



Chongqing Changan Automobile

Company Limited

2013 Annual Report

April, 2013

Chapter 1 Important Notice, Contents, and Definitions

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

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

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

Name of the Director	Reasons for the absence	Name of the consignee
Wang zhixiong	On Business	Chen zhong

The preplan profit distribution of the Company deliberated and approved by the Board is: taking the total shares as of Dec. 31, 2013 as the radix, sending cash dividends of RMB 1 Yuan (tax included) per every 10 shares to its all shareholders, and not converting capital reserve into share capital.

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

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

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Definitions

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

Chapter 2 Company Profile

1. Basic Information

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

2. Contact Information

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

3. Information Disclosure and Filing Site

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

4. Changes of Registration Information

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

5. Other Relevant Information

The accounting firm employed by the Company:

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

Chapter 3 Summary of Accounting Data and Financial Indexes

1. Major Accounting Data and Financial Indexes

Unit: Yuan

	2013	2012	Increase/decrease on a year-on-year basis (%)	2011
Operating revenue (Yuan)	38,481,862,261.90	29,462,588,753.56	30.61%	26,551,846,548.17
Net profit belonging to shareholders of the listed company (Yuan)	3,505,640,520.04	1,446,409,591.28	142.37%	967,940,639.48
Net profit belonging to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan)	3,323,415,945.67	1,071,948,748.07	210.03%	794,691,915.61
Net cash flow arising from operating activities (Yuan)	1,832,646,224.37	511,885,673.38	258.02%	207,217,572.62
Basic earnings per share (Yuan/Share)	0.75	0.31	141.94%	0.2
Diluted earnings per share (Yuan/Share)	0.75	0.31	141.94%	0.2
Return on equity (ROE) (%)	20.44%	9.66%	10.78%	6.86%
	End of 2013	End of 2012	Increase/decrease of the end of current year compared with that of the previous year (%)	End of 2011
Total assets (Yuan)	53,364,694,275.91	46,117,604,792.27	15.71%	36,532,118,115.54
Net assets belonging to shareholders of the listed company (Owner's equity belonging to shareholders of the listed company) (Yuan)	18,778,354,427.87	15,512,935,348.26	21.05%	14,739,231,462.02

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

Unit: Yuan

Item	Amount of 2013	Amount of 2012	Amount of 2011
Profit and loss from disposal of non-current assets (including the write-off of assets depreciation reserves)	-12,900,068.51	-2,659,276.68	11,722,827.07
Government subsidiaries included in current profit and loss	196,086,391.16	402,264,192.28	184,906,144.09

(except those closely related with the Company, which are enjoyed by rating or quotas according to uniform standards of the State)			
Current net gains/losses of the subsidiaries from period-begin to consolidated date occurred from enterprise merger under the common control			12,050,340.92
Investment income from the fair value changes of held for trading financial assets or liabilities, and the disposal of held for trading financial assets, liabilities or available for sale financial assets	-332,407.00	-1,193,392.63	1,525,799.63
Other non-operating revenue and expenses except the above-mentioned items	1,842,308.38	5,351,829.85	-1,879,032.47
Capital occupied income from non-financial entities	44,444,713.09	66,458,214.91	32,404,127.47
Less: Influenced amount of income tax	45,704,294.34	94,185,371.56	2,673,227.90
Amount of influence of minority shareholders' equity (after tax)	1,212,068.41	1,575,352.96	173,248,723.87
Total	182,224,574.37	374,460,843.21	11,722,827.07

Chapter 4 Report of the Board of Directors

I . Overview

The effect of company product structure adjustment was obvious in 2013, the research and development capabilities continued to improve, JV cooperation continued to deepen, and the corporate image improved significantly. In terms of the operation effect, the company over fulfilled annual business objectives and continued to consolidate the industry status; profit, sales revenue increased significantly, and created the situation that the profit growth is higher than revenue growth, and the earnings growth is higher than the sales growth. Throughout the year, the company and its affiliated joint enterprises and the associated enterprises produced 2.11 million vehicles and sold out 2.12 million vehicles, increased by 21.1% and 20.7% on year-on-year basis. Changan sold out 387,200 independent brand cars, up by 67.89% on year-on-year basis. In China's automobile market, the company has obtained about 9.64% market shares, increased by 0.54% on year-on-year basis, and the sales continued to rank top 4 in China auto industry (data source: China Automobile Industry Association data).

II . Analysis of Main Business

1、 Overview

The main business was development, product and sales of vehicles and sedans. During the reporting period, the quality of the Company's operation was improving and the ability of cash flow creation was enhancing. For the reasons for the changes larger than 30%, please refer to Supplementary Information to Financial Statements Note 3 "The major fluctuation and related explanation of the Group's financial statements".

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

There was no significant change in the Company's development strategy. During the reporting period, the Company completed the business indicators decided at the beginning of the reporting period by the board of directors well. The total sales volume of the automobiles was 2.12 million, which completed 107.61% of the planned business indicators. Sales revenue is 162.6 Billion Yuan (including full revenue from joint venture) on statistic basis, with 123.65% over the annual plan, and 38.482 Billion Yuan from consolidated financial statements, with 109.95% over the annual plan.

2、 Income

Unit: Ten Thousand Yuan

Item	2013	2012	Increase/decrease on a year-on-year basis (%)
operating revenue	3,848,186	2,946,259	30.61%
Investment income	450,660	186,854	141.18%
Operating profit	313,053	92,248	239.36%

Non-operating income	22,461	42,060	-46.60%
Total profit	331,556	132,743	149.77%
Net profit attributable to owners	350,564	144,641	142.37%

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

During the reporting period, the total sales amount from top five customer is RMB 4,326,268,374.12 Yuan and the proportion in the total annual sales amount is 11.24%.

3、Cost

Unit: Ten Thousand Yuan

Industry classification	Item	2013		2012		Increase/decrease on a year-on-year basis (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Automobile Production	Product Sale	3,082,050	99.39%	2,309,625	99.09%	33.44%
	Outsourcing	18,967	0.61%	21,270	0.91%	-10.83%
Total		3,101,016	100.00%	2,330,895	100.00%	33.04%

During the reporting period, the total purchase amount from top five suppliers is RMB 5,105,544,392.46 Yuan and the proportion in the total annual purchase amount is 16.08%.

4、Expenses

Unit: Ten Thousand Yuan

Item	2013	2012	increase/decrease
Business tax and surcharges	126,078	75,963	65.97%
Operating expenses	355,356	262,984	35.12%
Financial expenses	7,197	2,894	148.69%
Income tax expense	-15,293	-8,757	-74.64%

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

5、Research and Development Expenditure

The Company research and development expenditure is classified as the expenditure on research phase and the expenditure on development phase, and research expenditures will be included in the current profits and losses. In 2013, the expenditure for research and development project of the Company was 1.621 Billion Yuan, of which 1.106 Billion Yuan for research expenditure, 0.515

Billion Yuan for development phase. In 2012, the expenditure for research and development project of the Company was 1.694 Billion Yuan, of which 1.163 Billion Yuan for research expenditure, 0.531 Billion Yuan for development phase.

6、Cash Flow

Unit: Ten Thousand Yuan

Item	2013	2012	Increase/decrease
net cash flows from operating activities	183,265	51,189	258.02%
net cash flows from investing activities	-209,207	-367,973	43.15%
net cash flows from financing activity	45,196	251,468	-82.03%
Net increase in cash and cash equivalents	18,493	-65,322	128.31%
Cash and cash equivalents at end of year	377,043	358,550	5.16%

In 2013, the net cash flow generated from operating activities was 1.83 Billion Yuan, a year-on-year increase of 1.32 Billion Yuan, mainly resulting from the sales expansion; the total cash outflows from investing activities was 1.979 Billion Yuan, decreased amounted to 1.701 Billion yuan comparing to last year, mainly due to the reduce in payment for PPE purchase and CIP consturcton; The inflow of the net cash flow generated from financing activities was 0.45 Billion Yuan, a year-on-year decrease of 2.085 Billion Yuan, mainly resulting from the issue of corporate bonds amounted to 1.98 Billion Yuan in 2012.

III、Composition of Main Business

Unit: Ten Thousand Yuan

Classified by industry						
Industry/prodcut	Operating revenue		Operating cost		Gross profit rate	
	Amount	Increase/decrease on a year-on-year basis (%)	Amount	Increase/decrease on a year-on-year basis (%)	Rate (%)	Increase/decrease on a year-on-year basis
Automobile Production	3,773,504	30.71%	3,101,016	33.04%	17.82%	-1.44%
Classified by product						
(一) Vehicles	3,752,282	31.02%	3,082,050	33.44%	17.86%	-1.49%
Passenger Vehicle	1,956,376	105.14%	1,606,000	100.50%	17.91%	1.90%
Mini Vehicle	1,673,920	-4.65%	1,418,977	1.03%	15.23%	-4.76%
(二) Outsourcing	21,222	-7.53%	18,967	-10.83%	10.63%	3.31%

IV、Assets and liability analysis

1、The significant changes of the assets

Unit: Ten Thousand Yuan

Item	Dec.31,2013		Dec.31,2012		Increase/d ecrease (%)	instructions
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Cash	428,171.56	8.02%	419,976.39	9.11%	-1.09%	
Accounts receivable	38,001.73	0.71%	43,838.43	0.95%	-0.24%	
Inventories	472,858.23	8.86%	491,103.00	10.65%	-1.79%	
Long-term equity investments	1,246,648.18	23.36%	759,431.15	16.47%	6.89%	mainly resulting from the sharply increase in profit from Changan Ford, the joint venture, and the completion of acquisition of the 50% shares of CAPSA during the reporting period;
Fixed assets	1,374,076.34	25.75%	1,162,706.81	25.21%	0.54%	
Construction in progress	132,877.38	2.49%	280,532.89	6.08%	-3.59%	proportion of construction in process decreased mainly resulting from the completion of construction and transferring to PPE.

2、The significant changes of the liability

Unit: Ten Thousand Yuan

Item	Dec.31,2013		Dec.31,2012		Increase/decrea se (%)	instructions
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Short-term loans	125,800.00	2.36%	125,000.00	2.71%	-0.35%	
Long-term loans	127,000.00	2.38%	99,200.00	2.15%	0.23%	

3、Assets and liabilities measured by fair value

Please see Note nine in Financial Statements.

V、Core Competence Analysis

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

1. Independent innovation solid progress

The company successfully held the first technology carnival activity, published a number of latest security technology such as front airbag in back row; Changan RAETON refreshed China brand security collision scoring record with 56.2 points; the 2014 model of Changan EADO successfully passed the first rollover test of China automobile safety collision (North America standard); Dianjiang skid pad of RMB1.3 billion yuan investment and 3-years construction was officially put into operation; the development and industrial use of NVH(noise, vibration and acoustic vibration roughness) control technology won the first prize of Science and Technology Award of China Automobile Industry; In 2013 in the state evaluation of enterprise technology centers, Changan won the

first prize of China auto industry, and ranks the first for three consecutive terms in the industry. Changan independent research and development made out the incremental upgrade way from "structure development" to "performance development", then to "quality development".

2. Rapidly increase of product market competence

The company successfully launched many self developed models such as RAETON, EADO, Zhishang XT, CS35, and the product success rate increase substantially. During the report period, the highest monthly sales of EADO was more than 10,000 set, CS35 9000 set, RAETON made breakthrough in official-car market; Zhishang XT, rated as the most beautiful double-box coupe, is harder to get. In 2014, the company will release a series of new products into the market, such as CS75, new Ben-ben, and Yuexiang V7. This fully shows that the structure adjustment and independent innovation achievements of Changan automobile appear in large number, and its market competence ascent rapidly.

3. Brand ability improves further

The company participated Shanghai international auto show with independent brand for the first time, and successfully released 5 new models such as CS95 concept car and Zhishang XT. As China's only OEM, the company reappeared in Frankfurt international motor show with six new models such as CS75, REATON and Zhishang XT, which attracted broad attention.

Through innovation brand communication, it greatly held activities such as going into community, campus, business circle, county, and brand activity such as Changan automobile science and technology experience camp, in order to enhance brand image. The 19th China brand value result was published, that Changan brand value rose to RMB38.202 billion yuan, and continued to rank top ten in Chinese enterprises.

VI、 Analysis of Investment

1、 Equity Investment

(1) Situation of investments in external parties

The main investment during the reporting period was purchase of 50% shares of CAPSA amounted to RMB 2.007 billion yuan.

(2) Equity-holdings in financial enterprises

Company name	Company variety	Initial investment cost (RMB Yuan)	Opening equity Holdings (share)	Opening equity holding ratio (%)	Closing equity holdings (share)	Closing equity Holdings (%)	Closing book value (RMB Yuan)	Gain/loss in the reporting period (RMB Yuan)	Accounting title	Equity source
Southwest Securities	Securities Firm	50,000,000	17,750,000	0.76%	17,750,000	0.76%	176,257,500	1,775,000	Tradable financial assets	Initial investment
Hua Xia Bank	Commercial bank	8,149,714	7,276,000	0.11%	9,458,800	0.08%	81,061,916	3,420,000	Tradable financial assets Financial assets for trade	The 2011 merger of Changan bus investment
Financial Co. of	Other	80,000,000		5.33%		5.33%	80,000,000	23,413,203.42	Long term equity	Initial investment

China South Industries Group Corporation									investment	
Total	138,149,714					337,319,416	28,608,203.42			

(3) Securities investments

There's no securities investment during the reporting period

2、Entrusted finance, derivative investments and entrusted loans

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

3、Use of raised funds

(1) Overview of the use of raised funds

Unit: Ten Thousand Yuan

Total amount of raised funds	344,558.69
Total raised capital input in the reporting period	3,572.62
Accumulative raised capital input	348,188.81
Total raised capital of which the use was changed in the reporting period	0
Accumulative raised capital of which the use was changed	0
Proportion of accumulative raised capital of which the use was changed (%)	0%

Overview of the use of raised funds

The board of directors of the Company state that the Company had followed the Guidelines of Normative Operation of Listed Companies issued by Shenzhen Stock Exchange and relevant provisions, and disclosed the deposit and the actual use of the raised fund timely, truly, accurately and completely, there's no violation in raised funds management. The Company fulfilled the obligation of disclosure of the investment and progress of the raised funds faithfully.

(2) Projects promised to be invested with raised funds

Unit: Ten Thousand Yuan

Projects invested with raised capital as promised and investments with	Project changed or not	Raised capital input as promised	Investment after adjustment(1)	Input in the reporting year	Accumulative input up to the period end (2)	Investment progress up to the	Date when the project reaches the	Profit generated in the reporting	Reach the expected profit or not	Material change in the project feasibility
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over-raised capital						period-end (%)(3)= (2)/(1)	expected usable condition	period		or not
Projects invested with raised capital as promised										
Capacity expanding project of auto production lines	no	164,319	164,319	1,164.35	165,715.30	100.00%	2012/1/31	8,163.09	no note2	no
Industry upgrade project of small-displacement engine	no	197,911	197,911	2,408.27	182,473.52	92.20%	2012/6/30	57,158.70	no note3	no
Subtotal of promised investment projects	--	362,230	362,230	3,572.62	348,188.82	--	--	65,321.79	--	--
Investments of over-raised capital										
Total	--	3,572.62	348,188.82	--	--	66,316.54	3,572.62	65,321.79	--	--
Reason for failing to reach scheduled progress or projected income (explain one project by one project)	<p>Note 2: The Company had mentioned in the letter of intent for public issuance, after the completion of the capacity expanding project of auto production lines, totally 220 thousand mini buses CM9,F202 and G401 can be produced per year, annual sales income of RMB 11,314,220,000 Yuan can be realized, and the total profit will be 339,760,000 RMB Yuan. In 2013, the Company has produced totally 161,796 units of F202 and G401, operating income of 6.0930 Billion RMB Yuan has been achieved, and profit of 0.2209 Billion RMB Yuan has been realized, the expected profit was not achieved mainly due to the depression in traditional vehicle market and tight market competition, leading to the failure in reaching the expected the sales volume and price, which the revenue can't be reached.</p> <p>Note 3: The Company had mentioned in the letter of intent for public issuance, after the completion of small displacement engine industry upgrade project, CC series engine can add annual comprehensive production capacity of 120000 units, the new CB series engine comprehensive production capacity of 300000 units, can realize annual sales income 4034760000 RMB Yuan and a total profit of 262080000 yuan. In 2013, the Company has produced 217,157 units of CC series engine and 154,870 units of CB series engine, totally operating income of 3.50853 Billion Yuan and total profit of 0.42228 Billion Yuan have been achieved, the targets has been achieved. Because the large engines will not be sold externally, so the income and total profit for large engines will be calculated by simulating the market price which has been mentioned in the letter of intent for public issuance, the project benefit will be finally reflected in the production and sale of the Company's vehicle.</p>									
Explanation on significant changes in feasibility of projects	No such case during report period.									
Amount, usage and usage	N/A									

progress of over-raised capital	
Change of the implementation location of any raised funds investment project	N/A
Adjustment of the implementation method of any raised funds investment project	N/A
Advance input and exchange of any raised funds investment project	Yes By January 31, 2011, the fund raised by the company itself to invest raised-fund project in advance was 608.7494 million yuan, validated by &young Huaming Accounting Firm which issued Ernst&Young Huaming (2011) No. 60662431 _B01 special verification report. On 28 February 2011, the company's 18th meeting of the fifth board of directors passed that, the company raises capital 608.7494 million yuan to replace self-raised funds of projects which were invested raised fund in advance. The above-mentioned funds had been replaced by March 2011.
Idle raised capital for temporarily supplementing working capital	N/A
Outstanding raised funds in project implementation and reasons	N/A
Use and whereabouts of unused raised fund	The entire unused raised fund has been stored in company's special account of raised fund.
Problems or other cases existing in raised-fund use and disclosure	No such case during report period.

