the Company
Changan Bus	meaning	Baoding Changan Automobile Co., Ltd., a subsidiary company of the Company
International Company	meaning	Chongqing Changan Automobile International Sales Service Co., Ltd.
CFA	meaning	Changan Ford Automobile Co., a JV of the Company
CMA	meaning	Changan Mazda Automobile Co., a JV of the Company
CFME	meaning	Changan Ford Mazda Engine Co., a JV of the Company
CAPSA	meaning	Changan PSA Automobiles Co., Ltd, a JV of the Company
Changan Suzuki	meaning	Chongqing Changan Suzuki Auto. Co.Ltd., a JV of the Company
Jiangling holding	meaning	Jiangling Holding Co., a JV of the Company
Hafei Group	meaning	Harbin Hafei Automobile Industry Group Co., Ltd., a subsidiary company of China Changan
CMAL	meaning	Chongqing Changan Minsheng APLL Logistics Co., Ltd, a subsidiary company of Changan Industry
Financial Co. of CSGC	meaning	Financial Co. of China South Industries Group Corporation
Zhonghui Futong	meaning	ZhongHui fortis investment co., LTD., a subsidiary of China Changan
Hefei Changan	Refers to	Hefei Changan Automobile Co., Ltd., a subsidiary company of the Company

## II. General Introduction to the Company

### I. Company information

Share referred to as	Changan Auto, Changan B	Share code	000625、200625
Listed securities exchange	Shenzhen securities exchange		
The company's legal Chinese Name	重庆长安汽车股份有限公司		
Abbreviations of company's legal Chinese Name	长安汽车		
The company's legal English Name	Chongqing Changan Automobile Company Limited		
The company's legal representative	Xu Liuping		

### II. Contacts

	The secretary of the board of directors	representative of securities transaction
Name	Wang Kung(Agent)、 Li Jun	
Address	No.260 Jianxin East Road, Jiangbei District of Chongqing	
Tel.	023-67594008	
Fax	023-67866055	
e-mail	cazqc@changan.com.cn	

### III. Others

#### 1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

Applicable  Not applicable

Registrations address, offices address and codes as well as website and email of the Company have no change in reporting period. See more details in Annual Report 2014.

#### 2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

Applicable  Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period. See more details

in Annual Report 2014.

3. Registration changes of the Company

Whether registration has changed in reporting period or not

Applicable  Not applicable

Date/place for registration of the Company, registration number for enterprise legal license, number of taxation registration and organization code have no change in reporting period. See more details in Annual Report 2014.

4. Other relevant information

Whether other relevant information has changed in reporting period or not

Applicable  Not applicable

### III. Accounting data and summary of financial indexes

#### I、Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes  No

In RMB yuan

	Report period	Same period of last year	Increase/decrease y-o-y (%)
Operating revenue (RMB)	33,052,955,177.49	24,206,730,641.95	36.54%
Net profit attributable to shareholders of the listed company (RMB)	5,085,266,527.13	3,628,092,998.93	40.16%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	4,889,911,259.69	3,562,976,770.99	37.24%
Net cash flow arising from operating activities (RMB)	6,436,148,978.03	3,541,495,260.91	81.74%
Basic earnings per share (RMB/Share)	1.09	0.78	39.74%
Diluted earnings per share (RMB/Share)	1.09	0.78	39.74%
Weighted average ROE (%)	18.44%	17.61%	0.83% up
	Report period	Same period of last year	Increase/decrease y-o-y (%)
Total assets (RMB)	79,898,841,119.46	69,687,352,890.82	14.65%
Net assets attributable to shareholder of the listed company (RMB)	29,504,554,653.01	25,637,298,549.80	15.08%

#### 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

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

Applicable  Not applicable

**III、 non-recurring profit and loss project and cash**

In RMB yuan

Project	Amount	Illustration
Gain/loss of non-current assets	-2,376,011.85	
The government subsidies included in the current profits and losses (except government subsidies closely related to corporate business, entitled in fixed quota or quantity)	207,987,113.43	
Current net profit from beginning to combined date of business combination under common control		
Investment income from disposing available-for-sale equity securities		
Other non-business income and expenditures other than the above items	30,693,680.11	
Subtract: Influenced amount of income tax	38,417,385.55	
Influenced amount of minority shareholders' equity (after tax)	2,532,128.70	
<b>Total</b>	<b>195,355,267.44</b>	

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.



## IV. Report by Board of Director

### I、Overview

In the first half of 2015, the Company actively responded to the challenges of increasing market competition, and economic downward pressure, etc., while the production and operation reached a historical high. During the reporting period, the Company and its associated enterprises and subordinate joint ventures sold more than 1.466 million vehicles in total, up 11% year-on-year, 9.6 percentage points higher than the industry average. Among them, 0.549 million Changan brand passenger vehicles (including the new mini bus, excluding JVs) have been sold, up 40% year-on-year, ranking first among Chinese brands. In China's auto market, the Company achieved a market share of about 12.4%, 1.1 percentage points higher than the previous year, and the sales volume continues to rank top 3 in Chinese automobile industry. (Data source: China Association of Automobile Manufacturers.)

### II、Analysis of Main Business

During the reporting period, the Company delivered operating revenue of RMB 33,052,955,177.49 Yuan and net profit attributable to shareholders of public Corporation RMB 5,085,266,527.13 Yuan, with year-on-year growth of 36.54% and 40.16% respectively. As of the end of the reporting period, the Company's total assets reached RMB 79,898,841,119.46 Yuan, up 14.65% compared with the beginning of the year, total liabilities RMB 50,603,703,606.97 Yuan, up 14.41% compared with the beginning of the year, debt asset ratio 63.33%, down 0.14 percentage points compared with the beginning of the year. During the reporting period, the Company delivered net increase in cash and cash equivalents of RMB 3,982,053,336.06 Yuan, with a year-on-year increase of RMB 728,252,405.51 Yuan, with a year-on-year growth of 22.38%. The net cash flow from operating activities reached RMB 6,436,148,978.03 Yuan, with an increase of RMB 2,894,653,717.12 Yuan, up 81.74%. The Company has constantly improved its operation quality and enhanced its profitability.

#### Y-o-y changes of main financial data

In RMB yuan

	Current period	Same period of last year (restated)	Y-o-y increase/decrease	Reasons for changes
operating revenue	33,052,955,177.49	24,206,730,641.95	36.54%	Increase in scale of production and sales
Operating cost	27,249,934,200.22	19,995,482,492.16	36.28%	Increase in scale of production and sales
Business tax and surcharges	1,545,626,871.52	925,095,503.04	67.08%	Increase in the sales and the proportion of high-tax-rate models, which led the increase in consumption tax
Operating expenses	2,135,150,631.89	2,115,030,025.67	0.95%	
General and administrative expenses	2,039,913,264.88	1,603,360,209.07	27.23%	Increase in salary payable, depreciation and technology research expenses
Financial expenses	-75,769,863.16	89,149,560.21	-184.99%	Decrease in interest income and increase in interest expenses
Impairment loss on assets	128,153,351.20	32,554,907.42	293.65%	Impairment loss on fixed assets and intangible assets in previous period.
Investment income	4,962,949,794.75	4,084,040,246.48	21.52%	Large increase in investment income from

				Changan Ford&Changan Mazda.
Non-operating income	253,309,797.80	90,453,586.04	180.04%	Increase in government grant.
Total profit	5,229,201,297.38	3,615,297,138.57	44.64%	Large increase in investment income from the joint ventures and the Chinese brand profits.
Income tax expense	171,465,058.19	-530,676.54	32410.65%	Increase in current income tax expenses and decrease in deferred income tax expenses.
Net profit attributable to owners	5,085,266,527.13	3,628,092,998.93	40.16%	Large increase in investment income from the joint ventures and the Chinese brand profits.
R&D investment	1,103,565,009.68	916,014,863.95	20.47%	
Subtotal of cash inflow from operating activities	6,436,148,978.03	3,541,495,260.91	81.74%	Mainly because of the growth of sales income higher than taxes expense, payroll, cash commodity
Subtotal of cash inflow from investment activities	-1,201,620,752.08	2,843,012,123.55	-142.27%	Dividends from Changan Ford reduce.
Subtotal of cash in-flow from financing activity	-1,256,059,164.34	-3,129,616,790.47	59.87%	Caused by the reduction of the cash to pay the debt, and the increase of the cash dividend, the profit or the payment of interest.
Net increase in cash and cash equivalents	3,982,053,336.06	3,253,800,930.55	22.38%	

Major changes on profit composition or profit resources in reporting period

Applicable  Not applicable

No major changes on profit composition or profit resources occurred in reporting period. The future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

Applicable  Not applicable

### Review on the previous business plan and its progress during reporting period

In the first half of the year 2015, 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 1.466 million, which completed 50.05% of the planned business indicators. Sales revenue is 115.072 Billion Yuan (including full revenue from joint venture) on statistic basis, with 46.03% over the annual plan, and 33.05 Billion Yuan from consolidated financial statements, with 56.02% over the annual plan.

### III、Composition of Main Business

in RMB Yuan

	Operating revenue	Operating cost	Gross profit	Increase or decrease of operating revenue y-o-y	Increase or decrease of operating cost y-o-y	Increase or decrease of gross profit y-o-y
<b>According to industries</b>						

Automobile Production	32,500,273,613.80	26,975,703,171.68	17.00%	37.29%	37.13%	0.10 percentage points increased
<b>According to products</b>						
(一) Complete vehicle	32,410,068,040.76	26,909,610,981.03	16.97%	37.66%	37.63%	0.01 percentage points increased
Passenger Vehicle (Contains SUV)	24,421,214,547.75	19,601,131,933.83	19.74%	86.63%	84.52%	0.92percentage points increased
Mini Vehicle( Contains light vehicle)	7,988,853,493.01	7,308,479,047.20	8.52%	-22.66%	-17.03%	6.20 percentage points decreased
(二) Outsourcing	90,205,573.04	66,092,190.65	26.73%	-30.12%	-44.85%	19.57percentage points increased
<b>According to region</b>						
domestic	32,264,164,073.00	26,743,919,822.88	17.11%	38.67%	38.73%	0.03 percentage points decreased
overseas	236,109,540.80	231,783,348.80	1.83%	-41.79%	-41.06%	1.22 percentage points decreased

During the period, the increase in gross profit margin of passenger Vechiles (including SUV) was due to the increase in sales of Eado , CS35 and CS75 , and the product structure optimization.

#### IV、 Analysis of Core Competitiveness

In the first half of 2015, the Company has been constantly promoting independent innovation and R&D capabilities, continuously improving its product competitiveness, and delivering effective brand communication.

During the reporting period, EADO 2015, EADO all-electric , EADO XT 2015, CS35 2015, STAR 3 and EULOVE X6 were successfully launched into the market; The Company simultaneously progressed its CS95, CS75 4x4, OUSHANG as planned. The Company sped up the transformation of traditional car to smart car, forming a "654" intelligent strategy; all-electric drive technology platform as the main line, synchronous development plug-in hybrid technology platform, forming a new energy "518" strategy. The latest R & D all wheel drive technology, intelligent technology, new energy core technology showed in the 3rd Carnival , fully demonstrated the efforts and achievements of company in the traditional technology and innovative energy, intelligent research and development,impressed and caught the attention of the mainstream media and consumers.

Meanwhile, The total sales volume of Changan's indigenous brand passenger vehicles was 0.549 million, with 40.0% increase y-o-y, ranking first among Chinese brands, and the growth's higher than the industry average. During the period, Changan CS75、CS35、EADO were sold 87,000 units,89,000 units,101,000 units. The volume of Alsvin series and Benben series outstood the market of Chinese brand segmentation.

In terms of brand promotion, the Company adheres to "user oriented, prioritizing user thinking and experience, innovation in brand communication". The Company exclusively successfully sponsored "Amazing Chinese", further enhancing its brand influence. CS75 achieved the Five-star rating with 59 points in the C-NCAP, which proved CS75 to be the most safe car in Chinese vehicle maker.

## V、Investment analysis

### 1、Foreign equity investment

#### (1) Foreign equity investment

Applicable  Not applicable

#### (2) A financial enterprise equity situation

Company name	Type of Company	Intinial investment cost (yuan)	At the beginning of the period number of shares (shares)	Initial share precentage	The final number of shares (shares)	The final ownershi p	The final book value (yuan)	Reporting period income (yuan)	Accounting subjec	Source of stock
Southwest Securities	Securities Company	50,000,000	17,750,000	0.76%	17,750,000	0.76%	348,787,500		Available for sale financial assets	Initial investment
China South Industries Group financial company	Others	80,000,000		5.33%		5.33%	80,000,000	52,219,215.31	Long term equity investment	Initial investment
total		130,000,000			--		428,787,500	52,219,215.31	85,283,745.82	--

#### (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、 Analysis of main holding 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)
Changan Ford Motor Co., Ltd	24,100 USD	50%	Produce and sell auto and parts	4,778,668	5,563,598	879,619
Changan Mazda Co., Ltd	11,097 USD	50%	Produce and sell auto and parts	1,128,768	921,075	82,561
Changan Ford Mazda Engine Co., Ltd	20,996 USD	50%	Produce and sell engine parts	258,728	168,386	16,043
Chongqing Changan Suzuki Automobile Co., Ltd	19,000 USD	50%	Produce and sell auto and parts	684,110	480,934	-4,697
Changan PSA Automobiles Co.,Ltd	400,000	50%	Produce and sell auto and parts	865,291	181,664	-23,571
JMC Holding Co., Ltd.	200,000	50%	Produce and sell auto and parts	750,813	124,576	36,440

During the reporting period, the joint venture Changan Ford production and marketing set a new record, new products such as Escort, Edge successfully launched into the market, kuga, new Mondeo, and new Focus continued to be best-selling products, to achieve 0.4297 million vehicle sales, an increase of 7.2% year-on-year, net profit of 87.96 billion yuan, grew 18.93% year-on-year; Changan Mazda with excellent performance of cx-5 and Mazda3 Axela, car sales 78.9 thousand, an increase of 89.9% year-on-year, net profit of 0.826 billion yuan, an increase of 99.79% year-on-year.

**5、 Major projects with non-raised capital investment**

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

**VI、 Prediction of business performance for Jan-Sept 2015**

Alert of loss or significant change in net profit from the beginning of year to the end of next report period or comparing with the same period of last year, and statement of causations.

Applicable  Not applicable

## VII、Statement of the Board on the “non-standard auditors’ report” issued by the CPA on the current report period

Not applicable

## VIII、Statement of the Board on the variation and treatment of events that involved in the “non-standard auditors’ report” issued by the CPA on previous fiscal year

Not applicable

## IX、The implementation of profit distribution during the reporting period

By May 8, 2015 the Company held the 2014 annual meeting of shareholders. The 2014 annual interest distribution scheme is: The company's existing total share capital of 4662886108 shares as the base, to all shareholders 10 per share cash delivery 2.5 yuan (including tax). The equity allocation of A equity registration date is June 25, 2015, Ex dividend date is June 26, 2014, B share the last trading day of June 25, 2015, ex dividend date for June 26, 2015. The equity registration date for June 30, 2015. The profit distribution plan has been completed, a total of 1,169,092,724.43 yuan to distribute cash dividends.

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

## X、Registration form for the reception research, communication, interviews and other activities during the reporting period

Date	Location	manner	Reception object	Content discussed and material offered
2015.1.4	Meeting Room, Changan Headquarters	On-Site Survey	Ze yuan assets CSoochow Asset Management Co.	Automotive Industry Development and Company's Business
2015.2.4	Meeting Room, Changan Headquarters	On-Site Survey	Guotai Junan Securities, Future assets	Automotive Industry Development and Company's Business
2015.2.6	Meeting Room, Changan Headquarters	On-Site Survey	ITIC Securities, Huaan fund, CITIC-PRUDENTIAL Fund,	Automotive Industry Development and Company's Business

			Harvest Fund, People's insurance assets, Chang Sheng Fund, Value Partners Fund	
2015.3.6	Meeting Room, Changan Headquarters	On-Site Survey	Minzu Security	Automotive Industry Development and Company's Business
2015.3.13	Meeting Room, Changan Headquarters	On-Site Survey	Hao investment, CITIC Securities International	Automotive Industry Development and Company's Business
2015.4.17	Meeting Room, Changan Headquarters	telephone conference	CITIC construction investment	Automotive Industry Development and Company's Business
2015.5.6	Meeting Room, Changan Headquarters	On-Site Survey	Tiger Pacific Capital L.P.	Automotive Industry Development and Company's Business
2015.5.12	Meeting Room, Changan Headquarters	On-Site Survey	Fubon securities	Automotive Industry Development and Company's Business
2015.5.14	Meeting Room, Changan Headquarters	On-Site Survey	China Merchants securities, Xiao Yang investment, Shenzhen Tang financial investment	Automotive Industry Development and Company's Business
2015.5.27	Meeting Room, Changan Headquarters	On-Site Survey	Morgan asset management, Credit Suisse	Automotive Industry Development and Company's Business
2015.6.1	Meeting Room, Changan Headquarters	On-Site Survey	AllianceBernstein Assets, Deutsche Bank	Automotive Industry Development and Company's Business
2015.6.5	Meeting Room, Changan Headquarters	On-Site Survey	Huatai Securities	Automotive Industry Development and Company's Business
2015.6.8	Meeting Room, Changan Headquarters	On-Site Survey	Citibank,Jianan Investment	Automotive Industry Development and Company's Business
2015.6.10	Meeting Room, Changan Headquarters	On-Site Survey	Guolian Securities	Automotive Industry Development and Company's Business
2015.6.11	Meeting Room, Changan Headquarters	On-Site Survey	CI Global Investments Asia Ltd., Macquarie Securities	Automotive Industry Development and Company's Business
2015.6.25	Meeting Room, Changan Headquarters	On-Site Survey	Knowledge investment, Greenwoods Investment	Automotive Industry Development and Company's Business
2015.6.30	Meeting Room, Changan Headquarters	On-Site Survey	Paris capital of France	Automotive Industry Development and Company's Business
2015.6.30	Meeting Room, Changan Headquarters	On-Site Survey	CITIC construction investment	Automotive Industry Development and Company's Business

## V. Significant Events

### I、Governance status

The company strictly complies with laws and rules, such as “Company Law”, “Security Law” and “Management Standard of Listed Company”, and with standard operation of standard documents of listed company administration. During the report period, the company issued “Self Evaluation Report of 2014 Internal Control”, and Ernst&Yong Huaming Accounting Firm issued standard audit report of internal control.

### II、Major litigation and arbitration matters

applicable  not applicable

During the report period, the company has no major litigation and arbitration matters.

### III、Questioned situation by media

applicable  not applicable

During the report period the company has no widespread questioned situation by media.

### IV、Related matters of bankruptcy and restructure

applicable  not applicable

### V、Assets transaction matters

#### 1、Acquisition of assets

The dealing party or parent company	acquired or purchased assets	Dealing price(in 10 000yuan)	Progress	Impact on company's business	Impact on company's profit	The contribution in net profit ratio of net profit of the assets of the listed company	related party transaction	relationship with the dealing party	Date of disclosure	Index of disclosure
Chongqing Auto Finance Co., Ltd.	35% shares of Chongqing Auto	115,000	Approved by the general meeting of	to improve the conducive the company's	In the reporting period, no impact	N/A	Yes	Controlled by the same ultimate	7, March 2015	<a href="http://www.cninfo.com.cn/finalpage/2015-">http://www.cninfo.com.cn/finalpage/2015-</a>



	Finance Co., Ltd.		shareholders, is currently in the approval of the CBRC	industrial chain, to become a new profit growth source.				holding company		03-07/1200676764.PDF
--	-------------------	--	--	---	--	--	--	-----------------	--	----------------------

## 2、 sales of assets

applicable  not applicable

## 3、 Enterprise merger

applicable  not applicable

## VI、 Implementation and influence of the company equity incentive.

applicable  not applicable

## VII、 Major relevant transaction.

### 1、 Related party transaction related with daily operation.

For the detail, refer to Note 12 of the consolidated financial statements.