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

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

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

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

Unit: ten thousand yuan

Name	Registered capital	Equity held	Main businesses	Total assets(ten thousand yuan)	Main operating income(ten thousand yuan)	Net profit (ten thousand yuan)
Hebei Changan Automobile Co., Ltd.	46,469	94.07%	Produce and sell auto and parts	247,792	394,656	1,797
Nanjing Changan Automobile Co., Ltd.	60,181	82.47%	Produce and sell auto and parts	151,187	240,898	-31,411
Changan Ford Motor Co., Ltd	24,100 US DOLLAR	50%	Produce and sell auto and parts	3,735,380	8,416,604	821,782
Changan Mazda Co., Ltd	11,096 USDOLLAR	50%	Produce and sell auto and parts	785,388	1,171,127	9,995
Changan Ford Mazda Engine Co., Ltd	20,996 US DOLLAR	50%	Produce and sell engine parts	312,464	356,668	24,387
Chongqing Changan Suzuki Automobile Co., Ltd	19,000 US DOLLAR	51%	Produce and sell auto and parts	645,782	816,189	1,109
JMC Holding Co., Ltd.	200,000	50%	Produce and sell auto and parts	629,371	205,690	52,690
Baoding Changan Bus Manufacture Co., Ltd.	3,000	100%	Produce and sell auto and parts	721,167	57,147	-79,759
Chongqing Changan Auto. sales subsidiary companies	850	100%	Produce and sell auto and parts	143,488	233,716	15
Chongqing Changan Auto. International Sale Service Company	1,376	95%	car export, import and export agent	13,422	416,332	252
Chongqing Chang Automobile Sales Co.,Ltd.	4,850	100%	Produce and sell auto and parts	16,110	55,311	-2,471
Chongqing Changan Auto. Customer Service Co., Ltd.	3,000	99%	roduce and sell auto and parts	5,058	246	-18
Chongqing Changan New Energy Automobile Co., Ltd.	2,900	65%	NEV production and sales	30,693	79,627	1,272
Chongqing Changan Special Automobile Sales Co., Ltd.	500	50%	Special vehicle and spare parts sales, car maintenance	8,063	10,983	574

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

(unit: ten thousand yuan)

Name	Net Asset at the end of 2013	Net Asset at the end of 2012	Change situation (%)
Changan Ford Automobile Co., Ltd.	821,782	320,705	156.24%
JMC Holding Co., Ltd.	52,690	42,350	24.42%
Changan Ford Mazda Engine Co., Ltd	24,387	3,910	523.71%
Nanjing Changan Automobile Co., Ltd.	-31,411	-24,897	-26.14%
Changan Mazda Co., Ltd	9,995	3,494	186.06%

5、Major projects with non-raised capital investment

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

VII、Predict of operating performance during January to March 2014

Warning and explanation for possible loss in predicted accumulated net profit from beginning of the year to the end of the next reporting period or huge fluctuate comparing to the last reporting period.

Available Not available

Predict of operating performance: sharp increase

Type of Predict of operating performance: period amount

Item	during the reporting period	during the last reporting period
Net profit attributable to owners	Increased : 237.19% - 273.64%	Profit: 548,660 million
	Profit: 1,850 - 2,050 million	
Basic EPS	Profit: about 0.40-0.44 Yuan	Profit: 0.12 Yuan
Instruction	Detailed information refers to the “Predict of operating performance during January to March 2014” (announcement No. 2014-21) published on China Securities News ", Securities Times ", Hongkong daily and http://www.cninfo.com.cn on April 12th 2014.	

VIII、Special purpose vehicle under the company control

The company does not have special purpose vehicle.

IX、The company's future development prospect

1. Industry competition pattern and trend of development

In 2014 in terms of economic situation, the central government firmly promotes reform, the state-owned enterprise reform will go further, which will further stimulate growth vigor, meanwhile many new growth factors such as industrialization, urbanization and consumption structure upgrade is forming, and the trend that economy is stable and will become better won't change. In terms of

industry situation, rigid demand exists for long time, informatization, electrification and intellectualization are rapidly integrating into automobile industry, and bring new opportunities for automobile industry. But China's automobile industry also faces many challenges such as increasing competition, more restrict laws and regulations, and more purchase restriction. It's expected in 2014 the growth rate of China auto market is 8% - 10%, sales about 24 million vehicles.

2. Company development strategy

Take the growth opportunity of China's auto market in the next decade, strengthen brand awareness, speed up brand construction; continuously remain China's leading independent r&d ability, and strive to make classic products; adhere to "walking on two legs", improve joint venture; adhere to Chinese market is the main body, steadily expand overseas markets; adhere to development and reform, continuously optimize the mechanism system; establish and perfect advanced system (including management, organization, human and culture), and ultimately realize rapid and healthy development.

3. Business plan

In 2014 the aim of the board of directors of the company is: strive to produce and sell more than RMB2.33 million cars, Sales revenue is over 180 Billion Yuan (including full revenue from joint venture) on statistic basis and approximately 40.9 Billion Yuan from consolidated financial statements. To achieve the above objectives, this year the company will be guided by career leading plan T13612, take "reform, brand, quality, system" as the key points, value creation as the core, constantly emancipate the mind, comprehensively deepen the reform, speed up the transformation and upgrading, greatly promote the platform which takes the products as the core and system construction which takes customers as the core, and focus on the following work: firstly focus on marketing, take good marketing battle; secondly reform quality management, and promote rapid promotion of product quality; thirdly strengthen system construction, vigorously promote strict management, improve management efficiency; fourthly innovate human resource management, activate full vigor; fifthly innovate r&d mode, create classic products; sixthly strengthen financial management, reduce cost and improve efficiency, improve operation quality; seventhly innovate brand promotion, create international brand image; eighthly see clearly customer needs, innovative product planning; ninthly strengthen production and marketing synergy, lean manufacturing and logistics management; tenthly innovate supplier management, improve system competition ability; eleventh strengthen the implementation of JV cooperation strategy, improve development quality.

4. Company capital requirement and use plan of 2014

To realize corporate strategic objectives, the company capital expenditure is expected to be RMB3.78 billion yuan in 2014, the investment on fixed assets is RMB2.877 billion yuan, the equity investment is RMB903 million yuan. Investment in fixed assets is mainly in productivity construction, upgrade of production capacity and product adjustment, and research and development ability construction of Yuzui base, Beijing factory and YuBei factory, among which the extension project is RMB1.89 billion yuan, accounting for 65.7%. Equity investment's mainly that purchase 100% equity funds of Hefei Changan and projects of overseas research and development and investment. The company will, according to the implementation and plan of new projects and related provisions of the listing rules, perform the approval procedures of the corresponding specific project and disclosure them. Capital requirements will combine project progress situation, the company's business and financing environment, the company will study and formulate various channels of financing and capital use plans, improve the service efficiency of funds and reduce the capital cost.

5. Potential risks

China automobile industry development has had and is having very profound changes, in the next decade rigid demand of automobile remains strong, potential consumption is huge, the competition in China auto market will be more intensive and cruel. Main changes are as follows:

- (1) Market capacity: the overall capacity is increasing, but not a simple linear growth, it will grow depending on the energy, regulations and economic elements.
- (2) Policies and regulations: energy saving, environmental protection, safety, hygiene, restrictions of big cities, public procurement and other series of policies and regulations have large influence on future market.
- (3) Consumer: Chinese consumers have gradient variation, the brand consciousness is stronger and stronger; Consumer rights

protection is diverse and intense; network greatly influences consumers' judgment and consumption behavior.

(4) Competitive situation: more intense, crueler, new entrants of market segment will increase.

(5) Media: Internet and big data era has very profound changes on producers, consumers, marketers and suppliers.

Facing all the changes, the company must comply with the industry development trend, actively reform, seize opportunities, speed up transformation, upgrading and structural adjustment, in order to get competitive advantages.

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

Non-applicable

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

In recent years, the volume of production and sales keeps scaling up. Considering the Group's production's characteristics, quality assurance period and obligation of warranty clues, the Group changed the extraction method of warranty to keep the balance of warranty as a certain multiples of the average month warranty payment among the last 12 months to state the balance of warranty more reasonably.

The accounting estimation change for warranty was applicable from January 1st, 2013, and the other regulation for warranty remains the same. Prospective application was adopted for the estimation change, which the retroactive adjustment was not proposed for previous years, thus no effect was posed on disclosed financial report. The accounting estimation change led to a decrease of the net profit attributable to owners by RMB 174,109,934.58 during 2013.

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

Non-applicable

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

Non-applicable

14、The distribution of company profits and dividends

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

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

Company during report period profit distribution plan and capital fund increasing capital plans in accordance with the

relevant provisions of the articles of association of the company

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

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

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

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

The 2013 annual profit distribution plan is: Based on the existing total share capital of 4662886108 shares as the base, to all shareholders 10 per share cash delivery 1 yuan (including tax)

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

The annual dividend	The cash dividend amount (including tax)	The annual consolidated statements profit attributable to shareholders of the listing Corporation's net profit	Ratio of consolidated statements attributable to shareholders of the listing Corporation's net profit(%)
2013	466,288,610.80	3,505,640,520.04	13.30%
2012	233,144,305.40	1,446,409,591.28	16.12%
2011	186,515,444.00	967,940,639.48	19.27%

15、 Social responsibility

The 2013 annual social responsibility report released in electronic form, Can land our company website to download <http://www.changan.com.cn/> or www.cninfo.com.cn

Chapter 5 Important Matters

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

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

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

四、 Asset transactions

1、 Acquisition of assets

The dealing party or the ultimate controlling party	Acquired by or into assets	The transaction price (ten thousand)	status	Whether the related transactions	Relationship and counterparty (for related party transactions situation	The date of disclosure	Disclosure index
China Changan automobile group Co.Ltd	Changan Peugeot Citroen Automobile Limited company 50% stockholder's rights	200,784	The company has completed the acquisition of CAPSA50% equity matters of national Ministry of Commerce and other government departments for examination and approval procedures, and Dec,2013 complete all the equity transfer payment and delivery options business registration formalities.	Yes	majority shareholder	28st , Dec,2013	The detail information is on "China Securities News "," Securities Times "," Hongkong daily and "www.cninfo.com.cn concerning acquisition of Changan Peugeot Citroen Automobile Limited company 50% stockholder's rights special connected transaction announcement" (Bulletin No. 2012-52)

2、 sales of assets

No

3、 Enterprise merger

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

五、 The implementation and the effect of corporate equity incentive

Not applicable

六、 Significant related party transactions

1、 Related party transactions related to daily operation

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

2、 Asset acquisition, sale transaction

The content in December 28, 2013 in the "Chinese Securities News", "Securities Times", "Hongkong daily" and the huge influx of information network <http://www.cninfo.com.cn> published "on the acquisition of Changan Peugeot Citroen Automobile Limited company 50% equity transactions associated with progress announcement" (Bulletin No. 2013-52).

3、 Joint investment of significant related party transactions

No

4、 Related credits and liabilities

The existence of non-operating related credits and liabilities

Yes No

5、 Other significant related party transactions

Web Query disclose interim report significant related party transactions

Interim announcement name	Temporary disclosure notice date	Temporary disclosure notice the name of the web site
On the China South Group finance to provide financial services for the company's related party transactions notice	2013.04.02	http://www.cninfo.com.cn
Chongqing Changan automobile Co. Ltd and Hafei Automobile Co. Ltd connected transaction announcement.	2013.04.02	http://www.cninfo.com.cn
Regarding the development of trade finance transactions associated with the announcement of Fortis	2013.4.18	http://www.cninfo.com.cn
Concerning 2013 increase of daily related transactions amount notice.	2013.11.15	http://www.cninfo.com.cn
Concerning signed with Harbin Dongan Automotive Engine Manufacturing Co., Ltd.D series powertrain assembly, Contracts for licensing of technology and technical service support contract transactions notice	2013.11.15	http://www.cninfo.com.cn

七、Significant contract and its implementation

1、Trusteeship, contracting, leasing items

(1) Trusteeship

Explain

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

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

Applicable non-applicable

(2) Contract

Explanation

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

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

Applicable non-applicable

(3) Leasing

Explain

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

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

Applicable non-applicable

2、Guarantee situation

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

3、Other important contracts

No

八、Commitments fulfillment condition

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

Commitment Item	Promisee	Promise content	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	By the end of reporting term, Limited conditions of the sale of shares of the company held by the shareholders of China Changan 1,913,557,480 shares, The 1,540,199,138 conditions for the unlimited sale of shares, The remaining 373,358,342 shares for

		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	the limited conditions of the sale of shares, According to the commitments to the management equity incentive plan implemented after the lifting of restrictions on sale
Other small shareholders commitment	China Changan	。 n order to avoid and eventually solve the possible competition or potential competitors, Better maintain the interests of investors, the company controlling shareholder China Changan commitment:1 In two consecutive years profit of Jiangxi Changhe Auto.CO.Ltd and Harbin Hf Automobile Industry Group Co, With the continuous development ability and management level is improved significantly under the condition of, Proposed that two enterprises into the company,2.]In Changan Peugeot Citroen Automobile Company Limited built and put into operation, Proposal will hold its joint venture company equity in all transferred to the company.	On 28TH ,Oct,2013, The controlling shareholders China Changan have transfer tthe Jiangxi Changhe Auto. Co. Ltd to Jiangxi provincial state owned enterprise assets. China Changan proposed Jiangxi Changhe Automobile Co. Ltd. injected commitment matters of the company have been removed. The Harbin Hf Automobile Industry Group Co at present is still running at a loss, The conditions have not yet reached the profitable for two consecutive years. Changan Peugeot Citroen equity injection has been completed.
Other small shareholders commitment	China Changan	If the Changan Peugeot Citroen in 2013 for listing Corporation contribution to investment income lower than -12500.,(ten thousand Yuan), 2014 investment listing Corporation contributions earn less than -17500 (ten thousand Yuan), China Changan promised to make up the difference in cash.	In 2013, Changan Peugeot Citroen for the company contribution to investment income of RMB -5058 ten thousand yuan, Not less than Chinese Changan promised lowest return on investment of -12500 ten thousand yuan.

九、 The appointment, dismissal of the accounting firm

The appointment of the accounting firm

The name of the domestic accounting firm	Ernst & Young Hua Ming LLP
Domestic accounting firms pay (ten thousand Yuan)	350
A continuous years of domestic accounting firms audit service	6
Domestic accounting firm of Certified Public Accountants name	Qiao Chun, Ai Wei

Whether the accounting firms to hire

Yes non-available

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

Yes non-available

The company in 2012 provisional shareholders' session, the company hired Ernst&Young Hua Mingaccounting firm appointed as auditor of internal controls of the company's 2013 annual.

十、 Punishment and rectification

During report period, Company , BOD and Directors are not punished, criticised by the China Securities Regulatory Commission, China Securities Regulatory Commission inspection of administrative , publicly condemned by the stock exchange

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

Available Non available

Chapter 6 Changes in the shareholding of the company and shareholders

一、Change in shareholdings

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

The reason of shareholding change

Available Non available

Approval of changes in the shareholding of the company

Available Non available

The transfer of shares to change

Available Non available

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

Available Non available

二、 Issuing and Listing of Shares coupons

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

Stock and its derivative securities name	Issuing date	Issuing price(or ratio)	Amount	Launch Date	Amount allowed to listed transactions	trade expiry date
股票类 Share type						
A share	2011.1.11	9.74	360,166,022	2011.01.28	360,166,022	
Company convertible bonds, separation trading convertible bonds, corporate bonds class						
corporate debt	2012.04.23	5.30%	1,980,000,000	2012.06.01	1,980,000,000	

All the securities issuance instructions for the first three years

(1) the issuance of A shares

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

(2) distribution firm bonds.

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

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

三、 Shareholders and actual controllers situation

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

During the report period, the total number of shareholders	Ttotalled104,567, of which88,371 was A share shareholders and16,196 were B share shareholders.		Fifth trading days before the end of the disclosure of the annual report of the total number of shareholders		Ttotalled129,679, of which113,046 was A share shareholders and16,633 were B share shareholders.			
Holding more than 5% of the shareholders								
Name of shareholders	Nature of Shareholders	Percentage of total shares (%)	Shares held at the year-end	+-	Non-circulated shares held at the year-end	Circulated shares held at the year-end	Pledged/ Frozen cases	
							Share status	Amount
China Changan Automobile Co., Ltd.	State-owned legal person shares	41.04%	1,913,557,480	-181,260,000	373,358,342	1,540,199,138		0
VALUE PARTNERS CLASSIC	foreign legal	1.42%	66,295,691					

FUND	person shares							
ZhongHui Fortis Investment Co., Ltd	foreign legal person shares	1.39%	65,029,258	-17,820,653				0
Agricultural Bank of China—Bank of Communications Schroeder growth stock securities investment fund	domestic non-state legal person shares	0.97%	45,387,523					
National Social Security Fund-Portfolio 102	domestic non-state legal person shares	0.9%	42,014,767					
Boshi value growth securities investment fund	domestic non-state legal person shares	0.88%	41,218,263					
HSBC GLOBAL INVESTMENT FUNDS - CHINESE EQUITY	foreign legal person shares	0.86%	39,928,228					
China Life Insurance Limited Dividends dividends - Personal	domestic non-state legal person shares	0.83%	38,486,106	11,103,444				0
HTHK-MANULIFE CHINA VALUE FUND	foreign legal person shares	0.81%	37,963,732					
Construction Bank China - Chinese advantage growth stock type securities investment fund	domestic non-state legal person shares	0.79%	36,746,059					
Explanation on the relationship and the action alike of above shareholders	Among the top 10 shareholders, China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary Zhonghui Futong Investment Co., Ltd. belong to the concerted actor regulated by “Disclosure Administration of Shares Change Information of The Listed Company”.							
The ten largest circulated shareholders								
Names of shareholders	Shares at the year end	Type and amount of shares						
		type	amount					
Type and amount of shares	1,540,199,138	RMB ordinary shares	1,540,199,138					
VALUE PARTNERS CLASSIC FUND	66,295,691	Domestic listed foreign shares	66,295,691					
ZhongHui Fortis Investment Co., Ltd	65,029,258	Domestic listed foreign shares	65,029,258					
Agricultural Bank of China—Bank of Communications Schroeder growth stock securities investment fund	45,387,523	RMB ordinary shares	45,387,523					
National Social Security Fund- Portfolio 102	42,014,767	RMB ordinary shares	42,014,767					

Boshi value growth securities investment fund	41,218,263	RMB ordinary shares	41,218,263
HSBC GLOBAL INVESTMENT FUNDS - CHINESE EQUITY	39,928,228	Domestic listed foreign shares	39,928,228
China Life Insurance Limited Dividends dividends - Personal	38,486,106	RMB ordinary shares	38,486,106
HTHK-MANULIFE CHINA VALUE FUND	37,963,732	Domestic listed foreign shares	37,963,732
Construction Bank China - Chinese advantage growth stock type securities investment fund	36,746,059	RMB ordinary shares	36,746,059
The top 10 shareholders to sell circulated shares, and the infinite tradable relationship between shareholders and top 10 shareholders or concerted action	Among the top 10 shareholders, China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary Zhonghui Futong Investment Co., Ltd. belong to the concerted actor regulated by "Disclosure Administration of Shares Change Information of The Listed Company".		

2、The controlling shareholder of the company.

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

During the report period the change of controlling shareholders

Available Non available

3、The controlling shareholder of the Company

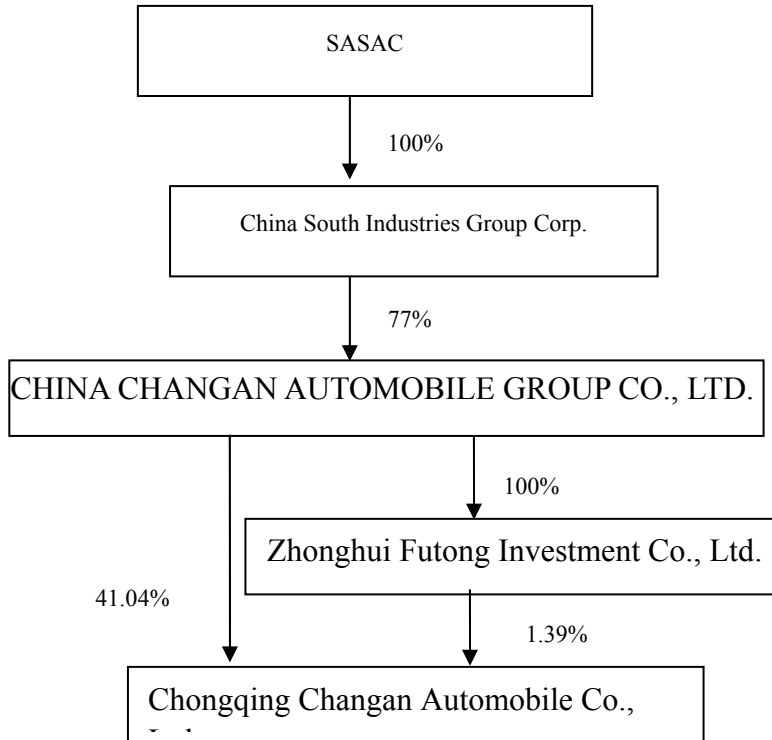
Name	Legal /Represent ative	Date of establishme nt	Organization code	Registered capita	Business scope and major products:
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China South Industries Group Corp.	Tang Dengjie	South Industries Group Corp.	71092492-9	12,645,210,000	investment and management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

Available Non available

Relationship among the Company and its controlling shareholders:



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

applied not applied

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

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

Name	Position	As state	G	Age	Term start date	Term Termination date	Shares held at beginning (stock)	increased share number in this issue (stock)	decreased share number in this issue (stock)	share number at the end (stock)
Xu Liuping	Chairman	present	M	49	2012. 5. 24	2015. 5. 24				
Zhang Baolin	Director, president	present	M	51	2012. 5. 24	2015. 5. 24				
Zou Wenchao	Director	present	M	50	2012. 5. 24	2015. 5. 24				
Zhu Huarong	Director, secretary of the party committee, vice President	present	M	48	2012. 5. 24	2015. 5. 24				
Lian Gang	Director	present	M	53	2012. 5. 24	2015. 5. 24				
Wang Kun	Director	present	M	38	2012. 5. 24	2015. 5. 24				
Ma Jun	Director, vice president	present	M	54	2012. 5. 24	2015. 5. 24				
Cui Yunjiang	Directors, vice president, secretary of the board	present	M	50	2012. 5. 24	2015. 5. 24				
Ma Junpo	director	present	M	47	2012. 5. 24	2015. 5. 24				
Ouyang Minggao	independent director	present	M	55	2012. 5. 24	2015. 5. 24				
Dong Yang	independent director	present	M	57	2012. 5. 24	2015. 5. 24				
Chen Zhong	independent director	present	M	57	2012. 5. 24	2015. 5. 24				
Wang Zhixiong	independent director	present	M	55	2012. 5. 24	2015. 5. 24				

Peng Shaobing	independent director	present	M	49	2012. 5. 24	2015. 5. 24				
Yang Jian	Chairman of the supervisory board	present	M	49	2012. 5. 24	2015. 5. 24				
Cai Yong	Supervisor	present	M	40	2012. 5. 24	2015. 5. 24				
Xie Shikang	Supervisor	present	M	43	2013. 5. 21	2015. 5. 24				
Liang Guangzhong	Supervisor	present	M	41	2012. 5. 24	2015. 5. 24				
Liu Hong	Supervisor	present	M	44	2012. 5. 24	2015. 5. 24				
Fan Chaodong	Supervisor	present	M	45	2013. 4. 12	2015. 5. 24				
Wang Lijun	Supervisor	present	F	43	2012. 5. 24	2015. 5. 24				
Huang Zhongqian	Vice president	present	M	45	2012. 5. 24	2015. 5. 24				
Ren Qiang	Vice president	present	M	53	2012. 5. 24	2015. 5. 24	5,749			5,749
Luo Minggang	Vice president	present	M	50	2012. 5. 24	2015. 5. 24				
Du Yi	Vice president	present	M	46	2012. 5. 24	2015. 5. 24				
Gong Bing	Vice president	present	M	44	2012. 5. 24	2015. 5. 24				
Wang Jun	Vice president	present	M	41	2012. 5. 24	2015. 5. 24				
Liu Bo	Vice president	present	M	47	2012. 5. 24	2015. 5. 24				
He Chaobing	Vice president	present	M	46	2014. 1. 29	2015. 5. 24				
Li Jun	Secretary of the board	present	F	44	2012. 5. 24	2015. 5. 24				
Yuan Xueming	Supervisor	departu	M	45	2012. 5. 24	2013. 4. 11				
Chen Lingtao	Supervisor	departu	F	44	2012. 5. 24	2013. 4. 11				
Song Jia	Vice president	departu	M	48	2012. 5. 24	2013. 9. 30				
Wang Chongsheng	Director, vice secretary of the party	departu	M	55	2012. 5. 24	2014. 1. 28	17,246			17,246

	committee, vice President									
Cui Yunjiang	Directors, vice president, secretary of the board	departu re	M	50	2012. 5. 24	2014. 3. 31				
Total	--	--	--	--	--	--	22,995	0	0	22,995

二、 Employment

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

(1) Directors

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

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

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

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

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

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

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

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

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

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

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

Mr. Chen Zhong, independent director, born in 1956, he is a financial doctor and researcher. He was once the deputy director and director of the research department of the original Chinese Enterprise Management Association, the Secretary-General (legal representative) of the Chinese enterprise management Science Foundation, executive vice president, deputy party secretary, executive director of the China Enterprise Confederation, the Deputy Secretary-General and the party member (to assist in charge of finance, project work plans and prior project) of Chongqing Municipal Government. He is now the Chairman of New Century Fund Management Co., Ltd, and enjoys government special allowances of the state council. His Main part-time positions are as follows: vice president of China investment association, the member of the Management Department's Accreditation Board of National Natural Science Foundation, the Vice-President of Chinese Young Entrepreneurs Association, the part-time professor of Jilin University and Beijing Technology and Business University, the independent director of Zhongshengdongli and Chongqing Beer Company.

Mr. Wang Zhixiong, independent director, born in 1958, he is a graduate of the law major. It has been 25 years since he began to

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

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

(2) Supervisors

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

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

Mr.Xie Shikang ,supervisor ,born in 1970,MBA, The currently position is president assistant and director of strategic planning department and high-level passenger cars department. Served as general manager of the company's high-level sedan sales department, The company director of general office and Changan Automotive News spokesman, deputy general manager of Chongqing Changan Visteon Engine Control Systems Co. Ltd.,

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

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

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

Ms.Wang Lijun, supervisor, born in 1970, bachelor degree, senior engineer. She currently is the president of Commercial Vehicle Engineering Institute of Changan Automobile Commercial Vehicle Business Department. She served as Deputy Director of automotive manufacturing technology department, Deputy Director, the Director and branch deputy secretary of product improvement department under Automotive Engineering Institute, the director of commercial vehicle design department, the deputy

director of vehicle development department No.4 under the Institute of Automotive Engineering, the vice director of Automobile Engineering Institute, vice director of Automotive Engineering Institute.

(3) Senior Management other than Directors and Supervisors:

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

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

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

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

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

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

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

Mr. He Chaobing, Vice President, was born in 1967, master, Professor level senior engineer. A former director of Automotive Engineering Research Institute Vice President and vehicle development four center, Deputy director of commercial

vehicle business management department, President assistant and general manager of the Beijing Changan Automobile Co., Ltd, President assistant and director of purchase department, President assistant and vice general manager of the commercial vehicle division

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

Employment in shareholders' work unit

√ applied □ not applied

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

Employment in other work unit

√ applied □ not applied

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

	Southwest University of Finance and Economics	branch			
Position in other work unit	This table only shows the main office performance and position in of independent directors.				

三、 Remuneration of directors, supervisors and senior management

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

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

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

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

Actual payments: senior managers pay basic salary monthly, annual performance prize combines annual appraisal status, the rest delays payment according to the company's business situation. In 2013, the remuneration the directors, supervisors and senior managers receiving from the company is RMB12.654million yuan in total.

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

Name	Position	Gender	Age	status	Total earning from the company
Zhang Baolin	Director and president	M	51	present	868,667.74
Zhu Huarong	Director and vice president	M	48	present	827,415.54
Ma Jun	Director and vice president	M	54	present	723,032.25
Ouyang Minggao	independent director	M	55	present	60,000.00
Dong Yang	independent director	M	57	present	60,000.00
Chen Zhong	independent director	M	57	present	60,000.00

Wang Zhixiong	independent director	M	55	present	60,000.00
Peng Shaobing	independent director	M	49	present	60,000.00
Cai Yong	Supervisor	M	40	present	342,630.00
Xie Shikang	Supervisor	M	43	present	291,546.00
Liang Guangzhong	Supervisor	M	41	present	289,296.00
Liu Hong	Supervisor	M	44	present	248,832.00
Fan Chaodong	Supervisor	M	45	present	235,818.00
Wang Lijun	Supervisor	F	43	present	295,109.00
Huang Zhongqiang	Vice president	M	45	present	711,101.25
Ren Qiang	Vice president	M	53	present	715,140.00
Luo Minggang	Vice president	M	50	present	856,675.90
Du Yi	Vice president	M	46	present	651,280.00
Gong Bing	Vice president	M	44	present	744,641.35
Wang Jun	Vice president	M	41	present	614,740.00
Liu Bo	Vice president	M	47	present	634,500.00
He Chaobing	Vice president	M	46	present	475,209.00
Li Jun	secretary of the board	F	44	present	231,960.00
Yuan Xueming	leave the supervisor post during the report period	M	45	departure	333,952.00
Chen Lingtao	leave the supervisor post during the report period	F	44	departure	280,478.00
Song Jia	leave the Vice president	M	48	departure	519,790.00
Wang Chongsheng	leave the director, vice President post during the report period	M	55	departure	729,289.60
Cui Yunjiang	leave the Director and vice president, secretary of the board	M	50	departure	733,031.25
In Total	--	--	--	--	12,654,134.88

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

applied not applied

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

During report term , due to job changes Ms. Chen Lingtao resigned from the company supervisor, and the employee representative congress elected Mr. Fan Chaodong as the company supervisor; Mr. Yuan Mingxue r resigned from the company supervisor, the 2012 shareholder meeting selected Mr. Xie Shikang as the supervisor, which need be approved by the company's 2012 shareholders

meeting. Mr. Song Jia no longer hold the vice president of the company because of job transfers.

After items: Mr. Wang Chongsheng by reason of age no longer act as directors, vice president. On sixth meeting of the fifteenth board of directors appointed Mr He Chaobing as vice president of the company, The election of Mr. Ren Qiang as the board of directors of the company.

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

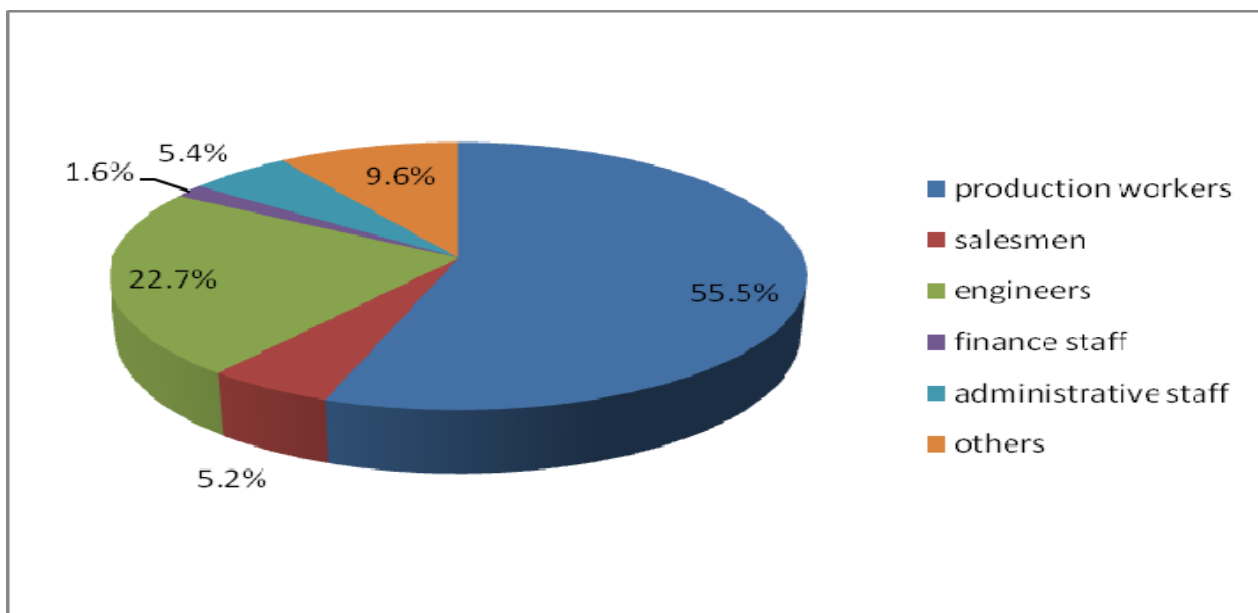
During the reporting period, the company's core technical team and key technical personnel have remained stable.

六、 The Employees of the Company

By the end of this year, total headcount of the Company was 30,877,including 17,114 production workers, 1,615salesmen, 7,023 engineers, 494 finance staff, 1,667 administrative staff, and 2,964 others. Among the total, there were 45 with doctorate degree, 1,174 with master degree 9,388 with bachelor degree, 5,623 with college education,)5,096 with vocational school graduate(including secondary technical school), 8,245 with senior high school education(including vocational high school), and 1,306 with education low than junior high school (or others).