### 2、 Related party transaction at asset acquisition and sales.

See details in “Joint investment of significant related party transactions”

### 3、 Joint investment of significant related party transactions

The company intended to purchase 5% share of United Prosperity Co., Limited with self financing, which has been approved in the 26<sup>th</sup> meeting of the Sixth board of directors on 9 Jan., 2015. United Prosperity Co., Limited (Shenzhen) was currently in the preparation for the establishment. See details, please refer to the RPT publication. (Bulletin No. 2015-02)

The company intended to purchase 35% share of Chongqing Automobile Financing Co., Limited with self financing, which has been approved in the 29<sup>th</sup> meeting of the Sixth board of directors on 6 March., 2015. During the reporting period, the purchase of Chongqing Automobile Financing Co., Limited’s shares was approved by the Shareholders’ meeting and waiting for the approval from the China Banking Regulatory Commission. See details, please refer to the RPT publication. (Bulletin No. 2015-12)

### 4、 Related credits and liabilities

Available  Not available

For the detail, refer to Note 12 of the consolidated financial statements.

**5、 Other major related transaction.**

On the renewal of the related party transactions daily framework agreement, the lease framework agreement, the service agreement "connected transaction announcement	Apr. 2 of 2015	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
On the China South Group finance to provide financial services for the company's related party transactions notice	Apr. 2 of 2015	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Regardingon the development of trade finance transactions associated with the announcement of UPI	Apr. 2 of 2015	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Prediction of 2015 daily related transactions amount notice.	Apr. 17 of 2015	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Non-public offering of A shares involving related transactions	Apr. 23 of 2015	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

**VIII、 Important contract and implementation.****1、 Matters regarding hosting, contracting and leasing.****(1) Hosting**

Projects whose profit and loss brought to the company accounts for 10% of the total profits during the company report period.

Yes  No

**(2) Contracting**

Projects whose profit and loss brought to the company accounts for 10% of the total profits during the company report period.

Yes  No

**(3) Leasing**

Projects whose profit and loss brought to the company accounts for 10% of the total profits during the company report period.

Yes  No

**2、 Guarantee**

During the report period, the company has no guarantee.

**3、 Other important contract.**

Yes  No

**4、 Other important transaction.**

Yes  No

### IX、 Commitments of the company or shareholders holding more than 5% shares during the report period or during former period but continuing to this report period.

Commitment Item	Promisee	Promise content	Performance
The commitments of stock reform	China Changan	1. Will abide by the laws, regulations and rules, to perform the legal obligations. 2. Held by the original non-tradable shares from obtaining the right to list and trade date, At least 24 months is not publicly traded or transferred, The 24 months after the expiration of the term of, Non-tradable shareholders stock exchange through the sale of shares, The sale of shares of the company accounted for the proportion of the total number of within 12 months and not more than five percent, In 24 months of no more than ten percent. 3. Company in the shares changed after the completion of According to the national related management systems and methods for implementing the management equity incentive plan	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 share incentive plan before June 30, 2016, according to relevant national regulations and measures.
Other small shareholders commitment	China Changan	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.	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.

### X、 Cases of employing and dismissing accounting firm

If the semi-annual financial report has been audited.

Yes  No

### XI、 Punishment and rectification case

Statement of rectification

applicable  not applicable

## **XII、 Illegal delisting Risk Disclosure**

applicable     not applicable

## **XIII、 Statement of other important matters**

applicable     not applicable

## VI Stake Change and shareholders Information

### I、 Stake changes

	before this change		increase or decrease of this change					after this change	
	Amount	Proportion (%)	issue new shares	Bonus	Equity Fund	Other	Subtotal	Amount	Proportion (%)
一、 Shares of limited sale condition	373,381,553	8.01%				1438	1438	373,382,991	8.01%
1、 Shareholdings of state-owned legal personnel	373,358,342	8.01%						373,358,342	8.01%
2、 Shares of senior managers	23,211	0%				1,438	1,438	24,649	0%
二、 Shares of infinite sale condition	4,289,504,555	91.99%				-1,438	-1,438	4,289,503,117	91.99%
1、 RMB common stake	3,387,518,413	72.65%				-1,438	-1,438	3,387,516,975	72.65%
2、 Foreign shares listed abroad	901,986,142	19.34%						901,986,142	19.34%
三、 Total shares	4,662,886,108	100%						4,662,886,108	100%

Reason of stake change

applicable  not applicable

Approval of stake change

applicable  not applicable

Ownership transfer of stake change

applicable  not applicable

The influence of share change on financial indicators, such as the latest year and the latest basic earnings per share and diluted earnings per share, the net assets per share belonging to the common shareholder of the company

applicable  not applicable

Other contents which the company thinks it's necessary and securities supervision institution requires to publish.

applicable  not applicable

Statement of change of total shares and shareholder structure, corporate assets and liabilities structure

applicable  not applicable

### Change in Non-circulated shares

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	-	-	373,358,342	Stock reform commitment	June 30, 2016
Ren Qiang	4,311	-	1,438	5,749	Management shares	Oct.7,2015
Zhu Huarong	18,900	-	-	18,900	Management shares	6 months after the retirement
Total	373,381,553	-	1,438	373,382,991	--	--

## II、 Amount of shareholders and shareholdings

Unit: 1 share

Total amount of shareholders at the end of report period		The total amount of shareholders is 193,149, and A shareholder is 171,740, B shareholder is 21,409.						
Shareholders' holdings whose shares are over 5%.								
Shareholder Name	Nature of shareholders	stake (%)	Shareholding amount at the end of report period	changes during the report period	Share amount of limited sale condition	Share amount of infinite share condition	Pledge or freezing situation	
							share status	amount
China Changan Automobile Group Co., Ltd.	state owned legal person	39.11%	1,823,595,216	-	373,358,342	1,450,236,874	no pledge or freeze	0
Chinese life insurance Co. Ltd. -dividend - personal dividend -005L-FH002 Shen	domestic non-state legal person shares	1.54%	71,807,554	42,776,452		71,807,554	no pledge or freeze	0

National Security Portfolio 102	Social Fund-legal person shares	domestic non-state legal person shares	1.29%	60,014,324	-	60,014,324	no pledge or freeze	0
United Prosperity Investment Co., Limited(UPI),	foreign legal person shares	foreign legal person shares	0.97%	45,195,100	-	45,195,100	no pledge or freeze	0
HTHK-MANULIFE CHINA VALUE FUND	foreign legal person shares	foreign legal person shares	0.74%	34,519,781	-3,992,673	34,519,781	no pledge or freeze	0
MORGAN STANLEY & CO. INTERNATIONAL PLC	foreign legal person shares	foreign legal person shares	0.66%	30,681,619	18,802,003	30,681,619	no pledge or freeze	0
GAOLING FUND,L.P.	foreign legal person shares	foreign legal person shares	0.58%	26,839,458	24,232,654	26,839,458	no pledge or freeze	0
GIC PRIVATE LIMITED	foreign legal person shares	foreign legal person shares	0.54%	25,124,631	8,504,126	25,124,631	no pledge or freeze	0
MANULIFE GLOBAL FUND	foreign legal person shares	foreign legal person shares	0.53%	24,562,150	-4,047,640	24,562,150	no pledge or freeze	0
Chinese life insurance Co. Ltd -	domestic non-state legal person shares	domestic non-state legal person shares	0.51%	23,646,258	23,646,258	23,646,258	no pledge or freeze	0

## Top 10 Shareholder Information of Infinite Sale Condition

Shareholder Name	Share amount of infinite sale condition at the end of report period	stock class	
		stock class	amount
China Changan Automobile Group Co., Ltd.	1,450,236,874	RMB Common Stock	1,450,236,874
Chinese life insurance Co. Ltd. -dividend - personal dividend -005L-FH002 Shen	71,807,554	RMB Common Stock	71,807,554
National Social Security Fund- Portfolio 102	60,014,324	RMB Common Stock	60,014,324
United Prosperity Investment Co., Limited(UPI),	45,195,100	domestic foreign share	45,195,100
HTHK-MANULIFE CHINA VALUE FUND	34,519,781	domestic foreign share	34,519,781
MORGAN STANLEY & CO. INTERNATIONAL PLC	30,681,619	domestic foreign share	30,681,619

GAOLING FUND,L.P.	26,839,458	domestic foreign share	26,839,458
GIC PRIVATE LIMITED	25,124,631	domestic foreign share	25,124,631
MANULIFE GLOBAL FUND	24,562,150	domestic foreign share	24,562,150
Chinese life insurance (Group) Ltd - traditional - General insurance products -005L-CT001shen	23,646,258	RMB Common Stock	23,646,258
Correlation or concerted action among top 10 infinite sale tradable share holders, and between top 10 infinite sale tradable share holders and top 10 shareholders.	Among the top 10 shareholders, China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity Investment Co., Limited belong to the concerted actor regulated by "Disclosure Administration of Shares Change Information of The Listed Company".		

If any repurchase transaction appointment of shareholders during the report period

Yes  No

### III、 Changes of controlling shareholders or actual controller.

Changes of controlling shareholders during the report period

applicable  not applicable

Changes of actual controllers during the report period

applicable  not applicable



## VII Directors, Supervisors and Senior Managers Information

### I、Share ownership of directors, supervisors and senior managers

applicable  not applicable

The share ownership of the directors, supervisors and senior managers have no change during the report period, details refer to 2014 annual report.

### II、Departure and firing information of the directors, supervisors and senior manager

Name	Duties	Type	Date	Reason
Zhou Zhiping	Director	Voted	25,Mar. 2015	Job demand
Zhang Dongjun	Director	Voted	25,Mar. 2015	Job demand
Ren Qiang	Director、 Vice President	Outgoing	7, Apr. 2015	On age reason
Yuan Mingxue	Vice President	Appointment	7, Apr. 2015	Job demand
Li Wei	Vice President	Appointment	7, Apr. 2015	Job demand

## VIII Financial Statements

### I Auditing Report

Semi-annual report is audited

Yes  No

Without the semi-annual financial report audit.

### II Financial statement

Financial in notes to the statements of the unit is: RMB yuan

#### 1、 Consolidated Balance Sheet

Account	Ending Balance	Opening Balance(Restated)
Current assets:		
Cash	13,644,093,727.18	9,693,083,497.78
Deposit Reservation for Balance		
Funds loaned to other financial institutions		
Financial assets held for trading		
Notes receivable	17,626,149,318.14	17,780,161,662.94
Accounts receivable	754,115,841.33	758,876,190.82

Prepayments	840,566,586.72	839,752,551.46
Premiums receivable		
Reinsurance receivable		
Reinsurance reserve receivable		
Interest receivable	22,834,458.33	22,083,194.44
Dividend receivable	3,450,000,000.00	-
Other receivables	456,905,906.33	260,457,285.50
Reverse repurchase agreements		
Inventories	7,537,500,129.55	6,572,186,481.51
Non-current assets within one year Other current assets		
Other non-current assets	2,757,575.24	3,370,219.83
Total current assets	44,334,923,542.82	35,929,971,084.28
Non-current assets:		
Entrustment loans and advances		
Available-for-sale financial assets	497,596,774.00	544,456,774.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	14,084,720,179.90	12,623,989,600.46
Investment properties	9,330,018.56	9,460,145.04
Fixed assets	13,846,751,643.57	14,565,579,796.38
Construction in progress	2,009,339,839.34	1,273,996,965.24
Construction materials	96,690.75	96,690.75
Liquidation of fixed assets	12,412.53	12,412.53
Productive biological assets		
Oil and gas asset		
Intangible assets	2,966,870,464.69	2,878,965,225.15
Development expenditure	793,866,414.69	627,845,455.00
Goodwill	9,804,394.00	9,804,394.00
Long-term deferred expenses	2,492,131.42	1,687,863.32
Deferred tax assets	1,333,782,191.71	1,160,584,772.58
Other non-current assets	9,254,421.48	60,901,712.09
Total non-current assets	35,563,917,576.64	33,757,381,806.54
TOTAL ASSETS	79,898,841,119.46	69,687,352,890.82
Current liabilities:		
Short-term loans	80,000,000.00	90,000,000.00
Due to The People's Bank of China		

Placements of deposits from other financial institutions		
Funds borrowed from other financial institutions		
Financial liabilities held for trading		
Notes payable	17,313,411,040.78	13,108,623,397.32
Accounts payable	14,906,845,367.89	13,038,793,688.31
Advances from customers	6,010,658,378.93	5,802,717,284.79
Repurchase agreements		
Commission payable		
Payroll payable	796,179,675.53	1,022,369,664.80
Taxes payable	439,019,079.41	36,024,006.54
Interest payables	21,686,487.22	73,458,000.00
Dividend payables	79,742.80	79,742.80
Other payables	1,430,546,275.96	2,007,416,635.58
Reinsurance payable		
Reinsurance reserve payable		
Commission of security trading		
Commission of underwriting		
Non-current liabilities within one year	-	-
Other current liabilities	3,231,476,299.48	2,921,898,971.68
Total current liabilities	44,229,902,348.00	38,101,381,391.82
Non-current liabilities:		
Long-term loans	-	-
Bonds payable	1,973,143,639.87	1,971,184,679.89
Long-term payables	-	-
Special payables	132,490,778.32	146,635,935.13
Long-term payroll payables	41,905,434.06	48,317,000.00
Deferred income	2,624,968,828.71	2,687,392,181.26
Provisions	1,551,287,812.63	1,221,114,880.50
Deferred tax liabilities	50,004,765.38	55,915,125.00
Other non-current liabilities	-	-
Total non-current liabilities	6,373,801,258.97	6,130,559,801.78
Total liabilities	50,603,703,606.97	44,231,941,193.60
Owners' equity (or Shareholders' equity):		
Paid up capital (or Share capital)	4,662,886,108.00	4,662,886,108.00
Capital reserves	3,227,489,320.83	3,227,489,320.83
Less: Treasury shares		

Special reserves	14,408,613.97	7,864,849.94
Surplus reserves	2,331,443,054.00	2,331,443,054.00
General reserve		
Retained earnings	19,031,775,622.49	15,115,601,819.79
Other comprehensive income	236,551,933.72	292,013,397.24
Equity attributable to owners	29,504,554,653.01	25,637,298,549.80
Minority interests	-209,417,140.52	-181,886,852.58
Total Owners' equity (or Shareholders' equity)	29,295,137,512.49	25,455,411,697.22
TOTAL LIABILITIES AND OWNERS' EQUITY( OR SHAREHOLDERS' EQUITY)	79,898,841,119.46	69,687,352,890.82

## 2、Balance sheet

Account	Ending Balance	Opening Balance
Current assets:		
Cash	12,767,290,886.88	8,828,152,864.35
Financial assets held for trading		
Notes receivable	17,126,267,633.00	17,437,167,211.16
Accounts receivable	4,041,521,089.40	2,761,909,831.22
Prepayments	809,023,277.59	718,818,105.48
Interest receivable	22,834,458.33	22,083,194.44
Dividend receivable	3,450,000,000.00	-
Other receivables	517,069,333.39	668,159,856.84
Inventories	6,733,123,601.20	5,742,492,948.04
Non-current assets within one year		
Other current assets	-	-
Total current assets	45,467,130,279.79	36,178,784,011.53
Non-current assets:		
Available-for-sale financial assets	497,596,774.00	544,456,774.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	15,422,495,538.22	13,961,764,958.78
Investment properties		
Fixed assets	11,545,074,377.18	12,096,357,952.31
Construction in progress	1,755,580,734.91	1,104,857,686.48

Construction materials	96,690.75	96,690.75
Liquidation of fixed assets		
Productive biological assets		
Oil and gas asset		
Intangible assets	2,682,363,705.86	2,609,607,273.08
Development expenditure	704,721,283.96	553,114,237.90
Goodwill		
Long-term deferred expenses	270,120.00	360,160.00
Deferred tax assets	1,281,334,773.82	1,074,871,906.67
Other non-current assets	9,254,421.48	60,901,712.09
Total non-current assets	33,898,788,420.18	32,006,389,352.06
TOTAL ASSETS	79,365,918,699.97	68,185,173,363.59
Current liabilities:		
Short-term loans	-	-
Financial liabilities held for trading		
Notes payable	16,527,601,110.78	12,543,099,927.12
Accounts payable	13,676,791,136.40	10,740,190,881.58
Advances from customers	6,100,573,739.52	5,759,636,471.07
Payroll payable	697,989,847.82	880,808,485.74
Taxes payable	768,398,693.52	377,767,827.46
Interest payable	20,988,000.00	73,458,000.00
Dividend payable	-	-
Other payables	1,070,405,402.06	1,689,613,940.30
Non-current liabilities within one year		
Other current liabilities	3,069,599,059.39	2,699,580,446.95
Total current liabilities	41,932,346,989.49	34,764,155,980.22
Non-current liabilities:		
Long-term loans	-	-
Bonds payable	1,973,143,639.87	1,971,184,679.89
Long-term payables		
Special payables	66,318,418.23	76,263,426.13
Long-term payroll payables	22,738,102.16	27,778,000.00
Provisions	1,424,650,358.15	1,203,676,749.38
Deffered income	2,150,398,750.35	2,195,144,515.81

Deferred tax liabilities	48,886,125.00	55,915,125.00
Other non-current liabilities	-	-
Total non-current liabilities	5,686,135,393.76	5,529,962,496.21
Total liabilities	47,618,482,383.25	40,294,118,476.43
Owners' equity (or Shareholders' equity):		
Paid up capital (or Share capital)	4,662,886,108.00	4,662,886,108.00
Capital reserves	2,831,662,835.16	2,831,662,835.16
Less: Treasury shares		
Special reserves	5,550,803.42	3,127,864.50
Surplus reserves	2,331,443,054.00	2,331,443,054.00
General reserve		
Retained earnings	21,638,284,141.14	17,744,494,650.50
Other comprehensive income	277,609,375.00	317,440,375.00
Equity attributable to owners	31,747,436,316.72	27,891,054,887.16
TOTAL LIABILITIES AND OWNERS' EQUITY( OR SHAREHOLDERS' EQUITY)	79,365,918,699.97	68,185,173,363.59

### 3、 Consolidated Income Statement

Account	Current Period	Prior Period(Restated)
I. Total operating revenue	33,052,955,177.49	24,206,730,641.95
Including: operating revenue	33,052,955,177.49	24,206,730,641.95
Interest income		
Earned premium		
Fee and commission income		
II. Total operating cost	33,023,008,456.55	24,760,672,697.57
Including: Operating cost	27,249,934,200.22	19,995,482,492.16
Interest expenses		
Fee and commission expenses		
Surrender value		
Compensation expenses		
Net insurance contract reserve		
Policy dividend expenses		
Reinsurance expenses		
Business tax and surcharges	1,545,626,871.52	925,095,503.04

Operating expenses	2,135,150,631.89	2,115,030,025.67
General and administrative expenses	2,039,913,264.88	1,603,360,209.07
Financial expenses	-75,769,863.16	89,149,560.21
Impairment loss on assets	128,153,351.20	32,554,907.42
Add: Profit and loss from fair value changes ('-' represent loss)	-	-
Investment income ('-' represent loss)	4,962,949,794.75	4,084,040,246.48
Including: Investment income from associates and from joint venture	4,910,730,579.44	3,998,756,500.66
Net foreign exchange differences('-' means loss)		
III. Operating profit ('-' represent loss)	4,992,896,515.69	3,530,098,190.86
Add: Non-operating income	253,309,797.80	90,453,586.04
Less: Non-operating expenses	17,005,016.11	5,254,638.33
Including: loss on disposal of non-current assets	2,420,217.68	2,119,964.57
IV. Total profit('-' represent loss)	5,229,201,297.38	3,615,297,138.57
Less: Income tax expense	171,465,058.19	-530,676.54
V. Net profit ('-' represent net loss)	5,057,736,239.19	3,615,827,815.11
Including: The net profit of the combined parties before business combination		
Net profit attributable to owners	5,085,266,527.13	3,628,092,998.93
Minority interests	-27,530,287.94	-12,265,183.82
VI. Earnings per share:	--	--
I) Basic earnings per share	1.09	0.78
II) Diluted earnings per share	1.09	0.78
VII. Other comprehensive income	-55,461,463.52	-61,466,744.58
VIII. Total comprehensive income	5,002,274,775.67	3,554,361,070.53
Total comprehensive income attributable to owners	5,029,805,063.61	3,566,626,254.35
Total comprehensive income attributable to minority interest	-27,530,287.94	-12,265,183.82

#### 4、Income Statement

Account	Current Period	Prior Perid
I. Operating revenue	32,515,813,857.05	24,162,773,507.80
Less: Operating cost	27,233,358,002.09	20,396,414,542.63
Business tax and surcharges	1,418,666,970.14	814,897,980.81