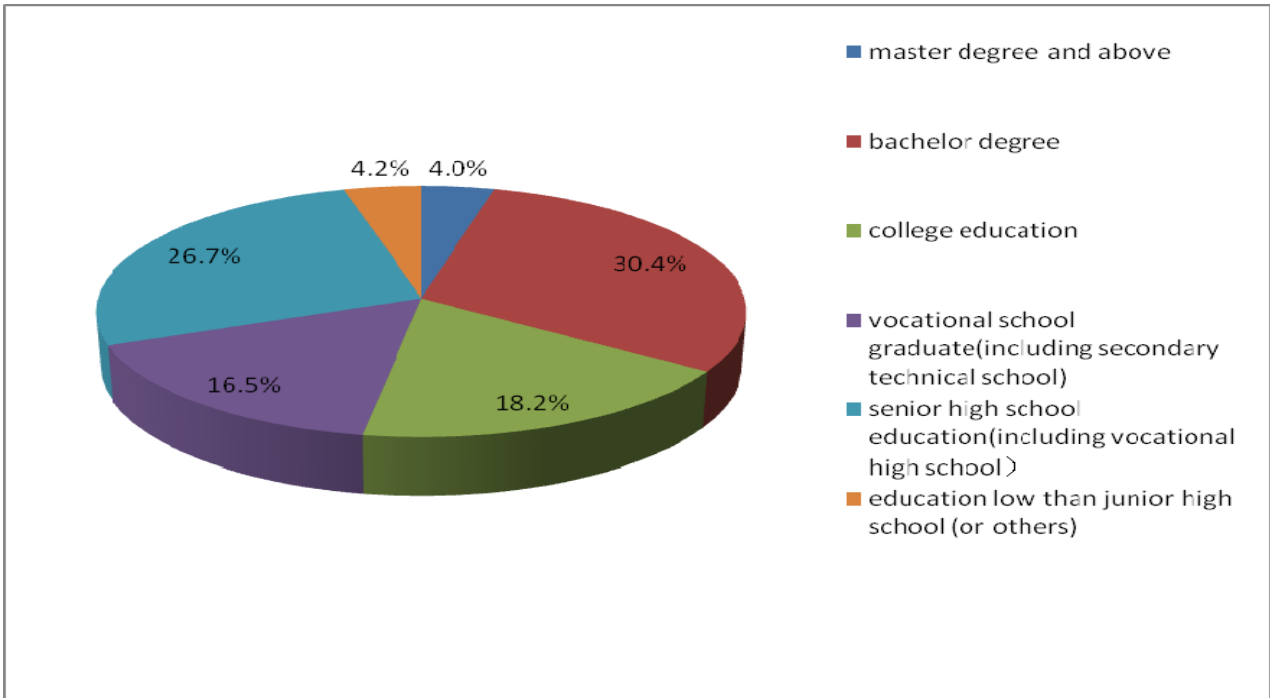
1. Professional structure diagram

The employee's professional



2. Education degree figure

The employee's education



3. Employees salary policy

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

4. Training Planing

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

5. Company needs to bear the toll cost of 3, 263 retired workers.

Chapter 8 Corporate Governance

一、 Basic status of corporate governance

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

During the reporting period, company to strengthen the system construction, develop "non routine business hierarchical authorization management approach", "revision of the related transaction management system" and "articles of association", refine the classification of major matters of non daily operating authorization mechanism, make the company management further standardization, scientific, procedure.

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

yes no

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

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

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

1、 Annual shareholders' meeting situation during the report period

Meeting session	Opening date	Meeting bill name	Resolution	Disclosure date	Disclosure index
2012 annual shareholders meeting	May 21, 2013	1、 Work report of 2012 board of directors; 2、 Work report of 2012 board of supervisors; 3、 2012annual report and summary; 4、 2012annual final finance budget and 2013 annual finance budget statement; 5、 2012annual profit distribution bill; 6、 Proposal on approving 2013 expected daily related transactions; 7, "on the renewal of technology licensing, and Hafei Automobile production cooperation framework agreement", "a 8 bill and ordnance equipment group finance company signed a" financial service agreement "motion" 9, "about	All the proposals have been passed	May 22, 2013	http://www.cninfo.com.cn/finalpage/2013-05-22/62513175.PDF

		2013 of the annual investment plan bill" 10. Proposal on 2013 financing plan; 11, "about the appointment of 2013 annual financial report audit bill" 12, "about the appointment 2013 annual internal control report", "13 auditor motion about the election of supervisors" 14, "a bill" non routine business classification authority management approach "bill"15.Proposal on amendment to the articles of association			
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2、Temporary shareholders' meeting during the reporting period

Meeting session	Date	Names of meeting proposal	Resolution	Disclosure date	Disclosure Index
The first extraordinary shareholders' meeting of 2013	2013.12.5	"About Harbin and Dongan Automotive Engine Manufacturing Company Limited signed a series of D powertrain technology licensing contracts and technical service contracts bill"	All the proposals have been passed.	2013.12.6	http://www.cninfo.com.cn/finalpage/2013-12-06/63342853.PDF

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

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

Cases about independent directors attending board of directors						
Names of independent directors	Times should attend the board of directors in the report period	Times of presence	Times of attendance by communication mode	Times of entrust attendance	Times of absence	Whether absent from the meeting for successive two times
Ouyang Minggao	7	0	6	1	0	N
Dong Yang	7	1	6	0	0	N
Chen Zhong	7	1	6	0	0	N
Wang Zhixiong	7	1	6	0	0	N
Peng Shaobing	7	1	6	0	0	N

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

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

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

The board of directors of the company consists of the audit committee, composed of 5 people, 3 of them are independent directors, the chairman of the committee by the accounting professional independent director Mr. Peng Shaobing as. During the reporting period, the audit committee held 4 meetings, perform the following duties:

①Carefully review the preparation of the company's management 2012 annual financial accounting report and audit supervision department in 2013 action plan, as well as the Secretary of the audit committee matters change, agreed to the above matters;

②The Ernst & Young Hua Ming issued 2012 annual audit report, the audit committee reviewed the 2012 annual financial statements (AUDIT) and major adjustments related to accounting firms, this year the company audit work is summarized, that Ernst & Young Hua Ming have professional competence, work diligently, can maintain their independence in audit, completed 2012 of the annual audit task on time. The audit committee is the company's annual financial report to vote and make resolutions, agreed to the board of directors for approval; at the same time to review about the appointment 2013 annual external auditor's proposal, submitted to the approval of the board of directors the company continue to hire accountants An Yonghuaming as the company's 2013 annual external auditors;

③The meeting reviewed about the first half of 2013 to raise funds usage reports, that the company to raise funds to manage the three party supervision agreement be effectively implemented, the company raised funds there is no violation;

④The review of the company's 2013 annual audit plans and related information, to the Ernst & Young Hua Ming of the company 2013 annual financial report of the audit plan and audit requirements.

五、 The work of the board of supervisors

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

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

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

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

七、 Competition situation

1. In December 2009, according to the national "Automobile Industry Adjustment and Revitalization Plan" regarding promoting auto enterprise merger restructuring and further optimization of state-owned economy strategy layout requirements, the actual controller of the company China South Industries Group Corporation and China Aviation Industry Group Company proceeded industry restructuring, China Aviation Industry Group Company transferred by free transfer 100% equity of Jiangxi Changhe Automobile Co., LTD. (hereinafter referred to as "Changhe Automobile") and 100% stake of Harbin Hafei Automobile Industry Group co., LTD. (hereinafter referred to as "Haqi group") into the company's controlling shareholder China Changan Automobile Group Co., LTD. (hereinafter referred to as "China Changan"). This above-mentioned behavior led to competition between the company and subordinate enterprise of China Changan, the controlling shareholder. To finally solve the possible competition and better maintain the interests of company's investors, the company's controlling shareholder China Changan commitment: 1. When Jiangxi Changhe Automobile Co., Ltd. and Harbin Hafei Automobile Industry Group Co., LTD. payoff for successive two years, has sustainable development ability and management level is improved significantly, it's proposed to combine two companies into the company. At present China Changan has not yet have conditions to reach the commitments. In October 28, 2013, the controlling shareholder of Changan has Chinese transfer Jiangxi Changhe Automobile Co. Ltd. to Jiangxi provincial state owned enterprise assets (Holdings) Limited, Chinese Changan proposed Jiangxi Changhe Automobile Co. Ltd. injected commitment matters of the company have been removed. The Harbin Hf Automobile Industry Group Co at present is still at a loss of status, the conditions have not yet reached the profitable for two consecutive years.

2. The company and Changan Peugeot Citroen Automobile co., LTD. (hereinafter referred to as CAPSA), the subordinate joint

venture of the controlling shareholder China Changan Automobile Group Co., Ltd. (hereinafter referred to "China Changan") have potential competition. Sixth meeting of the seventh board of directors and in 2012 fourth provisional shareholders meeting to consider the adoption of a takeover of Changan automobile group "China Limited by Share Ltd owns the Changan Peugeot Citroen Automobile Limited company 50% stockholder's rights bill", the company agreed to with self raised funds in the acquisition of Changan holds 50% stake in CAPSA company. To December 13, 2013, equity acquisition work has been completed, completely solved due to CAPSA company built and put into operation brings, and between controlling shareholders China Changan competition issues.

七、 The appraisal and incentive situation of senior management

(一) Evaluation mechanism

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

(二) Incentive mechanism

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

(三) Constraint mechanism

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

Chapter 9 Internal Control

一、Corporate Governance Construction

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

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

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

三、Establish internal control basis of financial report

According to the requirements of relevant laws and regulations, such as "Basic Norms of Enterprise Internal Control", the company has already set up relatively perfect financial and accounting system and finance internal-control system. The company strictly carries out "Enterprises Accounting Standards", and according to the company's operating management improve accounting basic management, establish and complete financial system, and continuously optimize accounting and reporting process, continue to strengthen financial supervision, further implement of financial control, set up accounting foundation work management, financial management authorization,

monetary fund management, financing, purchasing and payment, fixed assets, projects under construction, accounting policy, accounting estimate, merge statement compiling regulations, cost regulation and process, inventory management system and procedures, financial analysis system and so on, ensure the security of company assets and accounting information quality. The board of directors is responsible to establish and maintain sufficient financial report and relevant internal control system. The relevant internal control goal of financial report is to ensure that financial reporting information is true and reliable, and guard against the risk of material misstatement.

四、Self-assessment report of internal control

Big internal-control defects found in the self-assessment report of internal control during the reporting period

The 19th meeting of the sixth board of directors passed "Self-assessment Report of internal control of Changan Automobile" (specific see the announcement), the board of directors think that: during the reporting period, the company has set internal control of the business and matters incorporated in the evaluation scope which have been effectively implemented and achieve the goal of internal control, there is no major defects. There's no major change of internal control which has substantial impact on evaluation

conclusion since the base date of internal control report to the evaluation report of internal control.	
Disclosure date of self-assessment report of internal control	2014.4.17
Disclosure index of self-assessment report of internal control	The self-assessment report of internal control was published on Apr. 17 of 2014 on Tide Information Net (http://www.cninfo.com.cn)

五、 Audit report of internal control

The review opinion paragraph in the audit report of internal control	
Audit opinions of internal control audit report issued by Ernst &young Huaming Accounting Firm are as follows: Changan Auto keeps effective internal control of audit report in all important aspects according to “Basic Norms of Enterprise Internal Control” and other relevant regulations.	
Disclosure date of the audit report of internal control	2014.4.17
Disclosure index of the audit report of internal control	The audit report of internal control was published on Apr. 17 of 2013 on Tide Information Net (http://www.cninfo.com.cn)

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

Yes No

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

Yes No

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

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

Chapter 10 Auditor's Report

Ernst & Young Hua Ming Shen Zi (2014) No 60662431_D03

To the shareholders of Chongqing Changan Automobile Company Limited

We have audited the accompanying financial statements of Chongqing Changan Automobile Company Limited, which comprise the consolidated and the company balance sheet as at 31 December 2013, and the consolidated and the company income statements, the statements of changes in equity and the cash flow statements for the year then ended and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of Chongqing Changan Automobile Company Limited is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting the financial statements in accordance with Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Chinese Standards on Auditing. Those standards require that we comply with Code Ethical for Chinese Certified Public Accountants and plan and perform the audit to obtain a reasonable assurance about whether these financial statements are free from material misstatement.

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

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

Auditor's Report

Ernst & Young Hua Ming Shen Zi (2014) No 60662431_D03

Opinion

In our opinion, the accompanying consolidated and the company financial statements present fairly, in all material respects, the consolidated and the company's financial position of Chongqing Changan Automobile Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

Qiao Chun

Ernst & Young Hua Ming (LLP)

Chinese Certified Public Accountant

Ai Wei

Beijing, the People's Republic of China

Chinese Certified Public Accountant

15 April 2014

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET
31 December 2013
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2013</u>	<u>2012</u>
Current assets			
Cash	1	4,281,715,600.23	4,199,763,915.82
Financial assets held for trading	2	-	332,407.00
Notes receivable	3	11,272,212,347.84	9,364,340,972.00
Accounts receivable	4	380,017,320.86	438,384,320.58
Prepayments	5	698,725,451.66	499,042,641.69
Dividends receivable	6	-	450,030.00
Other receivables	7	208,009,273.35	133,863,189.40
Inventories	8	4,728,582,349.44	4,911,029,980.66
Other current assets	9	<u>2,585,737.57</u>	<u>4,774,719.12</u>
Total current assets		<u>21,571,848,080.95</u>	<u>19,551,982,176.27</u>
Non-current assets			
Available-for-sale financial assets	10	257,319,416.00	233,814,100.00
Long-term equity investments	12	12,466,481,788.64	7,594,311,455.02
Investment property	13	1,006,267.37	1,081,565.51
Fixed assets	14	13,740,763,376.25	11,627,068,108.78
Construction in progress	15	1,328,773,757.05	2,805,328,886.06
Project materials	16	96,690.75	795,898.75
Fixed assets disposal		8,696.53	2,485,714.76
Intangible assets	17	2,058,742,291.62	2,133,154,677.81
Development expenditure	18	685,666,604.48	373,059,730.66
Goodwill	19	9,804,394.00	9,804,394.00
Long-term deferred expenses	20	1,410,228.76	2,055,164.45
Deferred tax assets	21	998,435,801.99	859,267,186.20
Other non-current assets	23	<u>244,336,881.52</u>	<u>923,395,734.00</u>
Total non-current assets		<u>31,792,846,194.96</u>	<u>26,565,622,616.00</u>
TOTAL ASSETS		<u><u>53,364,694,275.91</u></u>	<u><u>46,117,604,792.27</u></u>

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET
31 December 2013
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2013</u>	<u>2012</u>
Current liabilities			
Short-term loans	24	1,258,000,000.00	1,250,000,000.00
Notes payable	25	9,388,781,959.80	7,808,998,092.99
Accounts payable	26	7,671,845,704.87	7,201,763,448.59
Advances from customers	27	4,258,001,533.60	4,251,355,201.70
Payroll payable	28	790,299,118.95	427,915,773.96
Taxes payable	29	131,096,474.84	49,882,326.93
Interest payables	30	78,113,712.49	77,316,091.67
Dividend payables	31	79,742.80	79,742.80
Other payables	32	1,631,578,755.92	1,918,249,420.49
Contingent liabilities	33	1,117,167,286.59	676,261,668.40
Non-current liabilities			
within one year	34	520,000,000.00	18,000,000.00
Other current liabilities	35	<u>1,900,629,102.12</u>	<u>1,518,516,938.67</u>
Total current liabilities		<u>28,745,593,391.98</u>	<u>25,198,338,706.20</u>
Non-current liabilities			
Long-term loans	36	1,270,000,000.00	992,000,000.00
Bonds payable	37	1,967,266,759.93	1,963,348,839.97
Special payable	38	213,630,202.50	131,053,523.96
Deferred tax liabilities	21	41,842,961.06	37,741,632.06
Other non-current liabilities	39	<u>2,486,408,374.75</u>	<u>2,404,194,366.91</u>
Total non-current liabilities		<u>5,979,148,298.24</u>	<u>5,528,338,362.90</u>
Total liabilities		<u>34,724,741,690.22</u>	<u>30,726,677,069.10</u>

Chongqing Changan Automobile Company Limited

CONSOLIDATED BALANCE SHEET

31 December 2013

(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2013</u>	<u>2012</u>
Owners' equity			
Share capital	40	4,662,886,108.00	4,662,886,108.00
Capital reserves	41	3,078,557,394.14	3,088,935,360.43
Special reserves		1,670,967.02	-
Surplus reserves	42	1,816,272,976.53	1,441,483,901.26
Retained earnings	43	9,233,857,503.02	6,335,790,529.86
Foreign currency reserve		<u>(14,890,520.84)</u>	<u>(16,160,551.29)</u>
Equity attributable to owners		18,778,354,427.87	15,512,935,348.26
Minority interests		<u>(138,401,842.18)</u>	<u>(122,007,625.09)</u>
Total equity		<u>18,639,952,585.69</u>	<u>15,390,927,723.17</u>
TOTAL LIABILITIES			
AND OWNERS' EQUITY			
		<u>53,364,694,275.91</u>	<u>46,117,604,792.27</u>