Operating expenses	1,958,088,618.34	1,871,260,928.21
General and administrative expenses	1,784,731,700.98	1,323,876,983.17
Financial expenses	-63,610,178.21	79,080,657.88
Impairment loss on assets	131,306,302.80	37,227,690.27
Add: Profit and loss from fair value Changes ('-' represent loss)		0
Investment income ('-' represent loss)	4,962,949,794.75	4,035,833,936.12
Including: Investment income from associates and from joint venture	4,910,730,579.44	3,998,756,500.66
II. Operating profit ('-' represent loss)	5,016,222,235.66	3,675,848,660.95
Add: Non-operating income	195,534,855.82	50,691,349.03
Less: Non-operating expenses	15,224,346.18	4,693,802.21
Including: loss on disposal of non-current assets	2,127,667.41	1,873,228.67
III. Total profit('-' represent loss)	5,196,532,745.30	3,721,846,207.77
Less: Non-operating expenses	133,650,530.23	-13,706,094.10
IV. Net profit ('-' represent net loss)	5,062,882,215.07	3,735,552,301.87
V. Earnings per share:	--	--
I) Basic earnings per share	1.09	0.80
II) Diluted earnings per share	1.09	0.80
VI. Other comprehensive income	-39,831,000.00	-20,820,750.00
VII. Total comprehensive income	5,023,051,215.07	3,714,731,551.87

## 5、Consolidated cash flow statement

Account	Current Period	Prior Perid(Restated)
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from sale of goods or rendering of services	35,141,800,670.55	22,950,249,965.77
Net increase in customer deposits and placements of deposits from other financial institutions		
Net increase in amounts due to the Central Bank		
Net decrease in funds loaned to other financial institutions		
Cash receipts from primary insurance contract		
Net cash receipts from reinsurance agreement		
Net increase in saving from incident and investment deposit		
Net increase in disposal of financial assets held for trading		



Cash receipts from interest and fee and commission income		
Net increase in funds borrowed from other financial institutions		
Net increase in repurchase agreements		
Refunds of taxes	79,197,122.73	53,487,718.04
Cash received relating to other operating activities	293,128,460.73	201,301,781.54
Sub-total of cash inflows	35,514,126,254.01	23,205,039,465.35
Cash paid for goods and services	20,825,746,616.91	13,693,761,452.04
Net increase in loans and advances		
Net increase in amounts due from the Central Bank and placements of deposits with other financial institutions		
Cash payments for primary insurance contract		
Cash payments for interest and fee and commission expenses		
Cash payments for policy dividend		
Cash paid to and on behalf of employees	2,646,019,208.40	2,056,666,113.04
Cash paid for all types of taxes	1,835,356,877.92	1,487,128,110.75
Cash paid relating to other operating activities	2,446,315,442.84	2,077,759,761.44
Sub-total of cash outflows	29,077,977,275.98	19,663,544,204.44
Net cash flows from operating activities	6,436,148,978.03	3,541,495,260.91
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash received from disposal of investments	601,825.61	1,674,312.38
Cash received from return on investments	52,219,215.31	4,135,283,745.82
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,674,312.38	1,144,000.58
Cash and cash equivalents of subsidiary receipts upon a acquisition		
Cash received relating to other investing activities	300,000	-
Sub-total of cash inflows	53,121,040.92	4,141,067,743.11
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,254,680,057.74	857,449,389.06
Cash paid for acquisition of investments	16,735.26	440,606,230.50
Net increase in pledged loan		
Cash paid for acquisition of subsidiary and other business units		
Cash paid relating to other investing activities		80,000.00

Sub-total of cash outflows	1,298,055,619.56	1,289,809,001.70
Net cash flows from investing activities	2,843,012,123.55	378,986,812.76
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash received from absorbing investment	59,542,544.63	352,099,306.98
Including: cash received from absorbing investment from minority interest of subsidiary		
Cash received from borrowings	60,000,000.00	60,000,000.00
Cash received from issuing bond		
Cash received relating to other financing activities	59,542,544.63	352,099,306.98
Sub-total of cash inflows	119,542,544.63	412,099,306.98
Cash repayments of borrowings	70,000,000.00	2,870,000,000.00
Cash paid for distribution of dividends or profits and interest expenses	1,267,345,683.09	641,699,921.19
Including: cash paid for dividends or profits and interest expenses to minority interest of subsidiary		
Cash paid relating to other financing activities	38,256,025.88	30,016,176.26
Sub-total of cash outflows	1,375,601,708.97	3,541,716,097.45
Net cash flows from financing activities	-1,256,059,164.34	-3,129,616,790.47
<b>IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH</b>	3,584,274.45	-1,089,663.44
<b>V. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,982,053,336.06	3,253,800,930.55
Add: Opening balance of cash and cash equivalents	9,362,853,917.71	3,942,941,861.56
<b>VI. CLOSING BALANCE OF CASH AND CASH EQUIVLANT</b>	13,344,907,253.77	7,196,742,792.11

## 6、Cash flow statement

Account	Current Period	Prior Perid
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from sale of goods or rendering of services	33,582,257,227.09	21,373,247,295.30
Refunds of taxes	-	-
Cash received relating to other operating activities	241,396,550.70	109,617,973.85
Sub-total of cash inflows	33,823,653,777.79	21,482,865,269.15
Cash paid for goods and services	20,278,237,719.02	13,167,625,862.58
Cash paid to and on behalf of employees	2,171,374,068.18	1,620,130,685.89

Cash paid for all types of taxes	2,909,386,502.31	1,629,267,335.44
Cash paid relating to other operating activities	2,241,148,509.78	1,685,109,380.73
Sub-total of cash outflows	27,600,146,799.29	18,102,133,264.64
Net cash flows from operating activities	6,223,506,978.50	3,380,732,004.51
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash received from disposal of investments	-	-
Cash received from return on investments	52,219,215.31	4,087,077,435.46
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	70,105,285.24	1,467,422.65
Cash received from disposal of subsidiary and other business units		
Cash received relating to other investing activities	-	208,000,000.00
Sub-total of cash inflows	122,324,500.55	4,296,544,858.11
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,141,743,757.62	723,423,002.30
Cash paid for acquisition of investments	16,735.26	440,606,230.50
Cash paid for acquisition of subsidiary and other business units		
Cash paid relating to other investing activities		
Sub-total of cash outflows	1,141,760,492.88	1,164,029,232.80
Net cash flows from investing activities	-1,019,435,992.33	3,132,515,625.31
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash received from absorbing investment		
Cash received from borrowings		
Cash received from issuing bond		
Cash received relating to other financing activities		
Sub-total of cash inflows		
Cash repayments of borrowings	-	2,790,000,000.00
Cash paid for distribution of dividends or profits and interest expenses	1,264,932,963.64	630,866,458.31
Cash paid relating to other financing activities		
Sub-total of cash outflows	1,264,932,963.64	3,420,866,458.31
Net cash flows from financing activities	-1,264,932,963.64	-3,420,866,458.31
<b>IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH</b>		

V. NET INCREASE IN CASH AND CASH EQUIVALENTS	3,939,138,022.53	3,092,381,171.51
Add: Opening balance of cash and cash equivalents	8,828,152,864.35	3,290,584,684.00
VI. CLOSING BALANCE OF CASH AND CASH EQUIVLANT	12,767,290,886.88	6,382,965,855.51

## 7、 Consolidated statement of changes in shareholders' equity

Items	Current period									
	Equity attributable to owners								Minority interest	Total equity
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General reserves	Retained earnings	Others		
I. At end of last year	4,662,886,108.00	3,227,489,320.83	-	7,864,849.94	2,331,443,054.00	-	15,115,601,819.79	292,013,397.24	-181,886,852.58	25,455,411,697.22
Add: Accounting policy changes										
Amendment of prior error										
Others										
II. At beginning of year	4,662,886,108.00	3,227,489,320.83	-	7,864,849.94	2,331,443,054.00	-	15,115,601,819.79	292,013,397.24	-181,886,852.58	25,455,411,697.22
III. Changes during the year (“-” means less)				6,543,764.03			3,916,173,802.70	-55,461,463.52	-27,530,287.94	3,839,725,815.27
I) Net profit							5,085,266,527.13		-27,530,287.94	5,057,736,239.19
II) Other comprehensive income								-55,461,463.52		-55,461,463.52
Subtotal of I) and II)							5,085,266,527.13	-55,461,463.52	-27,530,287.94	5,002,274,775.67
III) Input by investors and decrease in										

capital										
1. Capital input by investors										
2. Equity-settled share-based payment										
3. Others										
IV) Distribution of profits							-1,169,092,724.43	-	-	-1,169,092,724.43
1. Pick-up of surplus reserves										
2. Pick-up of general reserves										
3. Distribution to owners							-1,169,092,724.43	-	-	-1,169,092,724.43
4. Others										
V) Internal transfer of shares										
1. Capital reserves transfer to share capital										
2. Capital increase from surplus reserve										
3. The deficit covered by surplus reserve										
4. Others										
VI) Special reserve							6,543,764.03	-	-	6,543,764.03

1. Pick-up in current period	-	-	-	24,945,260.20	-	-	-	-	-	24,945,260.20
2. Used in current period	-	-	-	-18,401,496.17	-	-	-	-	-	-18,401,496.17
VII) Others										
IV. At end of year	4,662,886,108.00	3,227,489,320.83	-	14,408,613.97	2,331,443,054.00	-	19,031,775,622.49	236,551,933.72	-209,417,140.52	29,295,137,512.49

## Prior period

Items	Prior period									
	Equity attributable to owners								Minority interest	Total equity
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General reserves	Retained earnings	Others		
I. At end of last year	4,662,886,108.00	3,078,557,394.14		1670967.02	1,816,272,976.53		9,233,857,503.02	-14,890,520.83	-138,401,842.19	18,639,952,585.69
Add: Accounting policy changes										
Amendment of prior error										
Others		775,528,610.9					-690,266,354.6			85,262,256.23
II. At beginning of year	4,662,886,108.00	3,854,086,004.99		1670967.02	1,816,272,976.53		8,543,591,148.40	-14,890,520.83	-138,401,842.19	18,725,214,841.92
III. Changes during the year ("—" means less)		-460,489,299.23		2063252.23			3,160,696,071.45	716,558.75	-12,265,183.82	2,690,721,399.38

I) Net profit							3,628,092,998.93		-12,265,183.82	3,615,827,815.11
II) Other comprehensive income		-62,183,303.33						716,558.75		-61,466,744.58
Subtotal of I) and II)		-62,183,303.33					3,628,092,998.93	716,558.75	-12,265,183.82	3,554,361,070.53
III) Input by investors and decrease in capital		-398305995.9								-398305995.9
1. Capital input by investors										
2. Equity-settled share-based payment										
3. Others		-398305995.9								-398305995.9
IV) Distribution of profits							-467,396,927.48			-467,396,927.48
1. Pick-up of surplus reserves										
2. Pick-up of general reserves										
3. Distribution to owners							-467,396,927.48			-467,396,927.48
4. Others										
V) Internal transfer of shares										
1. Capital reserves transfer to share capital										
2. Capital increase from surplus reserve										
3. The deficit covered by surplus reserve										



4. Others										
VI) Special reserve				2063252.23						2063252.23
1. Pick-up in current period				17409112.53						17409112.53
2. Used in current period				-15345860.3						-15345860.3
VII) Others										
IV. At end of year	4,662,886,108.00	3,393,596,705.76	0	3734219.25	1,816,272,976.53	0	11,704,287,219.85	-14,173,962.08	-150,667,026.01	21,415,936,241.30

### 8、Statement of changes in shareholders' equity

Items	Current period							
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	Others	Retained earnings	Total equity
I. At end of last year	4,662,886,108.00	2,831,662,835.16	-	3,127,864.50	2,331,443,054.00	317,440,375.00	17,744,494,650.50	27,891,054,887.16
Add: Accounting policy changes								0.00
Amendment of prior error								0.00
Others								0.00
II. At beginning of year	4,662,886,108.00	2,831,662,835.16	-	3,127,864.50	2,331,443,054.00	317,440,375.00	17,744,494,650.50	27,891,054,887.16
III. Changes during the year ("—" means less)				2,422,938.92		-39,831,000.00	3,893,789,490.64	3,856,381,429.56
I) Net profit							5,062,882,215.07	5,062,882,215.07
II) Other comprehensive income						-39,831,000.00		-39,831,000.00

Subtotal of I) and II)	-	-	-	-	-	-39,831,000.00	5,062,882,215.07	5,023,051,215.07
III) Input by investors and decrease in capital								
1. Capital input by investors								
2. Equity-settled share-based payment								
3. Others								
IV) Distribution of profits							-1,169,092,724.43	-1,169,092,724.43
1. Pick-up of surplus reserves								
2. Pick-up of general reserves								
3. Distribution to owners							-1,169,092,724.43	-1,169,092,724.43
4. Others								
V) Internal transfer of shares								
1. Capital reserves transfer to share capital								
2. Capital increase from surplus reserve								
3. The deficit covered by surplus reserve								
4. Others								
VI) Special reserve	-	-	-	2,422,938.92	-	-	-	2,422,938.92
1. Pick-up in current period	-	-	-	15,574,692.00	-	-	-	15,574,692.00
2. Used in current period	-	-	-	-13,151,753.08	-	-	-	-13,151,753.08
VII) Others								
IV. At end of year	4,662,886,108.00	2,831,662,835.16	-	5,550,803.42	2,331,443,054.00	277,609,375.00	21,638,284,141.14	31,747,436,316.72

Prior period

Items	Prior period							
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General reserves	Retained earnings	Total equity
I. At end of last year	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: Accounting policy changes								
Amendment of prior error								
Others								
II. At beginning of year	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
III. Changes during the year (“—” means less)		-419,126,745.90		61,739.42			3,268,155,374.39	2,849,090,367.91
I) Net profit							3,735,552,301.87	3,735,552,301.87
II) Other comprehensive income		-20,820,750.00						-20,820,750.00
Subtotal of I) and II)		-20,820,750.00					3,735,552,301.87	3,714,731,551.87
III) Input by investors and decrease in capital		-398,305,995.90						-398,305,995.90
1. Capital input by investors								
2. Equity-settled share-based payment								
3. Others		-398,305,995.90						-398,305,995.90
IV) Distribution of profits							-467,396,927.48	-467,396,927.48
1. Pick-up of surplus reserves								
2. Pick-up of general reserves								
3. Distribution to owners							-467,396,927.48	-467,396,927.48

4. Others								
V) Internal transfer of shares								
1. Capital reserves transfer to share capital								
2. Capital increase from surplus reserve								
3. The deficit covered by surplus reserve								
4. Others								
VI) Special reserve				61,739.42				61,739.42
1. Pick-up in current period				10,260,000.00				10,260,000.00
2. Used in current period				-10,198,260.58				-10,198,260.58
VII) Others								
IV. At end of year	4,662,886,108.00	2,947,596,521.98		61,739.42	1,816,272,976.53	0.00	13,913,283,357.03	23,340,100,702.96

### III、Corporate information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 30 June 2015, the Company's parent company and ultimate controlling company is China Changan and South Industries 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.

#### **IV BASIS OF PREPERATION**

##### **1. Basis of preparation**

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 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. Going operations**

The company assesses the ongoing operation capability for the next 12 months after the report period, and does not find any concern which could impact the ongoing operation capability. The financial statements on a going concern basis are reasonable.

#### **V Significant accounting policies and accounting estimates**

##### **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 June 30, 2015 and the financial results and the cash flows for 1-6 month 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.

##### *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 as at **June 30, 2015**. 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.

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.

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 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.

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 instrumentsts

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 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、inventory

### (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 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.

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 be 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 asset

#### (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 of sale.

The capitalization of borrowing costs are 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 asset

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.

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.

#### 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 tax**

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. 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.

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. 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.

*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.

*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.

### **31、The change of major accounting policies and estimates**

During the reporting period, the change of accounting policy and estimates occurred

Yes  No

#### **(1) the change of accounting policy**

During the reporting period, the change of major accounting policy occurred

Yes  No

#### **(2) the change of accounting estimates**

During the reporting period, the change of major accounting estimates occurred

Yes  No

## **VI、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% or5%
Business tax	Taxable sales	5%
City maintenance and construction tax	The turnover taxes paid	5% or7%
Educational surcharge	The turnover taxes paid	3%
Local educational surcharge	The turnover taxes paid	2%
Corporate income tax	Taxable income	15% or25%

## 2、Tax benefits

In accordance to Circular 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%.

## VII、Notes to the consolidated financial statements

### 1、Cash and cash equivalents

单位：元

Item	2015.6.30	2014.12.31
Cash	49,581.96	29,174.13
Cash at bank	13,344,857,671.81	9,362,824,743.58
Other cash	299,186,473.41	330,229,580.07
Total	13,644,093,727.18	9,693,083,497.78

**As at 30 June 2015, the book value of restricted cash and cash equivalents is RMB299,186,473.41, which was mainly restricted for the issuance of acceptance bill.**

As at 30 June 2015, the cash at bank oversea is equivalent to RMB 43,074,809.88.

## 2、Notes receivable

### (1) Classification of notes receivable

Type	Ending	Beginning
Commercial acceptance bill	5,895,636,551.00	6,181,968,926.50
Bank acceptance bill	11,730,512,767.14	11,598,192,736.44
Total	17,626,149,318.14	17,780,161,662.94

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

Type	Ending		Beginning	
	Derecognition	Un-derecognition	Derecognition	Un-derecognition
Commercial acceptance bill	20,002,080.00	-	148,639,535.00	-
Bank acceptance bill	4,875,983,598.60	-	6,471,261,656.66	-
Total	4,895,985,678.60	-	6,619,901,191.66	-

## 3、Accounts receivable

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

Item	Ending				Beginning			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	196,828,963.58	23.97	1,142,000.00	0.58	87,504,274.30	10.60	-	-
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	411,703,037.23	50.13	55,649,526.11	13.42	592,279,016.92	71.72	56,639,615.25	9.56
Group 2. Accounts receivable from related parties	202,375,366.63	24.64	-	-	135,732,514.85	16.44	-	-
Group subtotal	614,078,403.86	74.77	55,649,526.11	9.06	728,011,531.77	88.16	56,639,615.25	7.78

Individually insignificant items but analyzed individually for provision	10,318,554.25	1.26	10,318,554.25	100	10,282,156.06	1.25	10,282,156.06	100
Total	821,225,921.69	--	67,110,080.36	--	825,797,962.13	--	66,921,771.31	--

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

Aging	Ending			Beginning		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	210,572,797.43	50.76	-	346,507,993.68	58.50	-
6 to 12 months	143,402,563.60	34.57	7,170,128.18	183,980,746.33	31.06	9,199,037.32
Within 1 year subtotal	353,975,361.03	85.33	7,170,128.18	530,488,740.01	89.57	9,199,037.32
1 to 2 years	4,863,884.00	1.17	486,388.40	6,452,222.91	1.09	645,222.29
2 to 3 years	7,959,950.00	1.92	2,387,985.00	5,109,766.77	0.86	1,532,930.03
3 to 4 years	1,350,750.00	0.33	675,375.00	5,392,000.00	0.91	2,696,000.00
4 to 5 years	8,707,407.55	2.10	6,965,926.04	11,349,308.11	1.92	9,079,446.49
Over 5 years	37,963,723.49	9.15	37,963,723.49	33,486,979.12	5.65	33,486,979.12
Total	414,821,076.07	--	55,649,526.11	592,279,016.92	--	56,639,615.25

(2) In June 30, 2015, provision for impairment of accounts receivable amounting to RMB275,488.49 has been accrued. Provision for impairment of accounts receivable amounting to RMB87,179.44 has been reversed.

(3) As at 30 June 2015, there are no provisions written off.

(4) As at 30 June 2015, top five debtors of accounts receivable are as follows:

Debtors	Ending balance	Proportion of total accounts receivable (%)	Provision
First	91,983,421.90	12.20%	-
Second	72,976,819.22	9.68%	-
Third	59,457,096.57	7.88%	-
Fourth	35,350,284.89	4.69%	-
Fifth	25,044,015.00	3.32%	-
Total	284,811,637.58	37.77%	-



#### 4、 Other receivables

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

Item	Ending				Beginning			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	270,136,000.00	58.54			123,832,000.00	46.76		
Other receivables analyzed as groups for provision								
Other receivables analyzed for provision according to aging analysis	188,871,514.74	40.93	2,650,027.69	1.40	138,925,510.22	52.46	2,481,267.13	1.79
Group subtotal	548,419.28	0.12			181,042.41	0.07		
individually insignificant items but analyzed individually for provision	189,419,934.02	41.05	2,650,027.69	1.40	139,106,552.63	52.53	2,481,267.13	1.78
Total	1,889,213.22	0.41	1,889,213.22	100.00	1,889,213.22	0.71	1,889,213.22	100

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

Aging	Ending			Beginning		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 1 year						
Within 6 months	181,005,134.51	95.56	-	133,122,029.36	95.82	-
6 to 12 months	3,852,797.17	2.03	192,639.86	370,404.77	0.27	18,520.23
Within 1 year subtotal	184,857,931.68	97.59	192,639.86	133,492,434.13	96.09	18,520.23
1 to 2 years	959,678.69	0.51	95,967.87	1,876,797.77	1.35	187,679.78
2 to 3 years	1,512,910.84	0.80	453,873.25	1,407,927.71	1.01	422,378.31
3 to 4 years	42,953.00	0.02	21,476.50	372,323.61	0.27	186,161.81
4 to 5 years	801,948.01	0.42	641,558.41	547,500.00	0.39	438,000.00
Over 5 years	1,244,511.80	0.66	1,244,511.80	1,228,527.00	0.88	1,228,527.00
Total	189,419,934.02	--	2,650,027.69	138,925,510.22	--	2,481,267.13

As at 30 June 2015, there are no individually significant items analyzed individually for provision.

(2) For the year ended 30 June 2015, provision for impairment of other receivables amounted to RMB 168,760.56 has been accrued. For the year ended 30 June 2015, provision for impairment of other receivables amounted to RMB 0 has been reversed.

(3) For the year ended 30 June 2015, provision for impairment of other receivables amounted to 0.

(4) As at 30 June 2015, top five debtors of other receivables are as follows:

Debtors	Ending balance	Proportion of total accounts receivable (%)	Provision
First	270,136,000.00	Within 6 months	59.12%
Second	9,120,000.00	Within 6 months	2.00%
Third	8,032,400.87	Within 6 months	1.76%
Fourth	4,000,000.00	Within 6 months	0.88%
Fifth	3,187,556.73	Within 6 months	0.70%
Total	294,475,957.60	-	64.45%

## 5、Prepayments

An aged analysis of the prepayments is as follows:

Aging	Ending		Beginning	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	823,790,901.83	98.00	823,600,044.91	98.08
1 to 2 years	16,240,752.99	1.93	12,594,729.34	1.50
2 to 3 years	-	-	3,511,694.49	0.42
Over 3 years	534,931.90	0.06	46,082.72	0.01
Total	840,566,586.72	--	839,752,551.46	--

As at 30 June 2015, top five debtors of other receivables are as follows:

Debtors	Ending balance	Proportion of total accounts receivable (%)	Provision
First	221,215,624.75	Within 1 year	Prepayment for steel and goods not received yet
Second	165,038,577.42	Within 1 year	Prepayment for steel and goods not received yet
Third	132,616,667.69	Within 1 year	Prepayment for steel and goods not received yet
Fourth	132,238,629.60	Within 1 year	Prepayment for steel and writing off procedures not finished yet

Fifth	53,689,104.26	Within 1-2 year	Prepayment for steel and writing off procedures not finished yet
Total	704,798,603.72	--	--

## 6、Inventory

### (1) Classification of inventory

Item	Ending			Beginning		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	325,860,369.62	41,818,846.78	284,041,522.84	479,605,856.33	43,047,494.14	436,558,362.19
Work in progress	36,636,327.08	-	36,636,327.08	48,741,864.29	-	48,741,864.29
Commodity stock	470,264,796.30	16,037,267.47	454,227,528.83	666,159,202.60	72,883,429.99	593,275,772.61
revolving material	6,730,892,960.00	115,232,527.81	6,615,660,432.19	5,378,816,735.63	38,664,885.02	5,340,151,850.61
consumptive biological assets	-	-	-	2,157,864.35	-	2,157,864.35
Material in transit	146,934,318.61	-	146,934,318.61	151,297,690.45	-	151,297,690.45
Spare parts	-	-	-	3,077.01	-	3,077.01
Total	7,710,588,771.61	173,088,642.06	7,537,500,129.55	6,726,782,290.66	154,595,809.15	6,572,186,481.51

### (2) Provision for inventory

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	43,047,494.14	11,078,839.22	5,693,979.70	6,613,506.88	41,818,846.78
Work in progress	72,883,429.99	-	32,387,553.75	24,458,608.77	16,037,267.47
Commodity stock	38,664,885.02	110,454,168.24	3,403,912.09	30,482,613.36	115,232,527.81
Total	154,595,809.15	121,533,007.46	41,485,445.54	61,554,729.01	173,088,642.06

## 7、Other current assets

Item	Ending	Beginning
Accrual input tax	-	2,835,337.83
Others	2,757,575.24	534,882.00
Total	2,757,575.24	3,370,219.83

## 8、Available-for-sale financial assets

Item	Ending	Beginning
Available-for-sale equity securities	348,787,500.00	395,647,500.00

Other	148,809,274.00	148,809,274.00
Total	497,596,774.00	544,456,774.00

The available-for-sale equity securities are the 17.75 million shares of Southwest Securities Co., Ltd and 2.6588million shares of HuaXia Bank holding by the Group.

## 9、Long-term equity investment

Investee	Accounting method	Initial amount	Beginning	Addition/ (deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd		237,719,933.33	1,408,273,674.47	-25,628,626.69	1,382,645,047.78	50.00%	50.00%	N/A			
Jiangling Holding Co., Ltd		1,008,511,522.00	2,334,057,207.68	181,388,135.45	2,515,445,343.13	50.00%	50.00%	N/A			
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)		975,232,926.29	4,617,363,993.97	923,128,890.36	5,540,492,884.33	50.00%	50.00%	N/A			3,450,000,000.00
Changan Mazda Automobile Co., Ltd		1,097,839,635.00	1,672,590,730.82	414,989,302.22	2,087,580,033.04	50.00%	50.00%	N/A			
Changan Ford Mazda Engine Co., Ltd		786,734,634.10	720,178,224.15	80,216,151.05	800,394,375.20	50.00%	50.00%	N/A			
Changan PSA Automobiles Co., Ltd, a JV of the Company		2,007,841,700.00	1,795,746,892.81	-117,857,515.40	1,677,889,377.41	50.00%	50.00%	N/A			
Associates											
Chongqing Xiyi Automobile Linkage Rod Co., Ltd		7,600,027.62	9,220,184.59	-392,641.56	8,827,543.03	40.00%	40.00%	N/A			

Chongqing Changan Kuayue Automobile Co., Ltd		61,800,885.00	66,558,691.97	4,886,884.01	71,445,575.98	34.30%	34.30%	N/A			
Chongqing Changan Kuayue Automobile Sales Co., Ltd		1.00	-	-	-	34.30%	34.30%	N/A			
Beijing Fangan Taxi LLC		6,000,000.00	-	-	-	42.25%	42.25%	N/A			
Total	--	6,189,281,264.34	12,623,989,600.46	1,460,730,579.44	14,084,720,179.90	-	-	--			3,450,000,000.00

## 10、Investment property

According to the cost of the investment real estate

Item	Beginning	Addition	Deduction	Ending
I. Original cost	11,819,701.24	35,000.00	-	11,854,701.24
Buildings	11,819,701.24	35,000.00	-	11,854,701.24
II. Accumulated depreciation and amortization	2,359,556.20	165,126.48	-	2,524,682.68
Buildings	2,359,556.20	165,126.48	-	2,524,682.68
III. Net Value	9,460,145.04	-130,126.48	-	9,330,018.56
Buildings	9,460,145.04	-130,126.48	-	9,330,018.56
IV. Impairment Provision	9,460,145.04	-130,126.48	-	9,330,018.56
Buildings	9,460,145.04	-130,126.48	-	9,330,018.56

## 11、Fixed assets

Item	Beginning	Addition	Deduction	Ending
I. Original cost	22,037,210,877.88	115,525,588.84	15,404,042.85	22,137,332,423.87
Buildings	5,720,929,022.47	31,269,738.86	6,971,246.43	5,745,227,514.90
Machinery	12,456,413,124.25	54,581,882.65	7,130,825.27	12,503,864,181.63
Vehicles	105,085,124.78	4,969,014.47	1,136,064.93	108,918,074.32
Other Equipments	3,754,783,606.38	24,704,952.86	165,906.22	3,779,322,653.02
--	Beginning	Addition	Deduction	Ending
II. Accumulated depreciation	6,875,102,981.09	808,940,347.42	35,703,842.63	7,648,339,485.88
Buildings	869,651,467.05	117,841,235.23	1,770,684.24	985,722,018.04
Machinery	4,499,116,329.67	587,851,966.86	33,365,295.77	5,053,603,000.76
Vehicles	43,232,776.35	6,207,612.53	542,863.82	48,897,525.06
Other Equipments	1,463,102,408.02	97,039,532.80	24,998.80	1,560,116,942.02
--	Beginning	--	--	Ending
III. Net Value	15,162,107,896.79	--	--	14,488,992,937.99
Buildings	4,851,277,555.42	--	--	4,759,505,496.86
Machinery	7,957,296,794.58	--	--	7,450,261,180.87
Vehicles	61,852,348.43	--	--	60,020,549.26
Other Equipments	2,291,681,198.36	--	--	2,219,205,711.00
IV. Impairment Provision	596,528,100.41	--	--	642,241,294.42

Buildings	4,998,917.25	--	4,998,917.25
Machinery	546,083,399.27	--	585,912,872.34
Vehicles	111,955.65	--	157,670.93
Other Equipments	45,333,828.24	--	51,171,833.90
V. Book Value	14,565,579,796.38	--	13,846,751,643.57
Buildings	4,846,278,638.17	--	4,754,506,579.61
Machinery	7,411,213,395.31	--	6,864,348,308.53
Vehicles	61,740,392.78	--	59,862,878.33
Other Equipments	2,246,347,370.12	--	2,168,033,877.10

This 808,940,347.42 yuan depreciation; This period by the construction project to fixed asset price is 112,527,031.66 yuan

## 12、 Construction in progress

### Details of construction in progress

Item	closing balance			opening balance		
	Balance	Provision	Book value	Balance	Provision	Book value
Mini-bus production equipment	100,616,230.67	-	100,616,230.67	51,532,611.69	-	51,532,611.69
Yuzui motor city project	237,161,482.55	-	237,161,482.55	56,137,499.36	-	56,137,499.36
Sedan production equipment	157,433,356.83	-	157,433,356.83	21,154,399.12	-	21,154,399.12
Engine production	549,666,860.01	-	549,666,860.01	390,640,806.71	-	390,640,806.71
Vehicle research institution	41,531,939.61	-	41,531,939.61	27,883,151.96	-	27,883,151.96
Car moulds	257,116,926.91	-	257,116,926.91	264,739,352.30	-	264,739,352.30
Hebei M201 bus production plant project	42,418,213.90	-	42,418,213.90	29,974,950.86	-	29,974,950.86
Hebei Bao Ke light vehicle project	14,620,871.33	-	14,620,871.33	76,854.40	-	76,854.40
Plant for vehicle test project	399,693,020.85	-	399,693,020.85	232,656,244.67	-	232,656,244.67
Beijing vehicle construction project	10,458,678.57	10,458,678.57	-	10,458,678.57	10,458,678.57	-
Hefei one hundred thousand car production line construction	37,212,453.59	-	37,212,453.59	24,147,569.91	-	24,147,569.91
Hefei Changan M302 project	23,801,132.30	-	23,801,132.30	20,399,257.73	-	20,399,257.73
Hefei A101, CX20 switching project	49,563,526.08	-	49,563,526.08	15,630,398.56	-	15,630,398.56



Others	98,503,824.71	-	98,503,824.71	139,023,867.97	-	139,023,867.97
Total	2,019,798,517.91	10,458,678.57	2,009,339,839.34	1,284,455,643.81	10,458,678.57	1,273,996,965.24

### 13、Construction materials

Item	Beginning	Addition	Deduction	Ending
Specific materials	96,690.75			96,690.75
Total	96,690.75			96,690.75

### 14、liquidation of fixed assets

Item	Beginning	Ending
machinery equipment	4,756.69	4,756.69
office equipment	7,655.84	7,655.84
Total	12,412.53	12,412.53

### 15、Intangible assets

#### (1) Details of intangible assets

Item	Beginning	Addition	Deduction	Ending
I. Original cost	4,292,282,334.11	298,614,496.95	-	4,590,896,831.06
Land use rights	1,911,997,610.93	225,764,753.00	-	2,137,762,363.93
Software use rights	312,758,164.35	23,444,807.12	-	336,202,971.47
Trademark use rights	211,784,400.00	28,500,430.80	-	240,284,830.80
Non-patent technology	1,855,742,158.83	20,904,506.03	-	1,876,646,664.86
II. Accumulated amortization	1,315,820,643.36	210,709,257.41	-	1,526,529,900.77
Land use rights	145,348,478.79	21,168,003.77	-	166,516,482.56
Software use rights	245,424,542.70	32,539,128.58	-	277,963,671.28
Trademark use rights	99,923,437.58	16,791,206.56	-	116,714,644.14
Non-patent technology	825,124,184.29	140,210,918.50	-	965,335,102.79
III. Net Value	2,976,461,690.75	87,905,239.54	-	3,064,366,930.29
Land use rights	1,766,649,132.14	204,596,749.23	-	1,971,245,881.37
Software use rights	67,333,621.65	-9,094,321.46	-	58,239,300.19
Trademark use rights	111,860,962.42	11,709,224.24	-	123,570,186.66
Non-patent technology	1,030,617,974.54	-119,306,412.47	-	911,311,562.07

IV. Impairment Provision	97,496,465.60	-	-	97,496,465.60
Land use rights	-	-	-	-
Software use rights	-	-	-	-
Trademark use rights	-	-	-	-
Non-patent technology	97,496,465.60	-	-	97,496,465.60
V. Book Value	2,878,965,225.15	87,905,239.54	-	2,966,870,464.69
Land use rights	1,766,649,132.14	204,596,749.23	-	1,971,245,881.37
Software use rights	67,333,621.65	-9,094,321.46	-	58,239,300.19
Trademark use rights	111,860,962.42	11,709,224.24	-	123,570,186.66
Non-patent technology	933,121,508.94	-119,306,412.47	-	813,815,096.47

As at 30 June 2015, the intangible assets from internal research and development account for 27.43% of total intangible assets.

## 16. Development expenditure

Item	Beginning	Addition	Deduction		Ending
			Charged to income Statement of the Current period	Charged to income Statement of the Current period	
Automobile Development	627,845,455.00	608,265,322.39	392,839,425.87	49,404,936.83	793,866,414.69
Total	627,845,455.00	608,265,322.39	392,839,425.87	49,404,936.83	793,866,414.69

## 17. Goodwill

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

## 18. Long-term deferred expenses

Item	Beginning	Addition	amortization	Amortization	Ending
Gaobao Lake Reservoir Greening	360,160.00	-	90,040.00	-	270,120.00
Tools	256,646.27	1,050,604.45	-	-	1,307,250.72

Others	1,071,057.05	-	156,296.35	-	914,760.70
<b>Total</b>	<b>1,687,863.32</b>	<b>1,050,604.45</b>	<b>246,336.35</b>	<b>-</b>	<b>2,492,131.42</b>

## 19、Deferred tax assets and liabilities

Deferred tax assets and liabilities are listed separately.

(1) Recognized deferred tax assets and liabilities:

Item	Ending	Beginning
<b>Deferred tax assets</b>		
Provision for the impairment of assets	123,244,083.89	112,581,608.59
Accrued expenses and contingent liabilities	694,688,571.01	540,568,393.92
Unpaid tech development expense and advertisement expense	57,578,129.99	19,841,251.98
Deferred income	326,654,690.32	357,046,385.94
Unpaid salary and bonus and others	131,616,716.50	130,547,132.15
<b>Subtotal</b>	<b>1,333,782,191.71</b>	<b>1,160,584,772.58</b>
<b>Deferred tax liabilities</b>		
Available-for-sale financial assets on the changes in fair value	48,886,125.00	55,915,125.00
Others	1,118,640.38	
<b>Subtotal</b>	<b>50,004,765.38</b>	<b>55,915,125.00</b>

## 20、Provision for the impairment of assets

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	71,292,251.66	444,249.05	87,179.44	-	71,649,321.27
II. Provision for obsolete inventory	154,595,809.15	121,533,007.46	41,485,445.54	61,554,729.01	173,088,642.06
III. Provision for the impairment of fixed assets	596,528,100.41	47,748,719.67	-	2,035,525.66	642,241,294.42
IV. Impairment of construction in progress	10,458,678.57	-	-	-	10,458,678.57
V. Provision for the impairment of intangible assets	97,496,465.60	-	-	-	97,496,465.60
VI. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
<b>Total</b>	<b>1,003,836,640.39</b>	<b>169,725,976.18</b>	<b>41,572,624.98</b>	<b>63,590,254.67</b>	<b>1,068,399,736.92</b>

**21、 Other non-current assets**

Item	Ending	Beginning
Prepayment of land	-	60,901,712.09
Prepayment of equity investment	9,254,421.48	-
Total	9,254,421.48	60,901,712.09

**22、 Short-term loans**

Item	Ending	Beginning
Pledge loans	70,000,000.00	50,000,000.00
Guaranteed loans	-	-
Credit loans	10,000,000.00	40,000,000.00
Total	80,000,000.00	90,000,000.00

**23、 Notes payable**

Item	Ending	Beginning
Commercial acceptance bill	-	217,000,000.00
Bank acceptance bill	17,313,411,040.78	12,891,623,397.32
Total	17,313,411,040.78	13,108,623,397.32

**24、 Accounts payable**

Item	Ending	Beginning
Accounts payable	14,906,845,367.89	13,038,793,688.31
total	14,906,845,367.89	13,038,793,688.31

**25、 Advances from customers**

Item	Ending	Beginning
Advances from customers	6,010,658,378.93	5,802,717,284.79
total	6,010,658,378.93	5,802,717,284.79

**26、 Payroll payable**

30 June 2015

Item	Beginning	Addition	Deduction	Ending
Short term salary benefits	953,842,876.88	2,390,685,164.07	2,652,987,473.69	691,540,567.26
Defined contribution plans	62,967,787.92	199,509,412.83	163,397,092.48	99,080,108.27
Early retirement benefits	5,559,000.00	-	-	5,559,000.00
<b>Total</b>	<b>1,022,369,664.80</b>	<b>2,590,194,576.90</b>	<b>2,816,384,566.17</b>	<b>796,179,675.53</b>

30 June 2015

Item	Beginning	Addition	Deduction	Ending
Salary, bonus, allowance and subsidy	692,255,777.18	1,829,703,724.97	1,871,977,768.08	649,981,734.07
Employee benefit	170,566,171.82	215,114,558.93	374,217,020.93	11,463,709.82
Social insurance	-7,196,563.33	158,532,013.07	136,659,970.23	14,675,479.51
Housing accumulation fund	87,857,996.99	133,748,129.40	219,592,436.37	2,013,690.02
Labor fund and employee education fund	10,359,494.22	53,586,737.70	50,540,278.08	13,405,953.84
<b>Total</b>	<b>953,842,876.88</b>	<b>2,390,685,164.07</b>	<b>2,652,987,473.69</b>	<b>691,540,567.26</b>

30 June 2015

Item	Beginning	Addition	Deduction	Ending
Basic retirement security	57,806,919.53	181,455,710.46	151,382,892.86	87,879,737.13
Unemployment insurance	5,160,868.39	18,053,702.37	12,014,199.62	11,200,371.14
<b>Total</b>	<b>62,967,787.92</b>	<b>199,509,412.83</b>	<b>163,397,092.48</b>	<b>99,080,108.27</b>

**27、 Taxes payable**

Item	Ending	Beginning
Value-added tax	-261,134,381.92	-539,064,710.78
Consumption tax	291,926,860.52	401,279,837.43
Business tax	1,525,724.63	282,714.01

Corporate income tax	362,243,726.57	141,452,158.87
Individual Income tax	5,544,504.99	1,652,891.26
City maintenance and construction tax	16,510,341.45	11,004,722.20
Education additional expenses	10,785,575.77	7,281,955.73
Others	11,616,727.40	12,134,437.82
total	439,019,079.41	36,024,006.54

## 28、Interest payable

Item	Ending	Beginning
Long-term loan interest	-	-
Corporate bonds interest	698,487.22	-
Short-term loan interest	20,988,000.00	73,458,000.00
total	21,686,487.22	73,458,000.00

## 29、Dividend payable

Item	Ending	Beginning
Dividend payable – Hebei Changan Minority interests	79,742.80	79,742.80
total	79,742.80	79,742.80

## 30、Other payables

Item	Ending	Beginning
Dealer earnest money	55,298,584.29	80,536,502.50
Warranty	166,263,896.57	166,479,977.35
Repair fees	95,094,689.63	112,281,336.33
Advertisement fees	154,937,226.08	371,576,347.22
Warehousing and transport fees	359,552,016.52	366,946,572.75
Loans temporarily	5,540,320.11	2,933,577.79
Project funds	442,561,807.01	864,715,976.54
Others	151,297,735.75	41,946,345.10
total	1,430,546,275.96	2,007,416,635.58

**31、Contingent liabilities**

Item	Beginning	Addition	Deduction	Ending
Warranty	1,221,114,880.50	709,584,591.26	379,411,659.13	1,551,287,812.63
total	1,221,114,880.50	709,584,591.26	379,411,659.13	1,551,287,812.63

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

**32、Other current liabilities**

Item	Ending	Beginning
Accrued utilities	8,957,825.21	21,061,398.76
Accrued transportation fee	721,291,541.06	415,843,773.77
Accrued labor service fee	5,637,584.33	61,730,677.11
Accrued technology royalty	171,741,746.01	117,420,347.70
Accrued commercial discount payable	1,555,767,817.90	1,766,670,010.35
Accrued market development expense	208,443,952.05	172,731,573.72
Accrued extending warranty	315,400,000.00	315,400,000.00
Others	244,235,832.92	51,041,190.27
total	3,231,476,299.48	2,921,898,971.68

**33、Bonds payables**

Item	Date	Beginning	Addition	Deduction	Ending
Corporate bonds	23 April2012	1,971,184,679.89	1,958,959.98	0.00	1,973,143,639.87

With the permission of the China securities regulatory commission regulatory approval [2012] no. 2012, the company to the public in April 2012, issue corporate bonds, face value of RMB 1,980,000,000.00 coupon for fixed rate 5.30%, according to the annual interest payments, FuXiRi for every year on April 23, the final payment date is April 23, 2017. After deducting distribution costs RMB 19589600.00, raised RMB 1960410400.00. The bond is provided by the parent company China changan full unconditional irrevocable joint and several guarantee. During the reporting period, the company has to pay on April 23, 2014 to April 22, 2015, during the period of interest at a pre-determined (third year).