Chongqing Changan Automobile Company Limited
CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2013</u>	<u>2012</u>
Operating revenue	44	<u>38,481,862,261.90</u>	<u>29,462,588,753.56</u>
Less: Operating cost	44	31,747,798,788.90	24,040,087,067.12
Business tax and surcharges	45	1,260,779,551.85	759,633,210.06
Operating expenses	46	3,553,555,935.87	2,629,835,059.39
General and administrative expenses	47	2,891,904,873.05	2,690,247,230.28
Financial expenses	48	71,968,462.37	28,937,872.02
Impairment loss on assets	49	331,591,654.04	258,718,995.15
Add: Profit and loss from fair value changes	50	(332,407.00)	(1,193,392.63)
Investment income	51	4,506,602,315.09	1,868,541,181.38
<i>Including: Investment income from associates and from joint venture</i>		<u>4,474,644,845.42</u>	<u>1,860,722,181.38</u>
Operating profit		3,130,532,903.91	922,477,108.29
Add: Non-operating income	52	224,607,784.18	420,602,650.87
Less: Non-operating expenses	53	39,579,153.15	15,645,905.43
<i>Including: loss on disposal of non-current assets</i>		<u>18,587,591.13</u>	<u>4,115,881.11</u>
Total profit		3,315,561,534.94	1,327,433,853.73
Less: Income tax expense	54	(152,930,814.72)	(87,573,801.48)
Net profit		<u>3,468,492,349.66</u>	<u>1,415,007,655.21</u>
Including: The net profit of the combined parties before business combination involving entities under common control		-	-
Net profit attributable to owners		<u>3,505,640,520.04</u>	<u>1,446,409,591.28</u>
Minority interests		<u>(37,148,170.38)</u>	<u>(31,401,936.07)</u>
Earnings per share	55		
Basic earnings per share		<u>0.75</u>	<u>0.31</u>
Diluted earnings per share		<u>Not Applicable</u>	<u>Not Applicable</u>
Other comprehensive income	56	<u>20,674,017.45</u>	<u>10,929,527.72</u>
Total comprehensive income		<u>3,489,166,367.11</u>	<u>1,425,937,182.93</u>

Chongqing Changan Automobile Company Limited

Including: Total comprehensive income

attributable to owners	<u>3,526,314,537.49</u>	<u>1,457,339,119.00</u>
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Total comprehensive income

attributable to minority interest	<u>(37,148,170.38)</u>	<u>(31,401,936.07)</u>
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Chongqing Changan Automobile Company Limited

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended 31 December 2013

(Expressed in Renminbi Yuan)

	Equity attributable to owners						Subtotal	Minority interest	Total equity
	Share capital	Capital reserves	Special reserve	Surplus reserves	Retained earnings	Foreign currency reserve			
At beginning of year	4,662,886,108.00	3,088,935,360.43	-	1,441,483,901.26	6,335,790,529.86	(16,160,551.29)	15,512,935,348.26	(122,007,625.09)	15,390,927,723.17
Changes during the year									
I Net profit	-	-	-	-	3,505,640,520.04	-	3,505,640,520.04	(37,148,170.38)	3,468,492,349.66
II Other comprehensive income	-	19,403,987.00	-	-	-	1,270,030.45	20,674,017.45	-	20,674,017.45
Total comprehensive income	-	19,403,987.00	-	-	3,505,640,520.04	1,270,030.45	3,526,314,537.49	(37,148,170.38)	3,489,166,367.11
III Input by investors and decrease in capital									
1. Capital input by investors	-	-	-	-	-	-	-	20,753,953.29	20,753,953.29
2. Others	-	(29,781,953.29)	-	-	-	-	(29,781,953.29)	-	(29,781,953.29)
IV Distribution of profits									
1. Pick-up of surplus reserves	-	-	-	374,789,075.27	(374,789,075.27)	-	-	-	-
2. Distribution to owners	-	-	-	-	(232,784,471.61)	-	(232,784,471.61)	-	(232,784,471.61)
V Special reserve									
1. Extract	-	-	28,431,299.68	-	-	-	28,431,299.68	-	28,431,299.68
2. Use	-	-	(26,760,332.66)	-	-	-	(26,760,332.66)	-	(26,760,332.66)
At end of year	<u>4,662,886,108.00</u>	<u>3,078,557,394.14</u>	<u>1,670,967.02</u>	<u>1,816,272,976.53</u>	<u>9,233,857,503.02</u>	<u>(14,890,520.84)</u>	<u>18,778,354,427.87</u>	<u>(138,401,842.18)</u>	<u>18,639,952,585.69</u>

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

	Equity attributable to owners						Minority interest	Total equity
	Share capital	Capital reserves	Surplus reserves	Retained earnings	Foreign currency reserve	Subtotal		
At end of last year	14,648,625,773.00	4,834,482,546.00	3,406,243,605.93	1,279,333,001.49	5,238,240,172.61	(19,067,864.01)	14,739,231,462.02	(90,605,689.02)
Changes during the year								
I Net profit	1,415,007,655.21	-	-	-	1,446,409,591.28	-	1,446,409,591.28	(31,401,936.07)
II Other comprehensive income	10,929,527.72	8,022,215.00	-	-	-	2,907,312.72	10,929,527.72	-
Total comprehensive income	1,425,937,182.93	8,022,215.00	-	-	1,446,409,591.28	2,907,312.72	1,457,339,119.00	(31,401,936.07)
III Input by investors and decrease in capital								
1. Decrease in capital	(171,596,438.00)	(325,330,460.50)	-	-	-	(496,926,898.50)	-	(496,926,898.50)
2. Others	-	-	-	-	-	-	-	-
IV Distribution of profits								
1. Pick-up of surplus reserves	-	-	162,150,899.77	(162,150,899.77)	-	-	-	-
2. Distribution to owners	-	-	-	(186,708,334.26)	-	(186,708,334.26)	-	(186,708,334.26)
At end of year	4,662,886,108.00	3,088,935,360.43	1,441,483,901.26	6,335,790,529.86	(16,160,551.29)	15,512,935,348.26	(122,007,625.09)	15,390,927,723.17

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		37,134,330,352.74	25,663,720,716.16
Refunds of taxes		147,688,198.78	64,506,744.26
Cash received relating to other operating activities	57	<u>1,166,071,012.41</u>	<u>690,217,042.92</u>
Sub-total of cash inflows		<u>38,448,089,563.93</u>	<u>26,418,444,503.34</u>
Cash paid for goods and services		26,705,741,449.21	18,802,103,710.55
Cash paid to and on behalf of employees		2,644,629,978.53	2,349,914,141.29
Cash paid for all types of taxes		2,473,956,911.00	1,193,706,087.40
Cash paid relating to other operating activities	57	<u>4,791,115,000.82</u>	<u>3,560,834,890.72</u>
Sub-total of cash outflows		<u>36,615,443,339.56</u>	<u>25,906,558,829.96</u>
Net cash flows from operating activities	58	<u>1,832,646,224.37</u>	<u>511,885,673.38</u>

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments		8,715,226.30	-
Cash received from return on investments		1,632,208,203.42	1,807,819,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,534,295.27	2,667,743.02
Cash received relating to other investing activities	57	<u>31,545,952.00</u>	<u>225,800,000.00</u>
Sub-total of cash inflow		<u>1,682,003,676.99</u>	<u>2,036,286,743.02</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,469,249,621.53	4,886,774,898.90
Cash paid for acquisition of investments		1,304,825,990.00	126,221,699.10
Cash paid relating to other investing activities	57	<u>-</u>	<u>703,015,710.00</u>
Sub-total of cash outflows		<u>3,774,075,611.53</u>	<u>5,716,012,308.00</u>
Net cash flows from investing activities		<u>(2,092,071,934.54)</u>	<u>(3,679,725,564.98)</u>

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2013
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash received from borrowings		2,258,000,000.00	3,274,398,247.02
Cash received from issuing bonds		-	1,960,410,400.00
Cash received relating to other financing activities	57	<u>256,922,675.77</u>	<u>119,759,876.44</u>
Sub-total of cash inflows		<u>2,514,922,675.77</u>	<u>5,354,568,523.46</u>
Cash repayments of borrowings		1,470,000,000.00	1,991,288,247.02
Cash paid for distribution of dividends or profits and interest expenses		434,092,769.25	250,137,801.29
Cash paid relating to other financing activities	57	<u>158,865,869.37</u>	<u>598,466,584.26</u>
Sub-total of cash outflows		<u>2,062,958,638.62</u>	<u>2,839,892,632.57</u>
Net cash flows from financing activities		<u>451,964,037.15</u>	<u>2,514,675,890.89</u>
EFFECT OF CHANGES IN EXCHANGE RATE ON CASH			
		<u>(7,606,526.91)</u>	<u>(51,699.56)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		184,931,800.07	(653,215,700.27)
Add: Opening balance of cash and cash equivalents		<u>3,585,495,012.22</u>	<u>4,238,710,712.49</u>
CLOSING BALANCE OF CASH AND CASH EQUIVLANT			
	58	<u><u>3,770,426,812.29</u></u>	<u><u>3,585,495,012.22</u></u>

Chongqing Changan Automobile Company Limited

BALANCE SHEET

31 December 2013

(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2013</u>	<u>2012</u>
Current assets			
Cash		3,290,584,684.00	3,081,165,146.84
Notes receivable		10,612,070,124.82	7,803,725,888.00
Accounts receivable	1	1,393,930,437.57	1,071,345,619.44
Prepayments		1,006,257,953.21	397,342,870.76
Dividend receivable		-	450,030.00
Other receivables	2	550,745,735.30	315,576,507.71
Inventories		<u>3,995,173,686.02</u>	<u>3,396,111,119.31</u>
Total current assets		<u>20,848,762,620.92</u>	<u>16,065,717,182.06</u>
Non-current assets			
Available-for-sale financial assets		176,257,500.00	158,507,500.00
Long-term equity investments	3	13,767,197,201.37	8,885,998,867.75
Fixed assets		11,991,246,390.25	10,191,569,154.86
Construction in progress		1,227,441,848.35	2,571,337,326.77
Project materials		96,690.75	795,898.75
Fixed assets disposal		-	2,485,714.76
Intangible assets		1,854,137,128.97	1,964,748,143.27
Development expenditure		612,487,126.25	354,257,952.32
Long-term deferred expenses		540,240.00	720,320.00
Deferred tax assets		897,445,610.07	740,904,515.31
Other non-current assets		<u>244,336,881.52</u>	<u>923,395,734.00</u>
Total non-current assets		<u>30,771,186,617.53</u>	<u>25,794,721,127.79</u>
TOTAL ASSETS		<u><u>51,619,949,238.45</u></u>	<u><u>41,860,438,309.85</u></u>

Chongqing Changan Automobile Company Limited

BALANCE SHEET

31 December 2013

(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2013</u>	<u>2012</u>
Current liabilities			
Short-term loans		1,200,000,000.00	1,170,000,000.00
Notes payable		7,579,635,615.92	6,066,445,485.27
Accounts payable		6,807,637,925.32	5,183,680,120.24
Advances from customers		4,277,575,537.45	3,466,741,620.70
Payroll payable		710,331,644.30	374,013,646.52
Taxes payable		478,169,294.18	290,496,103.52
Interest payable		77,672,045.84	77,316,091.67
Other payables		1,404,722,740.89	1,607,748,312.43
Contingent liabilities		761,596,810.09	332,489,210.32
Non-current liabilities			
within one year		520,000,000.00	-
Other current liabilities		<u>1,677,944,402.50</u>	<u>1,068,916,123.41</u>
Total current liabilities		<u>25,495,286,016.49</u>	<u>19,637,846,714.08</u>
Non-current liabilities			
Long-term loans		1,270,000,000.00	900,000,000.00
Bonds payable		1,967,266,759.93	1,963,348,839.97
Special payable		129,901,302.92	69,225,925.06
Deferred tax liabilities		23,006,625.00	20,344,125.00
Other non-current liabilities		<u>2,243,478,199.06</u>	<u>2,308,856,151.75</u>
Total non-current liabilities		<u>5,633,652,886.91</u>	<u>5,261,775,041.78</u>
Total liabilities		<u>31,128,938,903.40</u>	<u>24,899,621,755.86</u>
Owner's equity			
Share capital		4,662,886,108.00	4,662,886,108.00
Capital reserves		3,366,723,267.88	3,351,635,767.88
Surplus reserves		1,816,272,976.53	1,441,483,901.26
Retained earnings		<u>10,645,127,982.64</u>	<u>7,504,810,776.85</u>
Total owner's equity		<u>20,491,010,335.05</u>	<u>16,960,816,553.99</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u><u>51,619,949,238.45</u></u>	<u><u>41,860,438,309.85</u></u>

Chongqing Changan Automobile Company Limited

INCOME STATEMENT

Year ended 31 December 2013

(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2013</u>	<u>2012</u>
Operating revenue	4	<u>33,236,680,670.90</u>	<u>22,839,252,968.43</u>
Less: Operating cost	4	27,245,442,791.23	18,312,319,774.19
Business tax and surcharges		1,117,916,162.10	628,759,885.50
Operating expenses		3,126,798,393.17	1,993,125,368.85
General and administrative expenses		2,530,601,839.92	2,370,319,505.92
Financial expenses		90,516,587.46	47,042,336.52
Impairment loss on assets		241,584,456.51	247,823,520.81
Add: Investment income	5	4,514,123,981.76	1,866,988,848.05
<i>Including: Investment income from associates and from joint venture</i>		<u>4,474,644,845.42</u>	<u>1,860,722,181.38</u>
Operating profit		3,397,944,422.27	1,106,851,424.69
Add: Non-operating income		203,618,522.36	392,733,313.75
Less: Non-operating expenses		33,524,849.01	4,768,387.86
<i>Including: loss on disposal of non-current assets</i>		<u>15,568,913.15</u>	<u>1,899,299.43</u>
Total profit		3,568,038,095.62	1,494,816,350.58
Less: Income tax expense		<u>(179,852,657.05)</u>	<u>(126,692,647.11)</u>
Net profit		<u>3,747,890,752.67</u>	<u>1,621,508,997.69</u>
Other comprehensive income		<u>15,087,500.00</u>	<u>12,824,375.00</u>
Total comprehensive income		<u>3,762,978,252.67</u>	<u>1,634,333,372.69</u>

Chongqing Changan Automobile Company Limited
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended 31 December 2013 and 2012
(Expressed in Renminbi Yuan)

	2013					
	Share Capital	Capital reserves	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
At beginning of year	4,662,886,108.00	3,351,635,767.88	-	1,441,483,901.26	7,504,810,776.85	16,960,816,553.99
Changes during the year						
I Net profit	-	-	-	-	3,747,890,752.67	3,747,890,752.67
II Other comprehensive income	-	15,087,500.00	-	-	-	15,087,500.00
Total comprehensive income	-	15,087,500.00	-	-	3,747,890,752.67	3,762,978,252.67
III Input by investors and decrease in capital						
1. Capital input by investors	-	-	-	-	-	-
IV Distribution of profits						
1. Pick-up of surplus reserves	-	-	-	374,789,075.27	(374,789,075.27)	-
2. The distribution to shareholders	-	-	-	-	(232,784,471.61)	(232,784,471.61)
V Special reserve						
1. Extract	-	-	16,500,000.00	-	-	16,500,000.00
2. Use	-	-	(16,500,000.00)	-	-	(16,500,000.00)
At end of year	<u>4,662,886,108.00</u>	<u>3,366,723,267.88</u>	<u>-</u>	<u>1,816,272,976.53</u>	<u>10,645,127,982.64</u>	<u>20,491,010,335.05</u>

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

Chongqing Changan Automobile Company Limited

CASH FLOW STATEMENT

Year ended 31 December 2013

(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		29,826,921,364.96	19,665,396,491.13
Refunds of taxes		17,181,800.00	4,843,000.00
Cash received relating to other operating activities	6	<u>1,025,366,113.23</u>	<u>644,984,705.57</u>
Sub-total of cash inflows		<u>30,869,469,278.19</u>	<u>20,315,224,196.70</u>
Cash paid for goods and services		21,005,214,115.22	14,122,561,258.66
Cash paid to and on behalf of employees		2,095,086,575.25	1,788,111,766.19
Cash paid for all types of taxes		2,066,677,520.39	830,908,158.82
Cash paid relating to other operating activities	6	<u>4,083,138,002.79</u>	<u>2,997,462,352.80</u>
Sub-total of cash outflows		<u>29,250,116,213.65</u>	<u>19,739,043,536.47</u>
Net cash flows from operating activities	7	<u>1,619,353,064.54</u>	<u>576,180,660.23</u>

Chongqing Changan Automobile Company Limited

CASH FLOW STATEMENT

Year ended 31 December 2013

(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		8,715,226.30	-
Cash received from return on investments		1,639,729,870.09	1,806,266,666.67
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,571,298.73	1,175,675.18
Cash received relating to other investing activities	6	<u>150,000,000.00</u>	<u>205,000,000.00</u>
Sub-total of cash inflows		<u>1,808,016,395.12</u>	<u>2,012,442,341.85</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,14,441,873.38	4,668,855,370.93
Cash paid for acquisition of investments		1,313,853,990.00	126,221,699.10
Cash paid relating to other investing activities	6	<u>250,000,000.00</u>	<u>853,015,710.00</u>
Sub-total of cash outflows		<u>3,712,295,863.38</u>	<u>5,648,092,780.03</u>
Net cash flows from investing activities		<u>(1,904,279,468.26)</u>	<u>(3,635,650,438.18)</u>

Chongqing Changan Automobile Company Limited

CASH FLOW STATEMENT

Year ended 31 December 2013

(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		2,200,000,000.00	3,084,398,247.02
Cash received from issuing bonds		<u>-</u>	<u>1,960,410,400.00</u>
Sub-total of cash inflows		<u>2,200,000,000.00</u>	<u>5,044,808,647.02</u>
Cash repayments of borrowings		1,280,000,000.00	1,911,288,247.02
Cash paid for distribution of dividends or profits and for interest expenses		425,654,059.12	244,439,219.60
Cash paid relating to other financing activities	6	<u>-</u>	<u>496,926,898.50</u>
Sub-total of cash outflows		<u>1,705,654,059.12</u>	<u>2,652,654,365.12</u>
Net cash flows from financing activities		<u>494,345,940.88</u>	<u>2,392,154,281.90</u>
EFFECT OF CHANGES IN EXCHANGE RATE ON CASH			
		<u>-</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		209,419,537.16	(667,315,496.05)
Add: Opening balance of cash and cash equivalents		<u>3,081,165,146.84</u>	<u>3,748,480,642.89</u>
CLOSING BALANCE OF CASH AND CASH EQUIVLANT	7	<u><u>3,290,584,684.00</u></u>	<u><u>3,081,165,146.84</u></u>

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2013
(Expressed in Renminbi Yuan)

Corporate information

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

With the approval of China Securities Regulatory Commission, the company initially floated on share market on 19 May 1997 by issuing 120,000,000 common shares(A share) to the public. The offering increased the total share capital to 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 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 held by existing shareholders, 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, Changan Group, as part of the investment to establish China South Industries Motor Company (hereafter referred to as "South Industries Motor"). The share occupied 52.466% of the Company's total share capital. Therefore, South industries Motor became the parent company of the Company. On 30 March 2006, the transfer of share was registered by Shenzhen branch of China Securities Depository and Clearing Corporation limited.