**34、Special payables**

Item	Beginning	Addition	Deduction	Ending
Project 863	2,001,536.98		146,457.84	1,855,079.14

Test on key technology of hybrid electric vehicles	4,574,023.58	1,980,000.00	1,103,876.53	5,450,147.05
New Vehicle product	5,927,576.20		-	5,927,576.20
Automobile product chain sharing platform	4,753,127.54		-	4,753,127.54
Gasoline Engine Development	5,422,741.44	2,050,000.00	1,946,341.65	5,526,399.79
Development and industrialization of the embedded software platform for automotive electronic controllers	263,547.70		-	263,547.70
Changan automobile E class Gasoline engine cylinder block, cylinder head production line project	60,460,522.64		2,905.00	60,457,617.64
Land relocation compensation	55,350,709.40		-	55,350,709.40
Project 973	161,820.82		-	161,820.82
Automotive order to delivery system project	475,689.00		-	475,689.00
Industrialization of patented technologies	1,346,080.00	955,000.00	554,720.01	1,746,359.99
Vehicle network intelligent information terminal middleware key technologies research and application	-56,906.30		-	-56,906.30
Development and industrialization of C206 pure electric cars	-8,034,846.50	1,100,759.00	14,875,325.73	-21,809,413.23
System development of electromagnetic compatibility of key accessories on electric cars	234,897.06		-	234,897.06
Others	13,755,415.57	303,170.00	1,904,459.05	12,154,126.52
<b>Total</b>	<b>146,635,935.13</b>	<b>6,388,929.00</b>	<b>20,534,085.81</b>	<b>132,490,778.32</b>

### 35. Deferred income

2015

Item	Beginning (Restated)	Addition	Deduction	Ending
Government grants related to assets	2,687,392,181.26	607,692.17	63,031,044.72	2,624,968,828.71



2014

Item	Beginning	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

As at 30 June 2015, 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	571,317,416.66	-	13,507,750.00	557,809,666.66	Relates to asset
Funds for Yuzui motor city project	255,765,306.12	-	2,841,836.74	252,923,469.38	Relates to asset
Funds for Beijing Changan project	1,096,809,079.12	-	15,529,556.28	1,081,279,522.84	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	53,333,333.38	-	2,666,666.66	50,666,666.72	Relates to asset
Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line	140,551,527.80	-	7,982,916.66	132,568,611.14	Relates to asset
Expansion of production capacity project	56,192,938.84	-	2,343,303.42	53,849,635.42	Relates to asset
Subsidies for the construction of Hebei new plant	22,700,000.00	-	1,370,000.00	21,330,000.00	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	-	66,291.32	9,479,660.68	Relates to asset
Light vehicle technical transformation project of Baoding Changan Bus	150,500,647.00	-	-	150,500,647.00	Relates to asset
Subsidies for initial capital of new basebut and research and development	238,546,198.06	-	14,172,992.34	224,373,205.72	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	3,861,111.11	-	-	3,861,111.11	Relates to asset
Producticization of automobile lightweight components	23,697,013.51	-	440,619.52	23,256,393.99	Relates to asset
Development and industrial application of high-effective and clean turbochargeddirect injection gasoline engine	10,022,200.00	-	1,783,690.00	8,238,510.00	Relates to asset
Development and industrial application of the	4,990,638.87	-	212,421.39	4,778,217.48	Relates to asset

intelligent vehicle terminal with Beidou compatible GPS					
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
Nanjing Changan coal-fired boiler renovation project	-	300,000.00	25,000.01	274,999.99	
Car extended warranty	-	307,692.17	-	307,692.17	
<b>Total</b>	<b>2,687,392,181.26</b>	<b>607,692.17</b>	<b>63,031,044.72</b>	<b>2,624,968,828.71</b>	

### 36、Share capital

	Beginning	Current movement					Ending
		Issuance of shares	Stock dividend	Transfer of reserve to common shares	others	Subtotal	
the sum of shares	4,662,886,108.00						4,662,886,108.00

### 37、Capital reserves

Item	Beginning	Addition	Deduction	Ending
Share premium	3,125,122,572.65	-	-	3,125,122,572.65
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Impairment of equity investment	17,015,985.20	-	-	17,015,985.20
Others	40,853,863.98	-	-	40,853,863.98
<b>total</b>	<b>3,227,489,320.83</b>	<b>-</b>	<b>-</b>	<b>3,227,489,320.83</b>

### 38、Other comprehensive income

item	Report period	Same period of last year
1. Profits (loss) generated from available for sale financial assets	-46,860,000.00	-25,842,756.00
Less: Available for sale financial assets arising from income tax effect	-7,029,000.00	-4,011,189.00

Net - through other comprehensive income into the profits and losses of the current	-	40,351,736.33
Subtotal	-39,831,000.00	-62,183,303.33
2. Translation differences of foreign currency financial statements	-15,630,463.52	716,558.75
total	-55,461,463.52	-61,466,744.58

### 39、Surplus reserves

Item	Beginning	Addition	Deduction	Ending
Statutory surplus	2,331,443,054.00	-	-	2,331,443,054.00
total	2,331,443,054.00	-	-	2,331,443,054.00

### 40、Retained earnings

Item	sum
Retained earnings at beginning of year before adjustments	15,115,601,819.79
Adjust the early undistributed profits total	-
Retained earnings at beginning of year after adjustments	15,115,601,819.79
Add: Net profit belong to parent company	5,085,266,527.13
common stock dividends payable	1,169,092,724.43
Retained earnings at the end	19,031,775,622.49

### 41、Operating revenue and cost

#### (1) Operating revenue

item	Report period	Same period of last year
Operating revenue	32,500,273,613.80	23,673,135,459.44
Other operating revenue	552,681,563.69	533,595,182.51
Operating cost	27,249,934,200.22	19,995,482,492.16

## (2) Main business (divisions)

item	Report period		Same period of last year	
	Total revenue	Operating cost	Total revenue	Operating cost
motor industry	32,500,273,613.80	26,975,703,171.68	23,673,135,459.44	19,671,555,305.88
total	32,500,273,613.80	26,975,703,171.68	23,673,135,459.44	19,671,555,305.88

## (3) Main business (product)

item	Report period		Same period of last year	
	Total revenue	Operating cost	Total revenue	Operating cost
Sale of goods	32,410,068,040.76	26,909,610,981.03	23,544,052,444.90	19,551,708,604.35
Outsourcing processing	90,205,573.04	66,092,190.65	129,083,014.54	119,846,701.53
total	32,500,273,613.80	26,975,703,171.68	23,673,135,459.44	19,671,555,305.88

## (4) Main business areas (points)

Item	Report period		Same period of last year	
	Total revenue	Operating cost	Total revenue	Operating cost
civil	32,264,164,073.00	26,743,919,822.88	23,267,494,217.35	19,278,290,530.55
foreign	236,109,540.80	231,783,348.80	405,641,242.09	393,264,775.33
total	32,500,273,613.80	26,975,703,171.68	23,673,135,459.44	19,671,555,305.88

**42、 Business tax and surcharges**

item	Report period	Same period of last year
Consumption tax	1,298,240,340.17	753,408,150.96
Business tax	10,061,570.30	4,623,743.22
City maintenance and construction tax	160,918,999.15	113,841,174.20
Education additional expenses	76,356,274.10	53,203,727.28
Others	49,687.80	18,707.38
total	1,545,626,871.52	925,095,503.04

**43、 Operating expenses**

item	Report period	Same period of last year
Payroll and welfare	134,956,336.92	116,360,521.66
Promotion fee	478,571,789.65	354,757,352.98
Transportation expenses	1,042,820,106.95	885,615,824.56
Travelling expenses	30,530,276.77	28,239,457.34
Package expenses	6,575,440.70	4,435,654.86
Administrative expenses	6,658,362.91	4,974,866.88
Selling service fee	525,379,058.48	572,542,532.44
Sales discount	-142,150,000.00	117,284,905.39
Others	51,809,259.51	30,818,909.56
total	2,135,150,631.89	2,115,030,025.67

**44、 General and administrative expenses**

item	Report period	Same period of last year
Payroll and welfare	816,862,056.63	655,221,251.08
Technology research expenses	495,299,687.29	393,233,607.42
Administrative expenses	4,928,473.32	4,448,412.55
Depreciation and amortization	318,144,953.11	290,560,274.85
Miscellaneous service charges	6,631,643.12	10,748,395.21
Tax fee	127,436,015.13	85,783,062.19
Traffic expenses	25,266,502.50	26,530,366.54
Travelling expenses	10,360,918.55	11,337,613.24
Entertainment expenses	1,363,858.33	3,285,301.26
Others	233,619,156.90	122,211,924.73
total	2,039,913,264.88	1,603,360,209.07

**45、 Financial expenses**

item	Report period	Same period of last year
Interest expense	55,625,821.57	127,203,294.67
Less: interest income	132,549,376.19	50,186,885.04

Exchange gain or loss	11,530,314.80	-3,508,098.72
Others	12,684,006.26	8,625,051.85
total	-75,769,863.16	89,149,560.21

#### 46、Investment income

##### (1) Details of investment income

item	Report period	Same period of last year
Long-term equity investment income under cost method		
Long-term equity investment income under equity method	4,910,730,579.44	3,998,756,500.66
Stock dividend income from available-for-sale financial assets	52,219,215.31	31,252,435.46
Available-for-sale financial assets investment income through disposal	-	54,031,310.36
total	4,962,949,794.75	4,084,040,246.48

#### 47、Impairment loss on assets

item	Report period	Same period of last year
1. Bad debt loss	357,069.61	548,902.34
2. Impairment provision of obsolete inventory	80,047,561.92	32,006,005.08
3. Impairment provision of fixed assets	47,748,719.67	-
4. Impairment provision of intangible assets	-	-
total	128,153,351.20	32,554,907.42

#### 48、Non-operating income

item	Report period	Same period of last year
Non-current assets disposal gains in total	609,783.28	4,877,962.16
Gain on the disposal of fixed assets	609,783.28	4,877,962.16
Donations	-	159,776.18
Government grants	214,704,329.34	76,777,987.45
others	37,995,685.18	8,637,860.25
Total	253,309,797.80	90,453,586.04

**49、 Non-operating expenses**

item	Report period	Same period of last year
Non-current assets disposal has lost	2,420,217.68	2,119,964.57
Loss on the disposal of fixed assets	2,420,217.68	2,119,964.57
Donation	200,000.00	335,000.00
Others	14,384,798.43	2,799,673.76
Total	17,005,016.11	5,254,638.33

**50、 Income tax expense**

item	Report period	Same period of last year
Current income tax expense	379,069,503.23	86,434,121.58
Deferred income tax adjustment	-207,604,445.04	-86,964,798.12
total	171,465,058.19	-530,676.54

**51、 Notes to cash flow statement**

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

item	Amount
Interest income	107,992,087.83
Government grants related to operating activities	155,254,970.00
Others	29,881,402.90
Total	293,128,460.73

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

item	Amount
Selling expense	1,565,047,031.07
Administrative expense	777,470,240.01
Others	103,798,171.76
Total	2,446,315,442.84

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

item	Amount
Acceptance deposits back	300,000.00
Total	300,000.00

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

item	Amount
Counter Fee	-
others	45,000.00
Total	45,000.00

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

Item	2014
Withdraw for deposit of bill	59,290,854.64
Others	251,689.99
Total	59,542,544.63

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

Item	2014
Payment for deposit of bill	38,247,747.98
Others	8,277.90
Total	38,256,025.88

**52、Supplementary information of cash flow statement**

## (1) Supplementary information of cash flow statement

Unit: Yuan

Supplementary information	Current Amount	Prior-period Amount
1. Cash flow relating to operating activities calculated by adjusting the net profit	--	--
Net profit	5,057,736,239.19	3,615,827,815.11
Add: provision for assets impairment	128,153,351.20	32,554,907.42
Depreciation of fixed assets, oil and gas assets, productive biological assets	885,034,987.03	750,834,739.74



Amortization of intangible assets	220,443,346.43	178,875,695.04
Amortization of long-term deferred expense	233,276.20	232,661.86
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets(with “-” for gains)	-66,568,668.28	-2,218,247.15
Loss on discarding of fixed assets(with “-” for gains)	1,197.74	-
Loss from fair value changes (with “-” for gains)	-	-
Financial expense(with “-” for gains)	-75,769,863.16	89,149,560.21
Investment loss(with “-” for gains)	-4,962,949,794.75	-4,084,040,246.48
Decrease in deferred tax assets(with “-” for gains)	-173,197,419.13	-86,964,798.12
Decrease in inventory(with “-” for gains)	-947,251,727.57	-1,367,092,373.86
Decrease in operating receivables(with “-” for gains)	-38,489,961.80	-1,916,426,696.97
Increase in operating payables(with “-” for gains)	6,471,528,980.04	6,298,901,316.50
Others	-62,754,965.11	31,860,927.61
Net cash flows from operating activities	6,436,148,978.03	3,541,495,260.91
2. Investment and financing activities involving no cash incomings / outgoings	--	--
3. Movement of cash and cash equivalents	--	--
Ending balance of cash equivalents	13,344,907,253.77	7,196,742,792.11
Less: beginning balance of cash equivalents	9,362,853,917.71	3,942,941,861.56
Net increase in cash and cash equivalents	3,982,053,336.06	3,253,800,930.55

## (2) Cash and cash equivalents

Unit: Yuan

Item	Ending balance	Beginning balance
I. Cash	13,344,907,253.77	9,693,083,497.78
Including: Cash on hand	49,581.96	92,359.69
Bank deposits that can be readily used	13,344,857,671.81	9,362,824,743.58
Other monetary assets that can be readily used	-	330,229,580.07
II. ending balance of cash and cash equivalents	13,344,907,253.77	9,693,083,497.78

## VIII、 The change of consolidation scope

### 1、 Business combination not under the Same Control

Applicable    not Applicable

**2、Combination under the same control**

Applicable    not Applicable

**3、Counter purchase**

Applicable    not Applicable

**4、Disposal subsidiary**

Whether there is a single disposal of the subsidiary company investment that is the loss of control of the situation

Applicable    not Applicable

Whether there is a situation of the loss of control over the period of the investment and the loss of control of the subsidiary company through multiple transactions

Applicable    not Applicable

**5、Change of consolidation scope due to other reasons**

Other reasons leading to the consolidation of the scope of the change (such as the new subsidiary, clearing subsidiary, etc.) and its relevant circumstances: no

**IX、 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
<b>I. The subsidiary formed by establish or investment</b>						
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.	Nottingham, United Kingdom	Nottingham, 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	-
<b>II. The subsidiary formed by business combination not under common control</b>						
Nanjing Changan Automobile Co., Ltd.(note1)	Nanjing	Nanjing	Manufacturing	60,181	84.73	-
<b>III. The subsidiary formed by business combination under common control</b>						
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	-

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 June 30,2015, the Group has no subsidiaries with important minority interests.

## 2.Transactions result in change of holdingshare proportion but no effect in control of subsidiaries

Applicable not Applicable

### 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	
<b>I. Joint ventures</b>							
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
<b>II. Associates</b>							
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Chongqing	Chongqing	Develop, manufactory, 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

## X、Risks associated with financial instruments

### 1. Classification of financial instruments

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

## Financial assets

June 30,2015	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	13,644,093,727.18	-	13,644,093,727.18
Notes receivable	17,626,149,318.14	-	17,626,149,318.14
Accounts receivable	754,115,841.33	-	754,115,841.33
Other receivables	456,905,906.33	-	456,905,906.33
Available-for-sale financial assets	-	497,596,774.00	497,596,774.00
Interest receivable	22,834,458.33	-	22,834,458.33
<b>Total</b>	<b>32,504,099,251.31</b>	<b>497,596,774.00</b>	<b>33,001,696,025.31</b>

## Financial liabilities

	June 30,2015	2014
Short-term loans	80,000,000.00	90,000,000.00
Notes payable	17,313,411,040.78	13,108,623,397.32
Accounts payable	14,906,845,367.89	13,038,793,688.31
Interest payable	21,686,487.22	73,458,000.00
Dividend payable	79,742.80	79,742.80
Other payables	1,430,546,275.96	2,007,416,635.58
Bonds payable	1,973,143,639.87	1,971,184,679.89
<b>Total</b>	<b>35,725,712,554.52</b>	<b>30,289,556,143.90</b>

**2、Transfer of financial assets**The transferred financial assets that entirely derecognized but continuing involved

As at June 30, 2015, the Group has endorsed bank acceptance bill with a carrying amount of RMB4,895,985,678.60 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 first half of 2015, 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:

#### 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, 37.77% of accounts receivables of the Group are due from top five clients respectively.

An analysis of financial assets of individual impairment:

June 30,2015

	Total	Book value	Impairment provision
Accounts receivable	754,115,841.33	821,225,921.69	67,110,080.36
Other receivables	456,905,906.33	461,445,147.24	4,539,240.91
Notes receivable	17,626,149,318.14	17,626,149,318.14	-
Available-for-sale financial assets	497,596,774.00	497,596,774.00	-
Interest receivable	22,834,458.33	22,834,458.33	-

Although the existence of the company in Part of the accounts receivable impairment due to credit risk, but should be single recognized impairment losses of accounts receivable balance of accounts receivable the ending balance of proportion is very small, and the company has been confirmed according to the situation of credit risk the possibility of credit risk loss. For no signs that need individual recognized impairment losses of accounts receivable, the company according to the history of the credit risk of loss occur aging analysis of the proportion of reasonably estimate the possible loss of credit risk, and the provision for bad debt provision in the balance sheet date. Therefore, the company does not exist because of the occurrence of credit risk and leads to a significant loss.

**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.

**Market risk**Interest rate risk

The Group's revenue and operating cash flows are seldomly influenced by the interest fluctuation. As at June 30, 2015, 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 2015, the Group less has transactional currency exposures 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.

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 VII 9) as at June 30, 2015. 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
June 30, 2015				
Shanghai- Available for sale	348,787,500.00	5%	17,439,375.00	348,787,500.00
Shanghai- Available for sale	348,787,500.00	(5%)	(17,439,375.00)	348,787,500.00
2014				
Shanghai- Available for sale	395,647,500.00	5%	19,782,375.00	395,647,500.00

Shanghai- Available-for-sale	395,647,500.00	(5%)	(19,782,375.00)	395,647,500.00
------------------------------	----------------	------	-----------------	----------------

#### 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 First half of 2015

In June 30, 2015 and December 31, 2014 ,The Group's leverage ratio on the balance sheet date is as follows:

	June 30, 2015	December 31, 2014
Leverage ratio	<u>63.33%</u>	<u>63.47%</u>

## XI、Disclosure of fair value

### 1、Assets and liabilities measured at fair value

June 30, 2015

	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	348,787,500.00	-	-	348,787,500.00

June 30, 2015

	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

### 2、Assets and liabilities disclosed in fair value



June 30, 2015

	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	2,051,280,000.00	-	-	2,051,280,000.00

2014

	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	2,003,562,000.00	-	-	2,003,562,000.00

For the In June 30, 2015, there is neither transference of financial assets and liabilities between first and second level, nor transference to or from third level.

#### 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	
	June 30, 2015	2014	June 30, 2015	2014
Financial assets				
Financial assets available for sale-equity instruments	348,787,500.00	395,647,500.00	348,787,500.00	395,647,500.00
Financial liabilities				
Bonds payable	1,973,143,639.87	1,971,184,679.89	2,051,280,000.00	2,003,562,000.00

Management has assessed and concluded that the fair value of the 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, equal to book value because of their 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 30 June 2015 and 31 December 2014, which are traded in open and active market.

## XII、Related parties and related party transactions

### 1. Parent company of the Company

Parent company	Related parties' relationship	Company type	Place of registration	Legal representative	Nature of the business	Registered capital	Proportion of shares in the Company(%)	Proportion of voting rights in the company(%)	Final controlling party	Organization Code
China Changan Automobile Group Co.,Ltd.	controlling shareholder	Liability limited	Beijing	Xu Liuping	Manufacture and sale of automobiles, engine, and components	4,582,373,700.00	39.11%	39.11%	China South Industries Group corporation	71093394-8

#### Introduction to Parent company of the Company

Controlling shareholder: China changan automobile group co., Ltd.

Legal representative: Xu Liuping

Date of establishment: December 26, 2005

Organization code: 71093394-8

Registered capital: RMB 4582373700

Main business and products: design, development, manufacturing and marketing of automobiles, motorcycles, automobile motorcycle engines, automobile motorcycle parts and components; Sales of optical products, electronic and optoelectronic products, night vision equipments, information and communications equipment; technology development, technology transfer, technical consulting, technical training, technical services related to the above mentioned business; Import and export business; Asset acquisitions, recapitalization.

### 2. Subsidiaries

See subsidiaries in (8) Equity in other entities

### 3. Other related parties

Other Related parties	Relationship
Changan Ford Automobile Co.,Ltd.	joint venture
Changan Mazda Automobile Co.,Ltd.	joint venture
Changan Ford Mazda Engine Co., Ltd.	joint venture
Chongqing Changan Suzuki Automobile Co., Ltd.	joint venture
Jiangling Holding Co., Ltd.	joint venture
Jiangling Holding Landwind Plant	joint venture
Changan PSA Automobiles Co., Ltd.	joint venture
Chongqing Changan Kuayue Automobile Co., Ltd.	Associated enterprise

Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Associated enterprise
Changan Industries Group Co. Ltd.	subordinate company of South Group
Chongqing Changan Min Sheng Logistics Co., Ltd.	subordinate company of Changan Industries
Chongqing Changan Real Estate Development Co., Ltd.	subordinate company of Changan Industries
Chongqing Changan Construction Engineering Co., Ltd.	subordinate company of Changan Industries
Sichuan Hongguang Machinery and Electrics Co., Ltd.	subordinate company of Changan Industries
Chongqing Changan Property Management Co., Ltd.	subordinate company of Changan Industries
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	subordinate company of Changan Industries
China Changan Automobile Co., Ltd.	Parent company
China Changan Automobile Co., Ltd. –Chongqing Qingshan Transmission Branch	Branch of China Changan
China Changan Automobile Co., Ltd. – Chengdu Jian'an Automobile Bridge Branch	Branch of China Changan
China Changan Automobile Co., Ltd. – Shichuan Jian'an Automobile Bridge Branch	Branch of China Changan
South Air International Co.,Ltd.	subordinate company of China Changan
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	subordinate company of China Changan
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.-Longchang Shock Absorber Branch	subordinate company of China Changan
Chengdu Huachuan Electric Equipment Co., Ltd.	subordinate company of China Changan
Chongqing Changfeng Jiquan Machinery Co., Ltd.	subordinate company of China Changan
Chongqing Automobile Air-Conditioning Co., Ltd.	subordinate company of China Changan
Csgc Trw Chassis Systems Co.,Ltd.	subordinate company of China Changan
Hafei Motor Co., Ltd.	subordinate company of China Changan
Chongqing Anfu Automobile Marketing Co., Ltd.	subordinate company of China Changan
China Changan Automobile Group Tianjin Sales Co., Ltd.	subordinate company of China Changan
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	subordinate company of China Changan
Harbin Dongan Auto Engine Co., Ltd.	subordinate company of China Changan
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	subordinate company of China Changan
United Prosperity Investment Co., Ltd	subordinate company of China Changan
Wanyou Automobile Investment Co., Ltd.	subordinate company of China Changan
China South Industries Group Corporation	The ultimate holding company
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	subordinate company of South Group
Chongqing Changrong Machinery Co., Ltd.	subordinate company of South Group
Chengdu Lingchuan Special Industry Co., Ltd.	subordinate company of South Group
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	subordinate company of South Group
Yunnan Xiyi Industries Co., Ltd.	subordinate company of South Group
Chongqing Shangfang Automobile Fittings Co., Ltd.	subordinate company of South Group
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	subordinate company of South Group
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	subordinate company of South Group
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	subordinate company of South Group
China South Industries Group Finance Co., Ltd.	subordinate company of South Group
Southwest Ordnance Industry Corporation	subordinate company of South Group

Chongqing Wanyou Economic Development Co., Ltd.	subordinate company of South Group
Chongqing Wanyou Auto Sales and Service Co., Ltd.	subordinate company of South Group
Chongqing Wanbing Supplies Ltd.	subordinate company of South Group
Chongqing Wanyou Construction Co., Ltd.	subordinate company of South Group
Suining Wanyou Auto Sales and Service Co., Ltd.	subordinate company of South Group
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	subordinate company of South Group
Chongqing Wanyou Longxing Auto Sales and Service Co., Ltd.	subordinate company of South Group
Guangxi Wanyou Auto Sales and Service Co., Ltd.	subordinate company of South Group
Nanning Wanyou Auto Sales and Service Co., Ltd.	subordinate company of South Group
Chengdu Wanyou Economic Technological Development Co., Ltd.	subordinate company of South Group
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	subordinate company of South Group
Chengdu Wanyou Filter Co., Ltd.	subordinate company of South Group
Chengdu Wanyou Trading Co., Ltd.	subordinate company of South Group
Yunnan Wanyou Auto Sales and Service Co., Ltd.	subordinate company of South Group
Guizhou Wanyou Auto Sales and Service Co., Ltd.	subordinate company of South Group
Chongqing Yihong Engineering Plastic Products Co., Ltd.	subordinate company of South Group
Chengdu Ningxing Automobile Spring Co., Ltd.	subordinate company of South Group
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	subordinate company of South Group
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	subordinate company of South Group
Chongqing Qingshan Transmission Sales Co., Ltd.	subordinate company of South Group
Chongqing Dajiang Jiexing Forging Co., Ltd.	subordinate company of South Group
Chongqing Jialing Yimin Special Equipment Co., Ltd.	subordinate company of South Group
CDGM Tanaka Environmental Catalyst Co., Ltd.	subordinate company of South Group
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	subordinate company of South Group
Tenneco Lingchuan(Chongqing) Exhaust System Co., Ltd.	subordinate company of South Group

#### 4、Related-party transaction

##### (1) Goods purchased and services received

Unit: Yuan

Related parties	Nature of the transaction	Current amount		Prior-period amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
Changan Ford Automobile Co.,Ltd.	Purchase of spare parts	303,084,953.76	1.12%	53,955,592.69	0.26%
Chongqing Changan Suzuki Automobile Co., Ltd.	Purchase of spare parts/ Transportation fee	259,367,354.92	0.96%	1,029,165.95	0.01%
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Purchase of spare parts	7,133,874.18	0.03%	19,046,658.76	0.09%
Changan Industries Group Co. Ltd.	Purchase of spare	41,383,386.67	0.15%	45,291,136.17	0.22%

Related parties	Nature of the transaction	Current amount		Prior-period amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
	parts				
Chongqing Changan Minsheng Logistics Co., Ltd	Purchase of spare parts	451,684,872.15	1.67%	483,567,085.38	2.35%
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Purchase of spare parts	20,733,915.66	0.08%	44,038,118.76	0.21%
Chongqing Changan Property Management Co., Ltd.	Purchase of spare parts and accept service	1,538,177.96	0.01%	1,133,124.83	0.01%
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Purchase of spare parts	1,034,276.01	0.00%	1,598,790.72	0.01%
China Changan Automobile Co., Ltd. –Chongqing Qingshan Transmission Branch	Purchase of spare parts and accept service	1,042,335,738.99	3.86%	826,341,606.75	4.02%
China Changan Automobile Co., Ltd. – Chengdu Jian'an Automobile Bridge Branch	Purchase of spare parts	464,135,687.30	1.72%	438,756,754.68	2.13%
China Changan Automobile Co., Ltd. – Shichuan Jian'an Automobile Bridge Branch	Purchase of spare parts	3,211,748.89	0.01%	5,822,733.71	0.03%
South Air International Co.,Ltd.	Purchase of spare parts	167,629,762.31	0.62%	97,673,083.85	0.48%
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Purchase of spare parts	31,700,860.31	0.12%	44,905,354.41	0.22%
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.-Longchang Shock Absorber Branch	Purchase of spare parts	60,440,245.73	0.22%	64,373,285.44	0.31%
Chengdu Huachuan Electric Equipment Co., Ltd.	Purchase of spare parts	204,275,941.90	0.76%	211,772,715.78	1.03%
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Purchase of spare parts	21,849,525.13	0.08%	20,245,778.60	0.10%
Csgc Trw Chassis Systems Co.,Ltd.	Purchase of spare parts	294,468,473.16	1.09%	327,347,891.30	1.59%
Hafei Motor Co., Ltd.		79,398,624.02	0.29%	132,991,452.99	0.65%
Chengdu Ningjiang Zhaohé Automobile Components Co., Ltd.	Purchase of spare parts	23,400,749.28	0.09%	25,443.78	0.00%
Harbin Dongan Auto Engine Co., Ltd.	Purchase of spare parts	134,402,939.50	0.50%	67,825,719.59	0.33%

Related parties	Nature of the transaction	Current amount		Prior-period amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Purchase of spare parts	883,389,037.60	3.27%	292,763,954.96	1.42%
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Purchase of spare parts	54,499,265.82	0.20%	63,152,088.36	0.31%
Chongqing Changrong Machinery Co., Ltd.	Purchase of spare parts	35,193,381.77	0.13%	61,037,141.96	0.30%
Chengdu Lingchuan Special Industry Co., Ltd.	Purchase of spare parts	19,089,090.16	0.07%	41,674,146.31	0.20%
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Purchase of spare parts	64,738,292.20	0.24%	50,610,995.03	0.25%
Yunnan Xiyi Industries Co., Ltd.	Purchase of spare parts	48,270,967.93	0.18%	35,151,762.41	0.17%
Chongqing Shangfang Automobile Fittings Co., Ltd.	Purchase of spare parts	45,600,807.00	0.17%	57,106,407.47	0.28%
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Purchase of spare parts	26,864,629.25	0.10%	23,946,837.34	0.12%
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Purchase of spare parts	54,670.06	0.00%	43,204.70	0.00%
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Purchase of spare parts	98,384,782.46	0.36%	83,908,287.53	0.41%
China South Industries Group Finance Co., Ltd.	Accept service	30,583,503.97	0.11%	36,249,967.32	0.18%
Chengdu Wanyou Filter Co., Ltd.	Purchase of spare parts	70,436,900.24	0.26%	41,103,182.21	0.20%
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Accept service	17,842,988.46	0.07%	15,169,860.21	0.07%
Chengdu Ningxing Automobile Spring Co., Ltd.	Purchase of spare parts	7,340,066.25	0.03%	5,879,951.04	0.03%
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Purchase of spare parts	1,902,393.86	0.01%	2,205,202.34	0.01%
Chongqing Qingshan Transmission Sales Co., Ltd.	Purchase of spare parts	3,254,538.09	0.01%	3,785,894.32	0.02%
Chongqing Dajiang Jiexing Forging Co., Ltd.	Purchase of spare parts	26,422,867.38	0.10%	-	-
Chongqing Jialing Yimin Special Equipment Co., Ltd.	Purchase of spare parts	324,678.78	0.00%	-	-
CDGM Tanaka Environmental Catalyst Co., Ltd.	Purchase of spare parts	2,089,187.10	0.01%	-	-

Related parties	Nature of the transaction	Current amount		Prior-period amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
United Prosperity Investment Co., Ltd(Note 1)	Purchase of spare parts	1,080,030.35	0.00%	-	-
Tenneco Lingchuan(Chongqing) Exhaust System Co., Ltd.	Purchase of spare parts	56,378,053.90	0.21%	-	-
<b>Total</b>		<b>5,106,951,240.45</b>	<b>18.93%</b>	<b>3,701,530,377.65</b>	<b>18.02%</b>

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

Note1: For year ended 2015, United Prosperity Investment Co., Ltd. provides financial service for the Company's import of machinery. Current year, the Company paid RMB 63,036,855.00 for purchase of machinery overseas on behalf of United Prosperity Investment Co., Ltd. Therefore, the Company paid it RMB 980,918.15 for its import and export financing service.

Besides, for the year ended 2015, United Prosperity Investment Co., Ltd also provides sales agency service for the Group, and sales amount to RMB 62,379,572.86, therefore the Group paid it RMB 99,112.20.

(2) Goods sold and services offered

Unit: Yuan

Related parties	Nature of the transaction	Current amount		Prior-period Amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
Changan Ford Automobile Co.,Ltd.	Purchase of spare parts, personnel support	73,906,023.28	0.23%	66,909,928.80	0.28%
Chongqing Changan Suzuki Automobile Co., Ltd.	Purchase of spare parts, personnel support	75,671,958.06	0.23%	508.00	0.00%
Changan PSA Automobiles Co.,Ltd	Purchase of spare parts, personnel support	2,439,567.21	0.01%	-	-
Changan Industries Group Co. Ltd.	Purchase of spare parts, service charges	541,079.03	0.00%	269,560.54	0.00%
Chongqing Changan Minsheng Logistics Co., Ltd	Purchase of spare parts, service charges	350,364.60	0.00%	67,110.35	0.00%
Sichuan Hongguang Machinery and Electrics	Purchase of raw material	15,847,199.88	0.05%	22,162,746.00	0.09%

Co., Ltd.					
Chengdu Huachuan Electric Equipment Co., Ltd.	Purchase of spare parts	19,927.56	0.00%	2,939,706.31	0.01%
Chongqing Anfu Automobile Co., Ltd.	Sales of vehicles, spare parts	1,462,393.16	0.00%	3,213,692.31	0.01%
China Changan Automobile Group Tianjin Sales Co., Ltd.	Sales of vehicles, spare parts	72,491,378.02	0.22%	32,620,888.78	0.13%
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Technical service	7,779,449.96	0.02%	4,060,894.51	0.02%
United Prosperity Investment Co., Ltd(Note 1)	Purchase of spare parts	-	0.00%	5,104,718.30	0.02%
Wanyou Automobile Investment Co.,Ltd	Sales of vehicles, spare parts	345,490,196.71	1.06%	551,386,549.46	2.28%
Chengdu Lingchuan Special Industry Co., Ltd.	Purchase of spare parts	43,224,500.86	0.13%	26,568,299.97	0.11%
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Purchase of spare parts	5,042,460.44	0.02%	26,900,876.35	0.11%
Yunnan Xiyi Industries Co., Ltd.	Purchase of spare parts	984,017.10	0.00%	1,532,767.52	0.01%
Chongqing Wanyou Economic Technological Development Co., Ltd.	Sales of vehicles, spare parts	1,005,948,700.61	3.10%	810,050,037.40	3.35%
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	1,051.66	0.00%	-	-
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	114,639,872.53	0.35%	67,441,475.42	0.28%
Nanning Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	90,258,991.64	0.28%	53,280,340.04	0.22%
Chengdu Wanyou Economic Technological Development Co., Ltd.	Sales of vehicles, spare parts	394,601,982.01	1.21%	448,498,645.82	1.85%
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	782,957,299.37	2.41%	445,426,149.48	1.84%



Yunan Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	536,252,713.70	1.65%	390,798,829.96	1.61%
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	516,563,771.34	1.59%	353,540,028.30	1.46%
Yunnan Xiyi Industries Co., Ltd.	Sales of vehicles, spare parts	54,354,771.56	0.17%	-	-
China South Industries Group Finance Co.,Ltd	Regulatory charges	7,716,484.00	0.02%	7,529,248.00	0.03%
Total		4,148,546,154.29	12.76%	3,320,303,001.62	13.71%

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

### (3) Related-party leasing

Related-party leasing

Unit: Yuan

Lesser	Lessee	Type of leased assets	Starting date	Expiring date	The basis for rental pricing	Yearly recognized rental
Chongqing Changan Min Sheng Logistics Co., Ltd.	Chongqing Changan	building	2015.01.01	2015.1.31	Based on agreement	11,961,765.67
Chongqing Changan Real Estate Development Co., Ltd	Chongqing Changan	building	2015.01.01	2015.12.31	Based on agreement	401,244.00
Chongqing Changan Real Estate Development Co., Ltd	Chongqing Changan	Offices and garages	2015.01.01	2015.12.31	Based on agreement	304,833.00

### (4) Asset transfer of related parties

	Type of	Report period	Same period of last year
--	---------	---------------	--------------------------

Related party	Note	transaction	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
China Changan Automobile Group Co.,Ltd.	(Note)	Transfer of equity	-	-	440,606,230.50	100.00

Note: Acquisition of 100% equity of Hefei Changan owned by China Changan

**(5) Other related transactions**

## Integrated service charges

Related parties	Nature of the transaction	Report period		Same period of last year	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Industries Group Co. Ltd	Payment of land rental fees	11,856,475.50	9.71%	11,892,475.50	11.27%
	Payment of building rental fees	16,663,741.50	13.65%	16,627,741.50	15.75%
	Payment of utilities	82,475,499.37	67.57%	68,033,703.56	64.46%
	Payment of fire fighting fees	685,000.00	0.56%	1,370,000.00	1.30%
	Others	2,576,125.94	2.11%	4,725,941.09	4.48%
Hafei Automobile Co., Ltd.,	integrated service charges	7,805,035.14	6.39%	2,898,812.92	2.75%
<b>Total</b>		<b>122,061,877.45</b>	<b>100.00%</b>	<b>100,712,171.84</b>	<b>100.00%</b>

## Purchase of project materials

Related parties	Report period		Same period of last year	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Construction Co., Ltd	84,388,885.34	8.44%	52,566,597.70	11.81%
Chongqing Changan Min Sheng Logistics Co., Ltd.	1,718,008.15	0.17%	1,289,229.87	0.29%
Changan Industries Group Co. Ltd	1,337,830.00	0.13%	1,268,200.24	0.28%
<b>Total</b>	<b>87,444,723.49</b>	<b>8.74%</b>	<b>55,124,027.81</b>	<b>12.38%</b>

Personnel Technical Support

Related parties	Report period		Same period of last year	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Ford Automobile Co., Ltd.	10,805,300.98	77.14%	13,322,672.52	81.72%
Changan Mazda Automobile Co., Ltd.	3,423.49	0.02%	1,343,386.90	8.24%
Changan Ford Mazda Engine Co., Ltd.	- 4,507.94	-0.03%	-	0.00%
Chongqing Changan Suzuki Automobile Co., Ltd.	- 1,832.00	-0.01%	255,142.00	1.57%
Jiangling Holding Co., Ltd.	- 1,632.48	-0.01%	1,365,998.46	8.38%
Changan PSA Automobiles Co., Ltd.	2,875,398.56	20.53%	-	0.00%
Chongqing Changan Kuayue Automobile Co., Ltd.	- 2,366.76	-0.02%	-	0.00%
Hafei Motor Co., Ltd.	234,449.28	1.67%	15,435.11	0.09%
Harbin Dongan Auto Engine Co., Ltd.	99,544.94	0.71%	-	0.00%
<b>Total</b>	<b>14,007,778.07</b>	<b>100.00%</b>	<b>16,302,634.99</b>	<b>100.00%</b>

## Techonology development service charges

Related parties	Report period		Same period of last year	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan PSA Automobiles Co., Ltd.	-	-	-	-
Chongqing Changan Suzuki Automobile Co., Ltd.	-	-	991,656.23	100.00%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>991,656.23</b>	<b>100.00%</b>

## Related party monetary funds

	Ending		Beginning	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
China South Industries Group Finance Co., Ltd	2,912,325,053.96	21.34%	2,703,025,729.22	37.00%

## Borrowing

## Short-term borrowing

	Ending		Beginning	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
China South Industries Group Finance Co., Ltd	50,000,000.00	62.50%	100,000,000.00	26.45%

## Interest income of deferred payment

Related parties	Report period		Same period of last year	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Wanyou Economic Technological Development Co.,	32,435.89	0.14%		
Nanning Wanyou Auto Sales and Service Co., Ltd.	1,198.29	0.01%		
Chengdu Wanyou Economic Technological Development Co.,	631,347.86	2.68%		
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	1,365,111.97	5.79%		
Yunan Wanyou Auto Sales and Service Co., Ltd.	40,744.44	0.17%		
<b>Total</b>	<b>2,070,838.45</b>	<b>8.78%</b>		

Note: "Interest income of deferred payment" in same period of last year was included in products sold and services provided, which is not listed here.