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2013
(Expressed in Renminbi Yuan)

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 issuance was made from capital reserve and increased the total share capital 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 1 July 2009, with the approval of State Administration for Industry and Commercial, South industries Motor, the parent company changed its name to China Changan Automobile Industry (Group) Co., Ltd. (hereafter 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 capital reserve 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 50000000005061.

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

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

According to the Articles of Association, the financial statements, which has been approved by the board of directors on 15 April 2014, was submitted to general meeting of shareholders for approval.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2013
(Expressed in Renminbi Yuan)

Summary of significant accounting policies, estimates and prior period error

1. Basis of preparation

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

The financial statements are presented on a going concern basis.

When preparing the financial statements, except for certain financial instruments, assets are recorded at actual cost when they are acquired. If the assets are impaired, the corresponding provisions should be made accordingly. The assets are recorded at assessed value by State-owned Assets Supervision and Administration Commission of the State Council, which are invested into the Group in the reforming period.

2. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully, the financial position of the Company as at 31 December 2013 and the financial results and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

3. Accounting year

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

4. Functional currency

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2013
(Expressed in Renminbi Yuan)

5. Business combinations

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

Business combination involving entities under common control

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

Assets and liabilities that are obtained by the acquiring party in a business combination 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.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2013
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Where the sum of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill and measured at cost less any accumulated impairment losses. Where the sum of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be accounted for according to the following requirements: (i) the acquirer shall reassess the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree; (ii) if after that reassessment, the sum of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree is still less than the acquirer's interest in the fair values of the acquiree's identifiable net assets, the acquirer shall recognize the remaining difference immediately in the income statement for the current period.

6. Consolidated financial statements

The scope of consolidation of consolidated financial statements is determined based on control, and includes the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. A subsidiary is an enterprise or entity that is controlled by the Group.

Consolidated financial statements are prepared using uniform reporting dates and accounting policies. All significant intercompany assets, liabilities, equity, revenue, expense and cash flow within the Group are eliminated on consolidation.

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
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(Expressed in Renminbi Yuan)

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

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

7. Cash and cash equivalents

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

8. Foreign currency translation

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

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2013
(Expressed in Renminbi Yuan)

When preparing consolidated financial statements, the financial statements of the subsidiaries presented in foreign currencies are translated into Renminbi as follows: asset and liability accounts are translated into Renminbi at exchange rates ruling at the balance sheet date; shareholders' equity accounts other than retained profits are translated into Renminbi at the applicable exchange rates ruling at the transaction dates; 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.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2013
(Expressed in Renminbi Yuan)

Classification and measurement of financial assets

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

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2013
(Expressed in Renminbi Yuan)

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.

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.

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is

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

In addition to a part of the cash flow hedging belongs to the effective hedging included in other comprehensive income and affect the income statement of the hedged item into the income statement. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are directly recognized in the income statement.

Fair value of financial instruments

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

Impairment of financial assets

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

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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.

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

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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.

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

Transfer of financial assets

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

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

10. Accounts receivable

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

Criterion for individually significant items	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.

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(2) Accounts receivable analyzed by group for provision

Criterion for group	
Group 1	Accounts receivable other than individually significant items and 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.

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(2) Measurement of issued inventory

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

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

(3) Net realizable value of inventory and inventory provision

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

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

(4) Counting method of inventory

The Group applies a perpetual counting method of inventory.

12. Long-term equity investments

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

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(1) Initial recognition and measurement

The long-term investments are initially recorded at cost on acquisition. Long-term investments acquired from business combination under common control shall be initially measured at the carrying value of the held interest of the party being acquired. Long-term investments acquired from business combination not under common control shall be initially measured at the cost (or, the sum of the cost and the carrying value of the previously held equity interest in the acquire for the business combination achieved by stages), which include the fair value of the consideration paid, the liabilities beard and the issued equity instrument; 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 Group adopted cost method to account for long-term equity investments, when the Group has not control of the investee enterprise, or does not have jointly control or significant influence on the investee enterprise, the fair value of which cannot be reliably measured due to the fact they are not quoted in an active market. The Company adopted cost method to account for long-term investments in the subsidiaries in the separate financial statements of the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

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

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

(3) Impairment of long-term investment

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

13. Investment property

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

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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.

Refer to Notes II, 27 for the details of the impairment testing for investment property measured at the cost method.

14. Fixed assets

(1) Recognition of fixed assets

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

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

(2) Depreciation method of fixed assets

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

Category	Depreciation 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.

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(3) Impairment of fixed assets

Refer to Notes II, 27 for the details of the impairment testing for fixed assets.

(4) Others

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

15. Construction in progress

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

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

Refer to Notes II, 27 for the details of the impairment testing for construction in progress.

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:

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

Capitalization of borrowing costs shall 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

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determined as follows:

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

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

17. Intangible assets

An intangible asset 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.

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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 encountered the reasonable allocation of outlays between land and buildings, all assets purchased will be recorded as fixed assets.

The cost of a finite useful life intangible asset is amortized using the straight-line method during the estimated useful life. For an intangible asset with a finite useful life, the Group reviews the estimated useful life and amortization method at least at the end of each year and adjusts if necessary.

Refer to Notes II, 27 for the details of the impairment testing for intangible assets.

18. Research and development expenditures

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

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

The expenditures in development stage are capitalized that 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.

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

19. Long-term deferred expenses

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

20. Contingent liabilities

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

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

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

21. Buy back of shares

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

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22. Revenue

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

Revenue from the sale of goods

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

Revenue from the rendering of services

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

Interest income

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

Rental income

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

23. Government grants

A government grant is recognized only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. Monetary grants are accounted for at received or receivable amount. Non-monetary grants are accounted for at fair value. If there is no reliable fair value available, the grants are accounted for at nominal amount. A government grant which is specified by the

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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.

24. Leases

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

The Group recording the operating lease as a lessee

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

The Group recording the operating lease as a lessor

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

25. Employee benefits

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

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

Employee termination and early retirement benefits are recognized in the period in which the Group has entered into an agreement with the employee specifying the terms of redundancy or after the individual employee has been advised of the specific terms. when the Group terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision shall be recognized for the compensation arising from termination of employment relationship with employees, with a corresponding charge to the income statement for the current period, when both of the following conditions are satisfied: (a) the Group has a formal plan for termination of employment relationship, or has made an offer for voluntary redundancy, which will be

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implemented immediately; (b) the Group cannot unilaterally withdraw from the termination plan or the redundancy offer. The same principle is applied to the early retirement plan, as it is for the above-mentioned termination benefits. The salaries, social insurance premiums, etc., to be paid for the early retired employees, during the period from the date when the employees stop rendering service to the normal retirement date, should be recognized as employee benefits payable and charged to the income statement of the current period, when the above conditions for recognizing the termination benefit plan are satisfied. The specific terms for the terminated and early retired employees vary depending on various factors including their position, length of service, and salary level at the time of application, minimum compensation levels set by the local regulatory authorities, and the district in which the employee is located.

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

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26. Income taxes

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

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

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.

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

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

27. Impairment of assets

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

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

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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.

28. Profit distribution

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

29. 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.

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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.

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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

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31. Accounting policy and accounting estimation change

Accounting estimation change

In recent years, the volume of production and sales keeps scaling up. Considering the Group's production's characteristics, quality assurance period and obligation of warranty clues, the Group changed the extraction method of warranty to keep the balance of warranty as a certain multiples of the average month warranty payment among the last 12 months to state the balance of warranty more reasonably. The accounting estimation change lead to a decrease with amount of RMB183,273,615.34 to the Group's total profit of the year of 2013 and a decrease with amount of RMB174,109,934.58 to the Group's net profit. And it decreased the net profit attributable to owners by RMB174,109,934.58.

III. Taxes

1. The major categories of taxes and surcharges

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

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2. Tax benefits

In accordance to Circular on the Issue of Preferential Taxation Policies for Western Development Program (Cai Shui [2001] No. 202) collectively issued by the Ministry of Finance, the National Taxation Bureau and the Customs General Administration of PRC, the Company and Chongqing Changan Special Automobile Co., Ltd (the "Changan Special Sales") are entitled to a preferential enterprise income tax ("EIT") rate of 15% in 2010, as the Company and Changan Special Sales are qualified as a domestic enterprise in encouraged industries. In accordance to Circular for Further Implementation of Tax Incentives In the Development of Western Regions (Cai Shui [2011] No. 58) collectively issued by the ministry of Finance, the Customs General Administration and the National Taxation Bureau of PRC, from 1 January 2011 to 31 December 2020, enterprises located in the Western Region in encouraged business would be entitled to a preferential EIT rate of 15%. The above-mentioned enterprises encouraged industries shall satisfy two criteria of enterprises whose principal business are in accordance with Catalogue of Encouraged Industries in the Western Region, and the revenue should account for more than 70% of the total revenue. Although the Catalogue of Encouraged Industries in Western Region has not been issued, from the management's opinion, the major operations of the Company and Changan Special Sales were qualified as encouraged industries and there are no changes in the scope of business operations for both companies in 2013. The corporate income tax of the Company and Changan Special Sales were currently accrued at the rate of 15% in 2013 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 2013, the enterprise income tax of Hebei Baoding Changan Bus Co., Ltd and Hebei Changan Automobile Co., Ltd were accrued at the rate of 15%.

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IV. Consolidation scope

1. Subsidiary

(1) The subsidiary formed by establish or investment

Name of Subsidiaries	Type of company	Registered place	Nature of business	Registered capital (0,000)	Scope of business	Actual investment (0,000)	The other balance of investment	Total proportion of shareholders (%)	Total proportion of voting rights (%)	Consolidated or not	Minority interest	Amount of minority interest deducted the equity belong to minorities
Hebei Changan Automobile Co., Ltd	Co., Ltd.	Dingzhou	Manufactory	46,469	Manufacture and selling cars and spare parts	43,794	-	94.15	95.70	Yes	37,334,477.86	-
Chongqing Changan International Automobile Sales Co., Ltd	Co., Ltd.	Chongqing	Sales	1,376	Seller and agent of import/export services of commodities and techniques	1,307	-	95.00	95.00	Yes	(8,080,565.79)	(1,235,471.55)
Chongqing Changan Automobile Sales Co., Ltd	Co., Ltd.	Chongqing	Sales	4,850	Seller of cars and spare parts	4,850	-	100.00	100.00	Yes	-	-
Chongqing Changan Special Automobile sales Co., Ltd(Note)	Co., Ltd.	Chongqing	Sales	500	Seller and repairer of special cars and spare parts	250	-	50.00	50.00	Yes	18,232,733.46	-
Chongqing Changan Automobile supporting service Co., Ltd.	Co., Ltd.	Chongqing	Sales	3,000	Seller of cars and spare parts	3,000	-	100.00	100.00	Yes	-	-
Chongqing Changan New Energy Automobile Co. Ltd	Co., Ltd.	Chongqing	R&D	2,900	Developer, Manufacturer and seller of new-energy cars	1,885	-	65.00	65.00	Yes	10,310,652.85	-
Chongqing Changan Europe Design Academy Co., Ltd.	Co., Ltd.	Turin, Italy	R&D	EUR 1,460	Research and development of vehicles	13,488	-	100.00	100.00	Yes	-	-

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

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Note: 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.

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

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

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

Name of Subsidiaries	Type of company	Registered place	Nature of business	Registered capital (0,000)	Scope of business	Actual investment (0,000)	The other balance of investment	Total proportion of shareholders (%)	Total proportion of voting rights (%)	Consolidated or not	Minority interest	Amount of minority interest deducted the equity belong to minorities
Nanjing Changan Automobile Co., Ltd.	Co., Ltd	Nanjing	Manufacturer	60,181	Manufacture and selling cars and spare parts	42,254	-	84.73	93.79	Yes	(196,196,140.56)	(47,965,175.95)

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

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2. Consolidation scope

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

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

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

In 2013, the scope of consolidated financial statements remains the same as the previous year.

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3. The exchange rate for financial statements of offshore companies

Currency	Average exchange rate		Exchange rate at year end	
	2013	2012	2013	2012
GBP	10.1084	9.9364	10.0556	10.1611
USD	6.2042	6.2897	6.1299	6.2784
JPY	0.0654	0.0771	0.0578	0.0730
EUR	8.3683	8.2401	8.4189	8.3176

V. Notes to the consolidated financial statements

1. Cash and cash equivalents

Item	2013			2012		
	Original currency	Exchange rate	Equivalent to RMB	Original currency	Exchange rate	Equivalent to RMB
Cash	-	-	78,225.44	-	-	32,745.00
RMB	-	-	78,225.44	-	-	32,745.00
Cash at bank			3,770,348,586.85	-	-	3,585,462,267.22
RMB	-	-	3,710,583,545.70	-	-	3,566,104,895.00
USD	6,217,289.68	6.1299	38,111,079.91	1,461,472.40	6.2784	9,175,680.28
GBP	728,381.00	10.0556	7,324,307.98	17,071.00	10.1611	173,460.14
EUR	1,483,992.00	8.4189	12,493,580.25	1,139,802.81	8.3176	9,480,423.85
JPY	31,781,915.00	0.0578	1,836,073.01	7,225,396.00	0.0730	527,807.95
Other cash	-	-	511,288,787.94	-	-	614,268,903.60
RMB	-	-	511,288,787.94	-	-	614,268,903.60
Total			4,281,715,600.23	-	-	4,199,763,915.82

As at 31 December 2013, the book value of restricted cash and cash equivalent is RMB511,288,787.94 (As at 31 December 2012: RMB614,268,903.60), which was restricted for the issuance of acceptance bill.

As at 31 December 2013, the cash at bank oversea is equivalent to RMB22,606,160.53 (As at 31 December 2012: RMB10,632,539.59).

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

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2. Financial assets held for trading

Category	2013	2012
Forward currency contracts	-	332,407.00

As at 31 December 2013, there is no un-matured forward currency contract (As at 31 December 2012: USD 4,000,000.00).

3. Notes receivable

(1) Classification of notes receivable

Type	2013	2012
Commercial acceptance bill	3,963,169,235.00	2,992,911,242.00
Bank acceptance bill	7,309,043,112.84	6,371,429,730.00
Total	11,272,212,347.84	9,364,340,972.00

As at 31 December 2013 and 31 December 2012, the expiration date of all the notes receivable is within 6 months.

(2) As at 31 December 2013, notes receivable with a carrying amount of RMB505,713,794.48 (As at 31 December 2012: RMB539,221,128.00) were pledged to issue notes payable.

The top five largest notes pledged are as follows:

2013

No.	Relationship with the Group	Issuing Date	Expiration Date	Amount
First	Related	11 September 2013	11 January 2014	50,000,000.00
Second	Related	9 September 2013	9 January 2014	30,000,000.00
Third	Related	7 November 2013	7 March 2014	30,000,000.00
Fourth	Related	19 November 2013	19 March 2014	30,000,000.00
Fifth	Related	22 November 2013	22 March 2014	30,000,000.00
Total				170,000,000.00

2012

No.	Relationship with the Group	Issuing Date	Expiration Date	Amount
First	Related	8 August 2012	8 February 2013	15,000,000.00
Second	Related	22 October 2012	22 March 2013	12,000,000.00
Third	Related	24 September 2012	24 January 2013	11,000,000.00

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Fourth	Related	26 November 2012	26 March 2013	10,000,000.00
Fifth	Related	20 November 2012	20 April 2013	10,000,000.00
Total				58,000,000.00

(3) As at 31 December 2013, there are no notes transferred to accounts receivable due to the non-acceptance.(As at 31 December 2012:nil)

(4) As at 31 December 2013, top five notes receivable that endorsed but unexpired are as follows:

2013

No.	Relationship with the Group	Issuing Date	Expiration Date	Amount
First	Related	26 September 2013	26 March 2014	47,000,000.00
Second	Non-related	29 November 2013	26 May 2014	35,000,000.00
Third	Non-related	29 November 2013	26 May 2014	30,000,000.00
Fourth	Related	12 September 2013	8 February 2014	30,000,000.00
Fifth	Non-related	29 November 2013	26 May 2014	27,000,000.00
Total				169,000,000.00

2012

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

(5) As at 31 December 2013, notes receivable with a carrying amount of RMB35,000,000.00 (As at 31 December 2012: nil) were discounted but unexpired.