## 5、Payment receivables of related parties

Payment receivables of related listed companies

Unit: Yuan

Items	Related parties	ending balance		beginning balance	
		Book balance	Provision for bad-debts	Book balance	Provision for bad-debts
notes receivable	Chengdu Wanyou Economic Technological Development Co., Ltd	15,000,000.00		22,000,000.00	
notes receivable	Guangxi Wanyou Automobile Sales and Service Co., Ltd	43,800,000.00		57,200,000.00	
notes receivable	Guizhou Wanyou Automobile Sales and Service Co., Ltd	-		7,500,000.00	
notes receivable	Nanning Wanyou Automobile Sales and Service Co., Ltd	60,000,000.00		60,600,000.00	
notes receivable	Wanyou Automobile Investment Co., Ltd.	1,910,500,000.00		1,933,900,000.00	
notes receivable	Yunnan Wanyou Automobile Sales and Service Co., Ltd	121,000,000.00		519,000,000.00	
notes receivable	China Changan automobile group Tianjin Sales Co., Ltd	47,000,000.00		55,000,000.00	
notes receivable	Chongqing Wanyou Economic Development Co., Ltd	-		153,700,000.00	
notes receivable	Chongqing Changan Industries Group Co. Ltd	-		2,402,062.50	
notes receivable	Chongqing Changan Min Sheng Logistics Co., Ltd.	770,000.00		4,000,000.00	
notes receivable	Chongqing Wanyou Longrui Automobile Sales and Service Co., Ltd	3,000,000.00		-	
<b>Total</b>		<b>2,201,070,000.00</b>		<b>2,815,302,062.50</b>	
account receivable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	35,350,284.89		34,732,286.33	
account receivable	Jiangling Holding Co., Ltd	5,085,274.41		6,525,274.41	
account receivable	Changan PSA Automobile Co., Ltd.	4,333,812.46		13,541,028.82	
account receivable	Changan Ford Mazda Engine Co., Ltd.	-		5,923,814.08	

account receivable	Changan Ford Automobile Co., Ltd.	58,877,966.43		38,840,411.42	
account receivable	Changan Mazda Automobile Co., Ltd.	-		10,426,339.17	
account receivable	United Prosperity Investment Co., Ltd	3,982,398.16		10,856,165.22	
account receivable	Chongqing Changan Industries Group Co. Ltd	1,454,821.38		1,825,968.36	
account receivable	Chongqing Changan Kuayue Automobile Co., Ltd	4,138,272.00		5,758,272.00	
account receivable	Changan Suzuki Automobile Co., Ltd.	89,152,536.90		7,301,911.32	
account receivable	Chengdu Wanyou Economic Technological Development Co., Ltd	-		1,043.72	
<b>Total</b>		<b>202,375,366.63</b>		<b>135,732,514.85</b>	
Other account receivable	Chongqing Changan Min Sheng Logistics Co., Ltd.	197,281.06		181,042.41	
Other account receivable	China South Industry Group Finance Co., Ltd	351,138.22		-	
<b>Total</b>		<b>548,419.28</b>		<b>181,042.41</b>	
advanced payment	China Changan Automobile Group Co., Ltd. Chongqing Qingshan Transmission Branch	-		17,532.12	
advanced payment	Chongqing Changan Suzuki Automobile Co., Ltd	293,769.25		280,209.25	
<b>Total</b>		<b>293,769.25</b>		<b>297,741.37</b>	

Unit: Yuan

Items	Related parties	Ending	Beginning
notes payable	Changan Ford Automobile Co., Ltd.	28,652,171.54	-
notes payable	CDGM Tanaka Environmental Catalyst Co., Ltd	4,760,000.00	860,000.00
notes payable	Chengdu Huachuan Electric Equipment Co., Ltd	1,940,000.00	85,650,000.00
notes	Chengdu Jialing Huaxi Optical & Precision Machinery Co.,	1,920,000.00	1,110,000.00

payable	Ltd		
notes payable	Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	29,160,000.00	26,520,000.00
notes payable	Chengdu Lingchuan Special Industry Co., Ltd	200,000.00	3,860,000.00
notes payable	Chengdu NingXing Automobile Spring Co., Ltd.	4,230,000.00	4,430,000.00
notes payable	Chengdu Wanyou Filter Co., Ltd	34,580,000.00	47,110,000.00
notes payable	Harbin Dongan Automotive Engine Co., Ltd.	111,100,000.00	51,700,000.00
notes payable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	564,790,000.00	247,700,000.00
notes payable	Hafei Motor Co., Ltd.	328,560,000.00	464,660,000.00
notes payable	Hubei Xiaogan Huazhong Automobile Light Co., Ltd	25,670,000.00	26,520,000.00
notes payable	Csgc Trw Chassis Systems Co.,Ltd.	202,660,000.00	197,690,000.00
notes payable	South Inter Air-conditioner Co. ,Ltd	94,940,000.00	66,670,000.00
notes payable	Sichuan Hongguang Machinery and Electrics Co., Ltd	10,660,000.00	16,660,000.00
notes payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd	6,750,000.00	19,020,000.00
notes payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd Longchang Shock Absorber Branch	25,110,000.00	20,210,000.00
notes payable	Yunnan Xiyi Industries Co., Ltd	42,020,000.00	50,760,000.00
notes payable	China Changan Automobile Group Co., Ltd. Chengdu Jian'an Axle Branch	-	580,000.00
notes payable	Chongqing Djiang Xinda Automobile Co.,Ltd.	31,750,000.00	26,860,000.00
notes payable	Chongqing Jianshe Automotive Air-conditioner Co., Ltd	114,170,000.00	87,910,000.00
notes payable	Chongqing Shangfang Automotive Parts Co., Ltd	11,500,000.00	30,440,000.00
notes	Chongqing Changan Property Management Co., Ltd.	690,000.00	1,280,000.00



payable			
notes payable	Chongqing Wanyou Engineering Installation Co., Ltd	4,284,575.00	3,286,323.00
notes payable	Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	4,840,000.00	7,490,000.00
notes payable	Chongqing Yihong Engineering Plastic Products Co., Ltd	-	9,190,000.00
notes payable	Chongqing Changan Industries Group Co. Ltd	1,328,682.00	1,684,437.30
notes payable	Chongqing Changan Construction Co., Ltd	62,643,575.00	44,749,050.70
notes payable	Chongqing Changan Min Sheng Logistics Co., Ltd.	3,416,079.00	2,163,387.00
notes payable	Chongqing Changrong Machinery Co., Ltd	10,830,000.00	14,680,000.00
notes payable	Chongqing Dajiang Jiexin Forging Co., Ltd	1,900,000.00	-
<b>Total</b>		<b>1,765,055,082.54</b>	<b>1,561,443,198.00</b>
account payable	Beijing Beiji Mechanical and Electrical Industry Co., Ltd	-	135,480.50
account payable	CDGM Tanaka Environmental Catalyst Co., Ltd	1,143,881.76	3,459,532.82
account payable	Chengdu Huachuan Electric Equipment Co., Ltd	32,525,953.80	8,997,687.52
account payable	Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd	686,632.48	695,931.69
account payable	Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	24,074,303.06	19,430,898.24
account payable	Chengdu Lingchuan Special Industry Co., Ltd	1,003,920.66	15,243,707.30
account payable	Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	13,942,806.64	125,679.59
account payable	Chengdu NingXing Automobile Spring Co., Ltd.	2,207,935.84	3,164,034.29
account payable	Chengdu Wanyou Economic Technological Development Co., Ltd	-	10,589.08
account payable	Chengdu Wanyou Filter Co., Ltd	31,024,825.36	20,513,534.18

account payable	Chengdu Wanyou Trading Co., Ltd	-	568.89
account payable	Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	-	21,844.49
account payable	Guangxi Wanyou Automobile Sales and Service Co., Ltd	-	24,727.51
account payable	Guizhou Wanyou Automobile Sales and Service Co., Ltd	-	225,194.03
account payable	Harbin Dongan Automotive Engine Co., Ltd.	83,166,920.32	37,836,046.69
account payable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	177,344,600.15	219,176,454.82
account payable	Hafei Motor Co., Ltd.	21,816,182.05	231,401,070.28
account payable	Hubei Xiaogan Huazhong Automobile Light Co., Ltd	17,175,434.79	33,857,713.97
account payable	Csgc Trw Chassis Systems Co.,Ltd.	105,100,707.41	124,362,361.53
account payable	South Inter Air-conditioner Co, .Ltd	53,631,175.54	85,699,120.04
account payable	Nanning Wanyou Automobile Sales and Service Co., Ltd	-	6,664.63
account payable	Sichuan Hongguang Machinery and Electrics Co., Ltd	869,170.17	6,309,820.98
account payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd	9,942,334.69	3,886,641.32
account payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd Longchang Shock Absorber Branch	13,995,875.71	16,076,620.75
account payable	Yunnan Wanyou Automobile Sales and Service Co., Ltd	-	295,982.89
account payable	Yunnan Xiyi Industries Co., Ltd	14,945,640.85	1,690,738.76
account payable	Changan Ford Automobile Co., Ltd.	4,981,530.19	9,270,810.87
account payable	China Changan Automobile Group Co., Ltd. Chengdu Jian'an Axle Branch	112,277.38	1,847,863.97
account payable	China Changan Automobile Group Co., Ltd. Sichuan Jian'an Axle Branch	148,105,802.56	119,241,308.69

account payable	China Changan Automobile Group Co., Ltd. Chongqing Qingshan Transmission Branch	30,883,581.60	119,749,504.60
account payable	Chongqing Dajiang Jiexin Forging Co., Ltd	1,667,226.82	2,349,986.93
account payable	Chongqing Djiang Xinda Automobile Co.,Ltd.	23,002,743.21	23,832,720.53
account payable	Chongqing Dajiang Yuqiang Plastic Co., Ltd	125,835.73	119,814.74
account payable	Chongqing Jialing Yimin Special Equipment Co., Ltd.	251,976.36	362,102.19
account payable	Chongqing Jianshe Automotive Air-conditioner Co., Ltd	34,610,116.28	37,810,978.41
account payable	Chongqing Automotive Air-conditioner Co., Ltd	205,041.51	205,041.51
account payable	Chongqing Shangfang Automotive Parts Co., Ltd	16,824,844.69	17,173,815.05
account payable	Chongqing Qingshan Transmission Sales Co., Ltd	4,432,655.84	4,630,437.00
account payable	Chongqing Wanyou Economic Development Co., Ltd	12,251,303.70	15,705,418.84
account payable	Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	1,535,239.70	2,828,606.92
account payable	Chongqing Yihong Engineering Plastic Products Co., Ltd	3,726,892.66	3,947,802.82
account payable	Chongqing Changan Industries Group Co. Ltd	2,282,033.41	347,476.12
account payable	Chongqing Changan Kuayue Automobile Co., Ltd	1,382.56	77,208.01
account payable	Chongqing Changan Min Sheng Logistics Co., Ltd.	25,088,300.64	63,190,489.33
account payable	Chongqing Changan Visteon Engine Control Systems Co., Ltd.	429,927.09	1,459,824.16
account payable	Chongqing Changfeng Jiquan Machinery Co., Ltd	8,108,637.59	4,909,024.51
account payable	Chongqing Changrong Machinery Co., Ltd	8,279,561.85	8,962,364.46
account payable	Chongqing Changan Suzuki Automobile Co., Ltd	303,196,908.77	-

account payable	Tenneco Lingchuan (Chongqing) Exhaust Sysytem Co., Ltd.	12,735,268.42	-
account payable	Chongqing Changan Property Management Co., Ltd.	197,480.00	-
<b>Subtotal</b>		<b>1,247,634,869.84</b>	<b>1,270,671,246.45</b>
advance receipts	Changan Mazda Automobile Co., Ltd	6,863,660.83	-
advance receipts	Changan Ford Mazda Engine Co., Ltd	3,256,185.92	-
advance receipts	Chongqing Changan Min Sheng Logistics Co., Ltd.	360,625.68	361,998.32
advance receipts	South Inter Air-conditioner Co., Ltd	4,991.00	-
advance receipts	Hafei Automobile Co., Ltd.	670,500.00	-
advance receipts	China Changan Automobile Group Tianjin Sales Co., Ltd	4,758,132.00	9,923,044.00
advance receipts	Wanyou Automobile Investment Co., Ltd.	24,061,437.00	60,787,767.00
advance receipts	Chongqing Wanyou Economic Development Co., Ltd	23,998,458.87	224,012,279.88
advance receipts	United Prosperity Investment Co., Ltd	-	4,343,194.69
advance receipts	Chongqing Wanyou Longrui Automobile Sales and Service Co., Ltd	770,294.26	1,890.04
advance receipts	Guangxi Wanyou Automobile Sales and Service Co., Ltd	7,561,870.06	12,826,075.48
advance receipts	Nanning Wanyou Automobile Sales and Service Co., Ltd	8,498,555.87	12,102,977.87
advance receipts	Chengdu Wanyou Economic Technological Development Co., Ltd	8,649,566.56	45,908,401.66
advance receipts	Chengdu Wanyou Xiangyu Automobile Sales and Service Co., Ltd	57,045,627.07	124,492,768.07
advance receipts	Yunnan Wanyou Automobile Sales and Service Co., Ltd	6,845,245.39	97,055,869.67
advance receipts	Guizhou Wanyou Automobile Sales and Service Co., Ltd	11,514,224.20	92,748,342.34
advance	Yunnan Xiangyu Automobile Sales and Service Co., Ltd	1,021,784.00	5,616,867.00

receipts			
advance receipts	Harbin Dongan Automotive Engine Co., Ltd.	-	44.94
advance receipts	Chengdu Wanyou Trading Co., Ltd	-	38,295.50
<b>Subtotal</b>		<b>165,881,158.71</b>	<b>690,219,816.45</b>
other payables	Chengdu Wanyou Economic Technological Development Co., Ltd	150,000.00	151,537.60
other payables	Chengdu Wanyou Filter Co., Ltd	-	120,000.00
other payables	Chengdu Wanyou Xiangyu Automobile Sales and Service Co., Ltd	-	82,651.45
other payables	Guangxi Wanyou Automobile Sales and Service Co., Ltd	237,355.96	100,000.00
other payables	Guizhou Wanyou Automobile Sales and Service Co., Ltd	341,193.10	100,000.00
other payables	Hafei Automobile Co., Ltd.	4,465,774.68	1,892,739.54
other payables	Yunnan Wanyou Automobile Sales and Service Co., Ltd	258,093.68	224,025.84
other payables	China Changan Automobile Group Sichuan Jian'an Axle Branch	-	1,000.00
other payables	United Prosperity Investment Co., Ltd	-	192,977,320.11
other payables	Chongqing Changan Property Management Co., Ltd.	443,892.70	793,985.65
other payables	Chongqing Wanyou Engineering Installation Co., Ltd	553,194.00	870,654.00
other payables	Chongqing Wanyou Economic Development Co., Ltd	100,000.00	253,841.75
other payables	Chongqing Changan Real Estate Development Co., Ltd	403,483.00	250,690.60
other payables	Chongqing Changan Industries Group Co. Ltd	31,086,076.13	14,260,455.80
other payables	Chongqing Changan Construction Co., Ltd	4,534,326.60	8,113,625.16
other payables	Chongqing Changan Min Sheng Logistics Co., Ltd.	235,381,609.54	233,978,891.80

Subtotal	277,954,999.39	454,171,419.30
----------	----------------	----------------

### **XIII、 Commitments and Contingencies**

#### **1、 Significant commitments**

##### **Investment commitment**

By June 30<sup>th</sup> 2015, the group has no investment commitment that has been signed but not yet fully fulfilled.

#### **2、 Contingencies**

By June 30<sup>th</sup> 2015, the company has no significant contingencies that need to be published.

### **XIV、 Events after the balance sheet date**

#### **1、 significant non-adjusting events**

Applicable    not Applicable

#### **2、 Distribution of profit**

Applicable    not Applicable

#### **3、 Sales return**

Applicable    not Applicable

### **XV、 Other important events**

#### **1、 Correction of accounting error of earlier stage**

Applicable    not Applicable

#### **2、 Debt restructuring**

Applicable    not Applicable

#### **3、 Asset replacement**

Applicable    not Applicable

#### **4、 Annuity plan**

Applicable    not Applicable

#### **5、 Discontinuing operation**

Applicable    not Applicable

## 6、Information on business branch

Identify business branch of the group according to internal organization structure, management requirements, internal reporting rules, and identify the report and information disclosed of the brand based on the identified branch.

business branch refers to the component of the group that meets the following conditions:

(1) the component has income and expenditure incurred in routine activities;

(2) the management of the company regularly evaluates the operation performance of the component to decide the company's resource distribution and evaluate its overall performance

(3) The group receives related accounting information on the financial situation, operation performance and cash flow.

If two or more components have similar economic features and meet the conditions, they should be consolidated into one branch.

Income and profit of the group consists of automobile manufacturing and domestic sales. Main asset of the group is in China. The management of the group evaluates the performance of the group as a whole. Thus, report of the branch is not included in this year's report.

## XVI、Notes to the main items of the parent company's financial statements

### 1、Account Receivables

#### (1) Account Receivables

Items	Ending				Beginning			
	book balance		provision for bad-debts		book balance		provision for bad-debts	
	amount	(%)	amount	(%)	amount	(%)	amount	(%)
Individually significant amount and account receivables of individually provision for bad debts	138,253,963.58	3.39	-	-	45,088,295.09	1.61	-	-
Account receivables of provision for bad-debts calculated and extracted by groups								
Group 1: account receivables of provision for bad-debts calculated and extracted by aging analysis	286,983,049.84	7.03	42,347,813.67	14.76	277,846,638.96	9.91	42,238,460.64	15.20
Group 2: Account receivables for related parties	3,658,631,889.65	89.59	-	-	2,481,213,357.81	88.48	-	-
Group subtotal	3,945,614,939.49	96.61	42,347,813.67	1.07	2,759,059,996.77	98.39	42,238,460.64	1.53
Total	4,083,868,903.07	--	42,347,813.67	--	2,804,148,291.86	--	42,238,460.64	--

Types of account receivables

Within groups, account receivables of provision for bad-debts are calculated and extracted by aging analysis

Applicable not Applicable

account receivable age	ending			beginning		
	book balance		provision for bad-debts	book balance		provision for bad-debts
	account	(%)		account	(%)	
within 1 year						
Including	--	--	--	--	--	--
0- 6 months	241,847,367.61	84.27	-	232,145,184.96	83.55	-
6 to 12 months	65,451.00	0.02	3,272.55	3,720.00	-	186
Within 1 year subtotal	241,912,818.61	84.30	3,272.55	232,148,904.96	83.55	186
1 to 2 years	7,014.00	0.00	701.40	-	-	-
2 to 3 years	1,900,100.00	0.66	570,030.00	2,034,616.77	0.73	610,385.03
3 to 4 years	-	-	-	-	-	-
4 to 5 years	6,946,537.55	2.42	5,557,230.04	10,176,138.11	3.66	8,140,910.49
Over 5 years	36,216,579.68	12.62	36,216,579.68	33,486,979.12	12.05	33,486,979.12
Total	286,983,049.84	--	42,347,813.67	277,846,638.96	--	42,238,460.64

Within groups, account receivables of provision for bad-debts are calculated and extracted by balance percentage

Applicable not Applicable

## (2) Top 5 amount in account receivables

Unit: Yuan

Companies	relationship with Changan Automobile	amount	years	proportion of total account receivables (%)
Nanjing Changan Automobile Co., Ltd.	subsidiary	1,667,643,256.23	Within 1 year	41.26
Hefei Changan Automobile Co., Ltd.	subsidiary	517,150,734.49	Within 1 year	12.80
Hebei Changan Automobile Co., Ltd.	subsidiary	470,234,971.03	Within 1 year	11.64
Chongqing Changan Automobile International Sales Service Co., Ltd.	subsidiary	417,377,253.89	Within 1 year	10.33
Baoding Changan Bus Manufacturing Co., Ltd.	subsidiary	138,032,276.37	Within 1 year	3.42
Total	--	3,210,438,492.01	--	79.44



**(3) Account receivables of related parties**

Unit: Yuan

Companies	relationship with Changan Automobile	amount	proportion of total account receivables (%)
Baoding Changan Bus Manufacturing Co., Ltd.	subsidiary	138,032,276.37	3.42
Changan Automobile Group Co., Ltd. - Harbin Sales Branch	subsidiary	872,732.96	0.02
Hefei Changan Automobile Co., Ltd	subsidiary	517,150,734.49	12.80
Hebei Changan Automobile Co., Ltd.	subsidiary	470,234,971.03	11.64
Heilongjiang Changan Automobile Sales Co., Ltd.	subsidiary	119,318,751.99	2.95
Liaoning Changan Automobile Sales Co., Ltd.	subsidiary	7,372,369.23	0.18
Nanjing Changan Automobile Co., Ltd.	subsidiary	1,678,317,704.08	41.53
Xinjiang Changan Automobile Sales Co., Ltd.	subsidiary	64,320,285.39	1.59
Yingchuan Changan Automobile Sales Co., Ltd.	subsidiary	2,056,841.28	0.05
Chongqing Changan International Automobile Sales and Service Co., Ltd	subsidiary	422,334,871.89	10.45
Chongqing Changan Special Automobile sales Co., Ltd	subsidiary	14,055,000.80	0.35
Changan PSA Automobile Co., Ltd	joint venturejoint venture	1,410,203.96	0.03
Changan Ford Automobile Co., Ltd	joint venturejoint venture	59,457,096.57	1.47
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	controlled by the same parent company	35,350,284.89	0.87
Jiangling Holding Co., Ltd	joint venturejoint venture	5,463,207.59	0.14
Chongqing Changan Industries Group Co. Ltd	controlled by the same ultimate holding company	1,454,840.88	0.04
Chongqing Changan Kuayue Automobile Co., Ltd	Associated Enterprise	4,138,272.00	0.10
Chongqing Changan Suzuki Automobile Co., Ltd	joint venturejoint venture	91,983,421.90	2.28
Chongqing Changan Automobile Customer Service Co., Ltd.	subsidiary	25,308,022.35	0.63
Total	--	3,658,631,889.65	90.53

## 2、Other receivables

### (1) Other receivables

Items	ending				beginning			
	book balance		provision for bad-debts		book balance		provision for bad-debts	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Individually significant amount and account receivables of individually provision for bad debts	270,136,000.00	52.03	-	-	123,832,000.00	18.48	-	-
Account receivables of provision for bad-debts calculated and extracted by groups								
Group 1: account receivables of provision for bad-debts calculated and extracted by aging analysis	87,971,717.81	16.94	2,108,381.18	2.40	81,576,371.15	12.17	1,976,498.02	2.42
Group 2: Account receivables of provision for bad-debts calculated and extracted by related parties	161,069,996.76	31.02	0.00	0.00	464,727,983.71	69.35	-	-
Group subtotal	249,041,714.57	47.97	2,108,381.18	0.85	546,304,354.86	81.52	1,976,498.02	0.36
no Individually significant amount but other receivables of individually provision for bad debts								
Total	519,177,714.57	--	2,108,381.18	--	670,136,354.86	--	1,976,498.02	--

Types of the account receivables

account receivables of provision for bad-debts are calculated and extracted by aging analysis

Applicable not Applicable

account receivable Age	ending				beginning			
	book balance		provision for bad-debts	book balance		provision for bad-debts		
	amount	(%)		amount	(%)			
Within 1 year								
Among:	--	--	--	--	--	--	--	--
0-6 months	82,042,463.58	93.26	-	-	77,276,646.60	94.73	-	-

6 to 12 months	2,841,049.17	3.22	142,052.46	370,404.77	0.45	18,520.24
Within 1 year subtotal	84,883,512.75	96.49	142,052.46	77,647,051.37	95.18	18,520.24
1 to 2 years	955,043.05	1.09	95,504.31	1,876,797.77	2.30	187,679.78
2 to 3 years	145,640.00	0.17	43,692.00	65,000.00	0.08	19,500.00
3 to 4 years	-	-	-	254,448.01	0.31	127,224.01
4 to 5 years	801,948.01	0.91	641,558.41	547,500.00	0.67	438,000.00
Over 5 years	1,185,574.00	1.35	1,185,574.00	1,185,574.00	1.45	1,185,573.99
Total	87,971,717.81	--	2,108,381.18	81,576,371.15	--	1,976,498.02

Within groups, account receivables of provision for bad-debts are calculated and extracted by balance percentage.

Applicable not Applicable

## (2) Other account receivables of related parties

Unit: Yuan

Companies	relationship with Changan Automobile	amount	Proportion of total account receivables (%)
Changan Automobile Russia Co., Ltd.	subsidiary	24,782,800.00	4.79
Nanjing Changan Automobile Co., Ltd.	subsidiary	30,672,403.25	5.93
Chongqing Changan Suzuki Automobile Co., Ltd	joint venturejoint venture	84,948,803.83	16.43
Hebei Changan Automobile Co., Ltd.	subsidiary	6,672,950.02	1.29
Chongqing Changan International Automobile Sales and Service Co., Ltd	subsidiary	12,379,176.86	2.39
Chongqing Changan Automobile Customer Service Co., Ltd.	subsidiary	1,106,248.48	0.21
Changan Brazil Holding Co., Ltd	subsidiary	422,965.76	0.08
Chongqing Changan Min Sheng Logistics Co., Ltd.	subordinate company of Changan Industries	84,648.56	0.02
合计 Total	--	161,069,996.76	31.15

### 3、Long-term equity investment

Unit: Yuan

Invested in	Accounting method	capitalized cost	beginning amount	increase/decrease	ending amount	Share proportion in the company invested (%)	Voting proportion in the company invested (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	impairment provision in current period	cash bonus in current period
1、 Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	237,719,933.33	1,408,273,674.47	-25,628,626.69	1,382,645,047.78	50	50	Nothing			
Jiangling Holding Co., Ltd	Equity	1,008,511,522.00	2,334,057,207.68	181,388,135.45	2,515,445,343.13	50	50	Nothing			
Changan Ford Automobile Co., Ltd	Equity	975,232,926.29	4,617,363,993.97	923,128,890.36	5,540,492,884.33	50	50	Nothing			3,450,000,000.00
Changan Mazda Automobile Co., Ltd	Equity	1,097,839,635.00	1,672,590,730.82	414,989,302.22	2,087,580,033.04	50	50	Nothing			
Changan Ford Mazda Engine Co., Ltd	Equity	786,734,634.10	720,178,224.15	80,216,151.05	800,394,375.20	50	50	Nothing			
Changan PSA Automobile Co., Ltd	Equity	2,007,841,700.00	1,795,746,892.81	-117,857,515.40	1,677,889,377.41	50	50	Nothing			
2、 Associated Enterprises											
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	7,600,027.62	9,220,184.59	-392,641.56	8,827,543.03	40	40	Nothing			
Chongqing Changan Kuayue	Equity	61,800,885.00	66,558,691.97	4,886,884.01	71,445,575.98	34.3	34.3	Nothing			

Automobile Co., Ltd											
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	-	-	-	34.3	34.3	Nothing			
Beijing Fang'an taxi Co., Ltd	Equity	6,000,000.00	-	-	-	42.25	42.25	Nothing			
3、Subsidiaries											
Nanjing Changan Automobile Co., Ltd	Cost	422,183,259.00	422,533,259.00	-	422,533,259.00	84.73	91.53	minority shareholders authorize the company to exercise voting right			
Hebei Changan Automobile Co., Ltd	Cost	438,573,236.00	438,223,236.00	-	438,223,236.00	94.22	95.62	minority shareholders authorize the company to exercise voting right			
Chongqing Changan International Automobile Sales and Service Co., Ltd	Cost	13,068,580.00	13,068,580.00	-	13,068,580.00	95	95	Nothing			
Chongqing Changan Automobile Customer Service Co., Ltd.	Cost	29,700,000.00	29,700,000.00	-	29,700,000.00	99	99	Nothing			
Chongqing Changan Automobile Sales Co., Ltd	Cost	48,500,000.00	48,500,000.00	-	48,500,000.00	100	100	Nothing			
Chongqing Changan Automobile Sales Branch	Cost	8,050,000.00	8,050,000.00	-	8,050,000.00	90-100.00	90-100.00	Nothing			

Chongqing Changan Special Automobile Sales Co., Ltd	Cost	2,500,000.00	2,500,000.00	-	2,500,000.00	50	50	Nothing			
Chongqing Changan Europe Design Center Co., Ltd	Cost	134,879,700.00	134,879,700.00	-	134,879,700.00	100	100	Nothing			
Chongqing Changan new Enenergy Automobile Co. Ltd	Cost	18,850,000.00	18,850,000.00	-	18,850,000.00	65	65	Nothing			
Changan United Kingdom R&D Center Co., Ltd.	Cost	981,934.40	981,934.40	-	981,934.40	100	100	Nothing			
Beijing Changan Automotive engineering and Technology Reseach Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100	100	Nothing			
Changan Automotive Technology Reseach Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100	100	Nothing			
Shanghai Changan Automotive Engineering and Technology Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100	100	Nothing			
Changan Japan Design Center Co., Ltd.	Cost	1,396,370.15	1,396,370.15	-	1,396,370.15	100	100	Nothing			
Changan United States R&D Center Co., Ltd.	Cost	1,317,720.00	1,317,720.00	-	1,317,720.00	100	100	Nothing			
Baoding Changan Bus Manufacturing Co., Ltd.	Cost	176,002,613.18	176,002,613.18	-	176,002,613.18	100	100	Nothing			
Hefei Changan Automobile Co., Ltd	Cost	35,367,765.23	35,367,765.23	-	35,367,765.23	100	100	Nothing			
Changan Automobile Russia	Cost	1,242,589.15	1,242,589.15	-	1,242,589.15	100	100	Nothing			

Co., Ltd.											
Changan Brazil Holding Co., Ltd	Cost	2,161,591.21	2,161,591.21	-	2,161,591.21	100	100	Nothing			
Total	--	7,527,056,622.66	13,961,764,958.78	1,460,730,579.44	15,422,495,538.22	--	--	--			3,450,000,000.00

#### 4、Operating revenue and cost

##### (1) Operating revenue

Items	current amount	prior-period amount
main business income	31,903,220,159.67	23,528,685,730.58
other business income	612,593,697.38	634,087,777.22
Total	32,515,813,857.05	24,162,773,507.80
operating cost	27,233,358,002.09	20,396,414,542.63

##### (2) Main business (classified by industries)

Industries	current amount		prior-period amount	
	revenue	cost	revenue	cost
Automobile manufacturing industry	31,903,220,159.67	26,933,368,580.98	23,528,685,730.58	19,985,969,177.07
Total	31,903,220,159.67	26,933,368,580.98	23,528,685,730.58	19,985,969,177.07

##### (3) Main business (classified by products)

Products	current amount		prior-period amount	
	revenue	cost	revenue	cost
Sales of goods	31,813,014,586.63	26,867,276,390.33	23,419,445,947.12	19,884,481,835.46
Outsourcing processing	90,205,573.04	66,092,190.65	109,239,783.46	101,487,341.61
Total	31,903,220,159.67	26,933,368,580.98	23,528,685,730.58	19,985,969,177.07

##### (4) Revenue from top 5 customers

Unit: Yuan

customers	total revenue	proportion of total revenue (%)
Chongqing Wanyou Economic Development Co., Ltd	953,847,983.58	2.93
Beijing Qingchangfeng Commerce and Trade Co., Ltd.	816,890,394.63	2.51
Chengdu Wanyou Xiangyu Automobile Sales and	784,322,411.34	2.41



Service Co., Ltd		
Beijing Xinxing Kuaima Automobile Service Co., Ltd.	652,621,806.31	2.01
Hebei Changan Automobile Co., Ltd	581,486,794.08	1.79
Total	3,789,169,389.94	11.65

## 5、Investment income

### (1) Details of investment income

Items	current amount	prior-period amount
Long-term equity investment income measured by cost method		
Long-term equity investment income measured by equity method	4,910,730,579.44	3,998,756,500.66
investment income from long -term equity investment disposition	-	-
investment income from financial assets available for sale	52,219,215.31	31,252,435.46
others	-	5,825,000.00
Total	4,962,949,794.75	4,035,833,936.12

### (2) Long-term equity investment income measured by cost accounting method

invested in	current amount	prior-period amount	reasons for increasing or decreasing
China South Industry Group Finance Co., Ltd	52,219,215.31	31,252,435.46	dividends
Total	52,219,215.31	31,252,435.46	--

### (3) Long-term equity investment income measured by equity accounting method

invested in	current amount	prior-period amount	reasons for increasing or decreasing
Changan Ford Automobile Co., Ltd.	4,373,128,890.36	3,683,747,910.02	Production and sales scale increase, profit increases
Changan Mazda Automobile Co., Ltd.	414,989,302.22	202,241,113.72	Production and sales scale increase, profit increases

Changan Suzuki Automobile Co., Ltd.	-25,628,626.69	6,113,593.00	Production and sales scale decrease, profit losses
Changan Ford Mazda Engine Co., Ltd.	80,216,151.05	58,684,552.90	Production and sales scale increase, profit increases
Jiangling Holding Co., Ltd	181,388,135.45	211,445,447.83	investment income of JMC decrease, profit decreases
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	-392,641.56	358,331.84	
Beijing Fang'an taxi Co., Ltd	-	-998,629.64	
Changan PSA Automobile Co., Ltd.	-117,857,515.40	-161,834,720.95	Production and sales scale increase, losses decrease
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	-	-	
Chongqing Changan Kuayue Automobile Co., Ltd	4,886,884.01	-1,001,098.06	
Total	4,910,730,579.44	3,998,756,500.66	--

## 6、Supplementary information of cash flow statement

Supplementary information	Current amount	Prior-period amount
1. Cash flow relating to operating activities calculated by adjusting the net profit	--	--
net profit	5,062,882,215.07	3,735,552,301.87
add: provision for assets impairment	131,306,302.80	37,227,690.27
Depreciation of fixed assets, oil and gas assets, productive biological assets	735,935,775.85	606,875,351.81
amortization of intangible assets	197,223,598.35	151,141,629.25
amortization of long-term deferred expense	90,040.00	90,040.00
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets(with "-" for gains)	-66,813,978.44	-866,971.80
Loss on discarding of fixed assets(with "-" for gains)	-	-
Loss from fair value changes (with "-" for gains)	-	-
Financial expense(with "-" for gains)	-63,610,178.21	79,080,657.88
Investment loss(with "-" for gains)	-4,962,949,794.75	-4,035,833,936.12
Decrease in deferred tax assets(with "-" for gains)	-206,462,867.15	-104,265,222.37

increase in deferred income tax assets (with "-" for decrease)	-	-
Decrease in inventory(with "-" for gains)	-990,630,653.16	-1,461,580,137.58
decrease of operational receivables (with "-" for increase)	-907,826,328.68	-2,085,846,991.68
increase of operational payables (with "-" for decrease)	7,294,362,846.82	6,459,157,592.98
others	-	-
net cash flow from operating activities	6,223,506,978.50	3,380,732,004.51
2. major investment and financing activities involving no cash incomings / outgoings	--	--
3. net change in cash and cash equivalent	--	--
ending balance of cash	12,767,290,886.88	6,382,965,855.51
Less: beginning balance of cash	8,828,152,864.35	3,290,584,684.00
Net increase in cash and cash equivalents	3,939,138,022.53	3,092,381,171.51

## XVII、Additional information

### 1、Non-recurring profit and loss statement of current period

Items	amount	explanation
profit and loss of non-current assets disposition	-2,376,011.85	
government subsidies counted in current profit and loss (except the government subsidies which are closely related with business events, and given certain amount according to national standards)	207,987,113.43	
net profit and loss of the subsidiary company merged by the same controlling company from the beginning of report period to date of merging.	-	
investment income from disposition of financial assets available for sale	-	
other non-business incomings and outgoings except above-mentioned items	30,693,680.11	
Less: amount influenced by income tax	38,417,385.55	
amount influenced by minority shareholders' interest (after tax)	2,532,128.70	
Total	195,355,267.44	--

If the company identifies non-recurring profit and loss defined by *Information Disclosure by Companies Offering Securities to the Public No. 1--non-recurring profit and loss* and non-recurring profit and loss defined by *Information Disclosure by Companies Offering Securities to the Public No. 1--non-recurring profit and loss* as recurring profit and loss, explain the reasons.

applicable  not applicable

**2、Return on equity and earnings per share**

Profit in report period	Weighted average return on equity	Earnings per share	
		Basic EPS	Diluted EPS
Net profit belonging to the Company's common stockholders	18.44%	1.09	1.09
Net profit belonging to the Company's common stockholders after deducting non-recurring profit and loss	17.74%	1.05	1.05

**3、Accounting data difference by domestic and foreign accounting standards****(1) Net profit and net asset differences from financial statements by global GAAC and prc GAAC**

applicable  not applicable

**(2) Net profit and net asset differences from financial statements by GAAC abroad and PRC GAAP**

applicable  not applicable

**(3) Description on accounting data differences by domestic and foreign accounting standards. If auditing institutions abroad have adjusted the data differences, identify the name of the auditing institution abroad.**

None

**4、Others**

applicable  not applicable

## IX Catalogue of Reference Files

Catalogue of Reference Files
<p>一、 semi-annual report with signature of legal representative;</p> <p>二、 financial statements, with the signatures and seals of legal representative, person in charge of accounting, and person in accounting agency;</p> <p>三、 BOD resolutions and written confirmation documents signed by board members and senior executives;</p> <p>四、 written auditing opinions in form of resolution by the Board of Supervisors;</p> <p>五、 All original copies of company documents and announcements disclosed in China Securities Journal, Securities Time, and Hong Kong Commercial Daily in reporting period.</p> <p>The company will provide the the abovementioned reference files timely when required by China Securities Regulatory Commission and Shenzhen Stock Exchange, and required by shareholders according to law and corporate regulations.</p>

Chairman: Xu Liuping

Submit Date Approved by BOD: August 29, 2015