4. Accounts receivable

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

	2013	2012
Within 1 year	337,604,353.16	322,415,275.48
1 to 2 years	29,479,528.80	102,286,410.76
2 to 3 years	11,938,635.83	21,281,869.32
Over 3 years	<u>57,592,940.07</u>	<u>52,649,356.60</u>
Provision	436,615,457.86	498,632,912.16
	<u>(56,598,137.00)</u>	<u>(60,248,591.58)</u>

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380,017,320.86 438,384,320.58

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

	Beginning balance	Addition	Deduction		Ending balance
			Reversal	Write-off	
2013	60,248,591.58	4,639,794.71	-	8,290,249.29	56,598,137.00
2012	55,742,932.09	5,171,252.29	665,592.80	-	60,248,591.58

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

Item	2013				2012			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	68,583,693.02	15.71	-	-	72,218,073.18	14.48	-	-
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	192,249,224.77	44.03	46,257,882.75	24.06	247,182,892.51	49.57	41,618,088.04	16.84
Group 2. Accounts receivable from related parties	165,442,285.82	37.89	-	-	160,601,442.93	32.21	-	-
Group subtotal	357,691,510.59	81.92	46,257,882.75	12.93	407,784,335.44	81.78	41,618,088.04	10.21
Individually insignificant items but analyzed individually for provision	10,340,254.25	2.37	10,340,254.25	100.00	18,630,503.54	3.74	18,630,503.54	100.00
Total	436,615,457.86	100.00	56,598,137.00		498,632,912.16	100.00	60,248,591.58	

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

Aging	2013			2012		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	101,055,669.26	52.57	-	156,497,255.65	63.31	-
6 to 12 months	4,228,546.40	2.20	211,427.32	25,524,892.86	10.33	1,276,244.64
Within 1 year subtotal	105,284,215.66	54.77	211,427.32	182,022,148.51	73.64	1,276,244.64

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1 to 2 years	29,479,528.80	15.33	2,947,952.88	13,791,608.60	5.58	1,379,156.41
2 to 3 years	11,938,635.83	6.21	3,581,590.75	16,976,395.28	6.87	5,091,118.59
3 to 4 years	12,059,865.36	6.27	6,029,932.68	905,761.00	0.37	452,880.50
4 to 5 years	-	-	-	341,456.08	0.14	273,164.86
Over 5 years	33,486,979.12	17.42	33,486,979.12	33,145,523.04	13.40	33,145,523.04
Total	192,249,224.77	100.00	46,257,882.75	247,182,892.51	100.00	41,618,088.04

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

Group	2013		2012	
	Balance	Provision	Balance	Provision
Accounts receivable from related parties	165,442,285.82	-	160,601,442.93	-
Total	165,442,285.82	-	160,601,442.93	-

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

Details of accounts receivable	Balance	Provision	Provision Percentage	Reason for provision
AUTOHAUS GOBEL NORTHCLIFF(PTY)LTD	6,119,941.69	6,119,941.69	100.00	The customer close to bankruptcy and unlikely to be recover
FRIEDSHELF 1100(PROPRIETARY)LIMITED	3,759,257.20	3,759,257.20	100.00	The customer close to bankruptcy and unlikely to be recover
Yuejin Import and Export Company	245,055.36	245,055.36	100.00	Full provision for small amount receivables which has a long aging
Shanghai Lianhan International Trading LTD	216,000.00	216,000.00	100.00	Full provision for small amount receivables which has a long aging
Total	10,340,254.25	10,340,254.25		

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

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

- (3) For the year ended 2013, no provision for impairment of accounts receivable has been reversed. (2012: RMB665,592.80).

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- (4) As at 31 December 2013, there is no account receivable due from shareholders that hold 5% or more of the Group voting shares (As at 31 December 2012: nil).

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(5) The provisions write off are as follows:

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

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

As at 31 December 2012, there are no provisions written off.

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

Debtors	Relationship with the Group	Amount	Aging	Proportion of total accounts receivable (%)
First	Related	67,203,793.50	Within 1 year	15.39
Second	Non-related	40,432,696.53	Within 1 year	9.26
Third	Related	28,083,882.87	Within 1 year	6.43
Fourth	Related	22,058,248.72	Within 1 year	5.05
Fifth	Related	13,994,402.88	Within 1 year	3.21
Total		171,773,024.50		39.34

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

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

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(7) As at 31 December 2013, accounts receivable from related parties is as follows:

Debtors	Relationship with the Group	Amount	Proportion of total accounts receivable (%)
Changan Ford Automobile Co.	Joint venture	67,203,793.50	15.39
Harbin DongAn Automotive Engine Manufacturing Co., Ltd	Controlled by the same parent company	28,083,882.87	6.43
Changan Mazda Automobile Co., Ltd	Joint venture	22,058,248.72	5.05
Changan Ford Mazda Engine Co., Ltd.	Joint venture	13,994,402.88	3.21
Jiangxi Changhe Automobile Co.	Historical related party	10,322,428.89	2.36
Chongqing Changan Kuayue Automobile Co.	Associate	7,997,692.00	1.83
Jiangling Holding Co.	Joint venture	6,187,757.28	1.42
Chongqing Anfu Automobile Sales Co.	Controlled by the same parent company	3,908,410.00	0.90
Chongqing Changan Suzuki Automobile Co.	Joint venture	3,401,258.46	0.78
China South Industry Group Finance Co., Ltd	Controlled by the same ultimate holding company	1,985,948.00	0.45
Hafei Automobile Co.	Controlled by the same parent company	259,600.00	0.06
Hefei Changhe Automobile Co. (former name: Hefei Changhe Automobile Co.)	Controlled by the same parent company	36,279.10	0.01
Chengdu Wanyou Economic Technological Development Co., Ltd	Controlled by the same ultimate holding company	1,043.72	0.00
Yunnan Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	895.31	0.00
Guizhou Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	372.52	0.00
Chongqing Wanyou Economic Development Co., Ltd	Controlled by the same ultimate holding company	272.57	0.00
Total		165,442,285.82	37.89

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

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

(8) There is no accounts receivable derecognized due to transfer of financial assets during 2013 (2012: nil).

(9) As at 31 December 2013, account receivable stated in foreign currency is as follow:

Item	Original currency	Exchange rate	Equivalent to RMB
USD	6,136,456.34	6.1299	37,615,863.72

5. Prepayments

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

Aging	2013		2012	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	676,952,810.56	96.88	490,444,508.86	98.28
1 to 2 years	14,012,869.55	2.01	6,328,709.88	1.27
2 to 3 years	5,490,348.60	0.79	2,252,579.73	0.45
Over 3 years	2,269,422.95	0.32	16,843.22	0.00
Total	698,725,451.66	100.00	499,042,641.69	100.00

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

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Debtors	Relationship with the Group	Amount	Aging	Reason for outstanding
First	Non-related	188,273,141.09	Within one year	Goods not received
Second	Non-related	152,653,804.80	Within one year	Goods not received
Third	Non-related	65,831,512.45	Within one year	Goods not received
Fourth	Non-related	57,800,000.00	Within one year	Service not accepted
Fifth	Non-related	34,464,493.75	Within one year	Goods not received
Total		499,022,952.09		

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As at 31 December 2012, top five debtors of prepayments are as follows:

Debtors	Relationship with the Group	Amount	Aging	Reason for outstanding
First	Non-related	130,256,877.82	Within 1 year	Goods not received
Second	Non-related	121,750,604.87	Within 1 year	Goods not received
Third	Non-related	48,488,140.23	Within 1 year	Goods not received
Fourth	Non-related	46,660,795.63	Within 1 year	Goods not received
Fifth	Non-related	23,767,543.96	Within 1 year	Goods not received
Total		370,923,962.51		

Explanation for major companies of prepayments:

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

- (3) As at 31 December 2013, there is no prepayment due from shareholders that hold 5% or more of the Company's voting shares (As at 31 December 2012: nil).
- (4) As at 31 December 2013, prepayments stated in foreign currency is as follow:

Item	Original currency	Exchange rate	Equivalent to RMB
USD	155,211.42	6.1299	951,430.48
EUR	5,489,936.19	8.4189	46,219,223.79
JPY	1,121,073,053.00	0.0578	64,798,022.46
Total			111,968,676.73

6. Dividends receivable

	Beginning	Addition	Deduction	Ending
Within 1 year	-	-	-	-
Over 1 year				
Chongqing HelpGo Information Technology Co., Ltd	450,030.00	-	450,030.00	-
Total	450,030.00	-	450,030.00	-

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7. Other receivables

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

	2013	2012
Within 1 year	208,548,507.96	116,458,655.77
1 to 2 years	369,199.80	8,840,374.83
2 to 3 years	1,976,678.00	1,029,684.00
Over 3 years	<u>26,560,744.00</u>	<u>41,699,430.13</u>
	237,455,129.76	168,028,144.73
Provision	<u>(29,445,856.41)</u>	<u>(34,164,955.33)</u>
	<u><u>208,009,273.35</u></u>	<u><u>133,863,189.40</u></u>

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

	Beginning balance	Addition	Deduction		Ending balance
			Reversal	Write-off	
2013	34,164,955.33	149,283.21	4,868,382.13	-	29,445,856.41
2012	34,211,360.45	-	46,405.12	-	34,164,955.33

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

Item	2013				2012			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	147,659,000.00	62.19	24,199,000.00	16.39	96,641,000.00	57.51	24,199,000.00	25.04
Other receivables analyzed as groups for provision								
Group 1. Other receivables analyzed for provision according to aging analysis	87,439,435.54	36.82	2,890,162.19	3.31	64,174,918.08	38.20	2,753,728.68	4.29
Group 2. Other receivables from related parties	-	-	-	-	-	-	-	-
Group subtotal	87,439,435.54	36.82	2,890,162.19	3.31	64,174,918.08	38.20	2,753,728.68	4.29
individually insignificant items but analyzed individually for provision	2,356,694.22	0.99	2,356,694.22	100.00	7,212,226.65	4.29	7,212,226.65	100.00
Total	237,455,129.76	100.00	29,445,856.41		168,028,144.73	100.00	34,164,955.33	

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

Aging	2013			2012		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	78,712,917.52	90.02	-	56,272,280.78	87.68	-
6 to 12 months	4,018,896.22	4.60	200,944.81	1,806,536.51	2.82	90,326.83
Within 1 year subtotal	82,731,813.74	94.62	200,944.81	58,078,817.29	90.50	90,326.83
1 to 2 years	369,199.80	0.42	36,919.98	3,006,453.01	4.68	300,645.30

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2 to 3 years	1,976,678.00	2.26	593,003.40	1,026,684.00	1.60	308,005.20
3 to 4 years	600,900.00	0.69	300,450.00	10,000.00	0.02	5,000.00
4 to 5 years	10,000.00	0.01	8,000.00	16,062.13	0.03	12,849.70
Over 5 years	1,750,844.00	2.00	1,750,844.00	2,036,901.65	3.17	2,036,901.65
Total	87,439,435.54	100.00	2,890,162.19	64,174,918.08	100.00	2,753,728.68

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

Details of other receivables	Balance	Provision	Provision Percentage (%)	Reason for provision
Nanjing Dongchi Automotive Industry (Group) Co., Ltd.	1,884,213.22	1,884,213.22	100.00	Whose aging is too long and unlikely to recover
Nanjing Qinyuan Vocational Technical School	5,000.00	5,000.00	100.00	Not able to fulfill the payment and unlikely to recover
Hebei National Defense Vocational Technical School	467,481.00	467,481.00	100.00	Whose aging is too long and unlikely to recover
Total	2,356,694.22	2,356,694.22		

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

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

- (3) For the year ended 2013, provision for impairment of other receivables amounted to RMB4,868,382.13 has been reversed (2012: RMB46,405.12).
- (4) There is no write-off of provision for bad debts during 2013 (2012: nil).
- (5) As at 31 December 2013, there is no other receivables due from shareholders that hold 5% or more of the Company's voting shares (As at 31 December 2012: nil).
- (6) As at 31 December 2013, top five debtors of other receivables are as follows:

Debtors	Relationship with the Group	Amount	Aging	Proportion of total other receivables (%)
First	Non-related	123,460,000.00	Within one year	51.99
Second	Non-related	24,199,000.00	Within five years	10.19
Third	Non-related	21,373,332.00	Within one year	9.00
Fourth	Non-related	13,176,365.28	Within one year	5.55
Fifth	Non-related	11,868,277.14	Within one year	5.00

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Total		194,076,974.42		81.73
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As at 31 December 2012, top five debtors of other receivables are as follows:

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

(7) As at 31 December 2013, there is no other receivables from related parties (2012: nil).

(8) As at 31 December 2013, there is no other receivables from government grant (2012: nil).

(9) There is no accounts receivable derecognized due to transfer of financial assets during 2013 (2012: nil).

8. Inventory

(1) Classification of inventory

Item	2013			2012		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	411,886,420.92	115,459,649.70	296,426,771.22	509,589,189.38	87,017,455.98	422,571,733.40
Material in transit	90,148,709.08	-	90,148,709.08	134,790,174.55	-	134,790,174.55
Work in progress	633,330,653.08	53,583,639.35	579,747,013.73	633,715,476.24	5,464,558.32	628,250,917.92
Commodity stock	3,633,550,611.60	45,751,102.10	3,587,799,509.50	3,665,388,086.52	89,474,105.21	3,575,913,981.31
Consigned processing material	2,217,155.60	-	2,217,155.60	5,705,591.46	-	5,705,591.46
Consumables	171,926,569.45	-	171,926,569.45	138,420,956.81	-	138,420,956.81
Spare parts	316,620.86	-	316,620.86	5,376,625.21	-	5,376,625.21
Total	4,943,376,740.59	214,794,391.15	4,728,582,349.44	5,092,986,100.17	181,956,119.51	4,911,029,980.66

(2) Provision for inventory

2013

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	87,017,455.98	29,811,164.52	1,368,970.80	-	115,459,649.70
Work in progress	5,464,558.32	49,145,075.33	303,176.60	722,817.70	53,583,639.35
Commodity stock	89,474,105.21	50,341,608.70	268,462.12	93,796,149.69	45,751,102.10

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Total	181,956,119.51	129,297,848.55	1,940,609.52	94,518,967.39	214,794,391.15
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2012

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	79,345,153.65	8,163,270.38	-	490,968.05	87,017,455.98
Work in progress	1,866,763.48	3,597,794.84	-	-	5,464,558.32
Commodity stock	31,865,894.90	83,810,411.44	3,631,102.82	22,571,098.31	89,474,105.21
Total	113,077,812.03	95,571,476.66	3,631,102.82	23,062,066.36	181,956,119.51

(3) Explanation for the provision

The Group assesses whether the cost of inventory is higher than the net realizable value and makes provision of the difference.

Explanation for the inventory

As at 31 December 2013, finished goods of 63,758 cars are transported to the dealers. According to the protocol signed among the Group, the bank and the dealer, corresponding car certificates are pledged in the bank, including: 6,499 cars in Huaxia Bank; 12,363 cars in China Citic Bank; 8,532 cars in China Everbright Bank; 3,211 cars in Bank of Communications Co., Ltd; 32,889 cars in China South Industry Group Finance Co., Ltd; 264 cars in other banks.

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

9. Other current assets

Item	2013	2012
Accrual input tax	2,541,492.57	4,748,101.12
Others	44,245.00	26,618.00
Total	2,585,737.57	4,774,719.12

10. Available-for-sale financial assets

Item	2013	2012
Available-for-sale equity securities	257,319,416.00	233,814,100.00

The available-for-sale equity securities are the 17.75 million shares (2012: 17.75 million shares) of Southwest Securities Co., Ltd and 9.4588 million shares (2012: 7.28 million shares) of HuaXia Bank held by the Group.

Item	2013	2012
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Cost of available-for-sale equity securities	55,716,571.71	55,716,571.71
Fair value	257,319,416.00	233,814,100.00
Accumulated amount of change on fair value recorded in other comprehensive income	228,722,844.29	205,217,528.29
Provision	27,120,000.00	27,120,000.00

Item	2013	2012
Provision balance at beginning and ending of the year	27,120,000.00	27,120,000.00

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11. Investment in joint ventures and associates

Investee	Corporate type	Registered place	Legal representative	Nature of the business	Registered capital (RMB0,000)	Shareholding percentage (%)	Voting percentage (%)	Total assets at end	Total liabilities at end	Total net assets at end	Total operating income	Total net profits
I. Joint ventures												
Chongqing Changan Suzuki Automobile Co., Ltd	Co., Ltd.	Chongqing	Zhang Baolin	Manufacture and sale of automobiles, and components	USD 19,000	51	51	6,457,819,911.00	3,713,995,730.00	2,743,914,181.00	8,161,887,584.00	11,085,533.00
Jiangling Holding Co., Ltd	Co., Ltd	Nanchang	Xu Liuping	Manufacture and sale of automobiles, and components	200,000	50	50	6,293,712,943.44	2,361,934,992.79	3,931,777,950.65	2,056,902,023.51	526,897,560.19
Changan Ford Automobile Co., Ltd	Co., Ltd	Chongqing	Xu Liuping	Manufacture and sale of automobiles, and components	USD 24,100	50	50	37,353,802,501.00	26,916,114,430.00	10,437,688,071.00	84,166,039,672.00	8,217,819,554.00
Changan Mazda Automobile Co., Ltd	Co., Ltd	Nanjing	Zhang Baolin	Manufacture and sale of automobiles, and components	USD 11,097	50	50	7,853,883,809.08	5,521,590,525.75	2,332,293,283.33	11,711,265,328.25	99,953,317.03
Changan Ford Mazda Engine Co., Ltd	Co., Ltd	Nanjing	Zhang Baolin	Manufacture and sale of automobiles, and components	USD 20,996	50	50	3,124,637,847.65	1,917,316,946.23	1,207,320,901.42	3,566,681,537.83	243,865,881.85
Changan PSA Automobiles Co., Ltd (Note)	Co., Ltd	Shenzhen	Xu Liuping	Manufacture and sale of automobiles, and components	400,000	50	50	7,211,670,078.00	4,496,792,330.00	2,714,877,748.00	571,468,251.00	(797,589,413.00)
II. Associates												
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Co., Ltd	Chongqing	Pang Guoqiang	Develop, manufactory, sale of linkage rod	1,900	40	40	35,011,312.89	13,326,471.58	21,684,841.31	42,573,826.60	892,591.37
Chongqing Changan Kuayue Automobile Co., Ltd	Co., Ltd	Chongqing	Luo Zhilong	Develop, product and sale of automobile and components; import and export goods.	6,533	34.30	34.30	1,090,049,035.78	952,835,677.71	137,213,358.07	2,085,667,421.75	(1,836,163.59)
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Co., Ltd	Chongqing	Luo Zhilong	Sale of Changan Kuayue' s automobile and agricultural cars and components. Technical advisory services for automobile	300	34.30	34.30	323,515,350.54	388,938,232.98	(65,422,882.44)	1,619,507,316.32	15,003,953.98
Beijing Fang'an Taxi Co., Ltd	Co., Ltd	Beijing	Li Gang	Regional taxi operation	1,420	42.25	42.25	28,088,454.71	25,726,017.69	2,362,437.02	3,515,459.73	(7,009,236.93)

Chongqing Changan Automobile Company Limited
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Note: According to the stock acquisition agreement signed by the Company with China Changan. The price and transaction fee total amounted to RMB2,007,841,700.00 was recognized as the original cost of long-term equity investment. The Company holds 50% equity of CAPSA, and it became a joint venture of the Company.

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12. Long-term equity investments

2013

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	239,905,266.00	1,421,953,088.21	917,918.98	1,422,871,007.19	51.00	51.00	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,000,000,000.00	1,706,722,325.52	263,346,186.29	1,970,068,511.81	50.00	50.00	N/A	-	-	-
Changan Ford Automobile Co., Ltd	Equity	951,589,136.29	2,677,677,911.23	2,491,202,560.31	5,168,880,471.54	50.00	50.00	N/A	-	-	1,600,000,000.00
Changan Mazda Automobile Co., Ltd	Equity	1,097,839,635.00	1,115,310,608.80	49,976,658.52	1,165,287,267.32	50.00	50.00	N/A	-	-	-
Changan Ford Mazda Engine Co., Ltd	Equity	786,734,634.10	475,236,298.82	124,232,371.10	599,468,669.92	50.00	50.00	N/A	-	-	-
Changan PSA Automobiles Co., Ltd	Equity	2,007,841,700.00	-	1,957,257,672.14	1,957,257,672.14	50.00	50.00	N/A	-	-	-
Associates											
Chongqing HelpGo Information Technology Co., Ltd	Equity	4,500,000.00	10,316,211.80	(10,316,211.80)	-	0.00	0.00	N/A	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	6,714,720.64	8,415,002.53	357,036.55	8,772,039.08	40.00	40.00	N/A	-	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	Equity	61,800,885.00	63,870,734.11	197,511.89	64,068,246.00	34.30	34.30	N/A	-	-	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	-	-	-	34.30	34.30	N/A	-	-	-
Beijing Fang'an taxi Co., Ltd	Equity	6,000,000.00	6,000,000.00	(5,001,370.36)	998,629.64	42.25	42.25	N/A	-	-	-

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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
Other											
China South Industry Group Finance Co., Ltd	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-		23,413,203.42
Chongqing Ante Import and Export Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10.00	10.00	N/A	-	-	3,600,000.00
Sichuan Glass Co., Ltd	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-	-	-
Zhong Fa Lian Investment Co., Ltd	Cost	21,000,000.00	21,000,000.00	-	21,000,000.00	10.00	10.00	N/A	-	-	-
CAERI(Beijing) automotive Lightweight Technology Research Institution Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	6.89	6.89	N/A	-	-	-
Total		6,271,735,252.03	7,594,311,455.02	4,872,170,333.62	12,466,481,788.64	--	--	--	-	-	1,627,013,203.42

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2012

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

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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
Other											
China South Industry Group Finance Co., Ltd	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-		6,000,000.00
Chongqing Ante Import and Export Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10.00	10.00	N/A	-		-
Sichuan Glass Co., Ltd	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-		-
Zhong Fa Lian Investment Co., Ltd	Cost	21,000,000.00	21,000,000.00	-	21,000,000.00	10.00	10.00	N/A	-		-
CAER(Beijing) automotive Lightweight Technology Research Institution Co., Ltd	Cost	3,000,000.00	-	3,000,000.00	3,000,000.00	6.89	6.89	N/A	-		-
Total	—	4,263,893,552.03	7,407,367,574.54	186,943,880.48	7,594,311,455.02	--	--	--	-		1,806,000,000.00

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13. Investment property

2013

Item	Beginning	Addition	Deduction	Ending
I. Original cost	1,461,121.65	-	-	1,461,121.65
1. Buildings	1,461,121.65	-	-	1,461,121.65
II. Accumulated depreciation and amortization	379,556.14	75,298.14	-	454,854.28
1. Buildings	379,556.14	75,298.14	-	454,854.28
III. Net Value	1,081,565.51	(75,298.14)	-	1,006,267.37
1. Buildings	1,081,565.51	(75,298.14)	-	1,006,267.37
IV. Impairment Provision	-	-	-	-
1. Buildings	-	-	-	-
V. Book Value	1,081,565.51	(75,298.14)	-	1,006,267.37
1. Buildings	1,081,565.51	(75,298.14)	-	1,006,267.37

2012

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

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1. Buildings	25,512,819.82	(1,517,007.31)	22,914,247.00	1,081,565.51
2. Land use right	35,837,558.43	(855,126.14)	34,982,432.29	-

During 2013, the depreciation and amortization of Investment property is RMB75,298.14 (2012: RMB2,372,133.45).

There is no provision of impairment for investment property in 2013 (2012: nil).

As at 31 December 2013, there is no investment property whose certificate of title is not completed (As at 31 December 2012, nil).

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14. Fixed assets

(1) Details of fixed assets

2013

Item	Beginning	Addition	Deduction	Ending
I. Original cost	16,258,099,971.47	3,573,200,290.92	215,530,595.58	19,615,769,666.81
Buildings	4,286,333,649.59	878,745,596.45	4,022,322.31	5,161,056,923.73
Machinery	8,976,657,582.81	2,143,166,646.73	151,323,706.00	10,968,500,523.54
Vehicles	85,639,239.66	23,175,074.55	7,394,687.29	101,419,626.92
Other Equipments	2,909,469,499.41	528,112,973.19	52,789,879.98	3,384,792,592.62
II. Accumulated depreciation	4,226,045,092.87	1,303,650,347.30	84,698,221.59	5,444,997,218.58
Buildings	523,214,966.12	154,051,191.55	1,022,218.13	676,243,939.54
Machinery	2,700,569,268.32	889,655,937.25	36,095,737.70	3,554,129,467.87
Vehicles	34,536,471.47	9,282,996.81	5,330,202.62	38,489,265.66
Other Equipments	967,724,386.96	250,660,221.69	42,250,063.14	1,176,134,545.51
III. Net Value	12,032,054,878.60	2,269,549,943.62	130,832,373.99	14,170,772,448.23
Buildings	3,763,118,683.47	724,694,404.90	3,000,104.18	4,484,812,984.19
Machinery	6,276,088,314.49	1,253,510,709.48	115,227,968.30	7,414,371,055.67
Vehicles	51,102,768.19	13,892,077.74	2,064,484.67	62,930,361.26
Other Equipments	1,941,745,112.45	277,452,751.50	10,539,816.84	2,208,658,047.11
IV. Impairment Provision	404,986,769.82	137,263,574.26	112,241,272.10	430,009,071.98
Buildings	-	790,453.56	-	790,453.56
Machinery	392,456,946.40	109,739,156.84	111,634,487.24	390,561,616.00
Vehicles	-	55,086.70	-	55,086.70
Other Equipments	12,529,823.42	26,678,877.16	606,784.86	38,601,915.72
V. Book Value	11,627,068,108.78	2,132,286,369.36	18,591,101.89	13,740,763,376.25
Buildings	3,763,118,683.47	723,903,951.34	3,000,104.18	4,484,022,530.63
Machinery	5,883,631,368.09	1,143,771,552.64	3,593,481.06	7,023,809,439.67
Vehicles	51,102,768.19	13,836,991.04	2,064,484.67	62,875,274.56
Other Equipments	1,929,215,289.03	250,773,874.34	9,933,031.98	2,170,056,131.39

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2012

Item	Beginning	Addition	Deduction	Ending
I. Original cost	11,239,242,277.59	5,157,906,561.69	139,048,867.81	16,258,099,971.47
Buildings	2,491,847,341.14	1,794,486,308.45	-	4,286,333,649.59
Machinery	6,492,143,885.80	2,597,142,390.44	112,628,693.43	8,976,657,582.81
Vehicles	68,411,425.64	20,556,632.30	3,328,818.28	85,639,239.66
Other Equipments	2,186,839,625.01	745,721,230.50	23,091,356.10	2,909,469,499.41
II. Accumulated depreciation	3,381,635,446.79	911,988,143.23	67,578,497.15	4,226,045,092.87
Buildings	383,489,547.96	139,725,418.16	-	523,214,966.12
Machinery	2,175,657,007.65	571,825,930.69	46,913,670.02	2,700,569,268.32
Vehicles	28,818,814.67	8,150,174.06	2,432,517.26	34,536,471.47
Other Equipments	793,670,076.51	192,286,620.32	18,232,309.87	967,724,386.96
III. Net Value	7,857,606,830.80	4,245,918,418.46	71,470,370.66	12,032,054,878.60
Buildings	2,108,357,793.18	1,654,760,890.29	-	3,763,118,683.47
Machinery	4,316,486,878.15	2,025,316,459.75	65,715,023.41	6,276,088,314.49
Vehicles	39,592,610.97	12,406,458.24	896,301.02	51,102,768.19
Other Equipments	1,393,169,548.50	553,434,610.18	4,859,046.23	1,941,745,112.45
IV. Impairment Provision	315,469,242.91	153,192,851.11	63,675,324.20	404,986,769.82
Buildings	-	-	-	-
Machinery	306,665,047.71	148,626,821.29	62,834,922.60	392,456,946.40
Vehicles	-	-	-	-
Other Equipments	8,804,195.20	4,566,029.82	840,401.60	12,529,823.42
V. Book Value	7,542,137,587.89	4,092,725,567.35	7,795,046.46	11,627,068,108.78
Buildings	2,108,357,793.18	1,654,760,890.29	-	3,763,118,683.47
Machinery	4,009,821,830.44	1,876,689,638.46	2,880,100.81	5,883,631,368.09
Vehicles	39,592,610.97	12,406,458.24	896,301.02	51,102,768.19
Other Equipments	1,384,365,353.30	548,868,580.36	4,018,644.63	1,929,215,289.03

During 2013, the depreciation of fixed assets is RMB1,303,650,347.30 (2012: RMB898,841,770.23).

During 2013, the fixed assets amounted to RMB3,416,091,497.77 (2012: RMB4,084,965,021.13) have been transferred from construction in progress.

As at 31 December 2013, buildings with the book value of RMB15,275,072.70 (As at 31 December 2012: RMB171,358,422.99), and machinery with the book value of RMB66,878,702.12 (2012: RMB234,920,690.41) is restricted to get the bank facilities. Including, the restricted buildings with book value of RMB4,632,076.69 (As

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at 31 December 2012: 93,990,396.88) and the restricted machinery with book value of RMB28,637,786.47 (As at 31 December 2012: 28,800,385.56) was mortgaged to obtain loans, refer to Note V 24.

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(2) Fixed assets that are temporarily unused

2013

Item	Original cost	Accumulated depreciation	Impairment provision	Book value	Note
Buildings	985,314.88	277,385.94	707,928.94	-	
Machinery	573,238,604.41	270,947,953.32	302,260,321.47	30,329.62	
Vehicles	78,185.00	2,369.02	75,815.98	-	
Other Equipments	117,333,599.20	78,961,621.97	38,331,888.44	40,088.79	
Total	691,635,703.49	350,189,330.25	341,375,954.83	70,418.41	

2012

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

(3) As at 31 December 2013, there is no fixed assets which are rented into under finance leases, rented out under operating leases, or held for sale (As at 31 December 2012: Nil).

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

Item	Reason for incomplete certificate of title	Estimate time for completion of certificate of title
Painting plant	Under processing	2014
Welding plant	Under processing	2014
Assemble plant	Under processing	2014
Stamping plant	Under processing	2014
Painting workshop	Under processing	2014
The second phase Assemble workshop	Under processing	2014
New Energy and trial plant	Under processing	2014
Packaging plant	Under processing	2014
Employees center and dormitory	Under processing	2014
Office building	Under processing	2014
Welding workshop in factory 5th	Under processing	2014
Second plant	Under processing	2014
Casting plant for the first phase of EA project	Under processing	2014
Assemble plant for the second phase of EA project	Under processing	2014
Power station	Under processing	2014
Assembly trial and detection workshop	Under processing	2014
Visual inspection plant	Under processing	2014

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Exhibition Centre	Under processing	2014
Sewage treatment station	Under processing	2014
Building for vehicle safety department in factory 5th	Under processing	2014
Stamping workshop in factory 5th	Under processing	2014
Visual inspection plant in factory 5th	Under processing	2014
Welding and painting plant in new area of Baoding Changan Bus	Under processing	2014
Total		

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15. Construction in progress

(1) Details of construction in progress

Item	2013			2012		
	Balance	Provision	Book value	Balance	Provision	Book value
Mini-bus production equipment	50,083,620.26	-	50,083,620.26	5,351,731.68	-	5,351,731.68
Yuzui motor city project	3,340,635.09	-	3,340,635.09	44,396,939.00	-	44,396,939.00
Changan industrial garden project	636,361.71	-	636,361.71	8,980,021.25	-	8,980,021.25
Sedan production equipment	42,419,237.65	-	42,419,237.65	48,529,810.27	-	48,529,810.27
Engine production	90,556,793.45	-	90,556,793.45	1,356,956,576.22	-	1,356,956,576.22
Vehicle research institution	69,250,097.06	-	69,250,097.06	133,651,791.31	-	133,651,791.31
Car moulds	356,844,644.42	-	356,844,644.42	226,624,484.08	-	226,624,484.08
Hebei M201 bus production plant project	-	-	-	36,064,353.60	-	36,064,353.60
Light vehicle technical transformation project of Baoding Changan bus	56,020,860.61	-	56,020,860.61	6,302,795.17	-	6,302,795.17
Plant for vehicle test project	541,058,623.64	-	541,058,623.64	688,512,568.10	-	688,512,568.10
Beijing vehicle construction project	40,243,489.44	-	40,243,489.44	26,246,205.34	-	26,246,205.34
Others	78,319,393.72	-	78,319,393.72	223,711,610.04	-	223,711,610.04
Total	1,328,773,757.05	-	1,328,773,757.05	2,805,328,886.06	-	2,805,328,886.06

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(2) Significant movements of construction in progress

2013

Project	Budget (RMB0,000)	31 December, 2012	Addition	Transfer to fixed assets	Other deduction	The project investments' proportion of budget	Progress of construction	Accumulated capitalized interest	Including: Current capitalized interest	Current capitalization rate	Source of funds	31 December, 2013
Mini-bus production equipment	111,717.00	5,351,731.68	84,725,957.57	39,994,068.99	-	96%	96%	412,957.05	-	-	Raised	50,083,620.26
Yuzui motor city project	179,363.00	44,396,939.00	38,242,367.79	79,298,671.70	-	77%	77%	-	-	-	Raised	3,340,635.09
Changan industrial garden project	149,031.00	8,980,021.25	25,401.71	8,369,061.25	-	100%	99%	19,943,614.65	-	-	Raised	636,361.71
Sedan production equipment	113,432.00	48,529,810.27	100,607,372.75	106,717,945.37	-	52%	52%	505,924.12	-	-	Raised	42,419,237.65
Engine production	492,356.20	1,356,956,576.22	565,359,037.72	1,831,628,035.52	130,784.97	63%	63%	12,926,342.81	-	-	Raised	90,556,793.45
Vehicle research institution	71,400.00	133,651,791.31	38,989,912.11	103,391,606.36	-	89%	89%	863,669.92	-	-	Raised	69,250,097.06
Car moulds	108,937.05	226,624,484.08	454,355,070.04	324,134,909.70	-	96%	96%	3,397,900.43	-	-	Raised	356,844,644.42
Hebei M201 bus production plant project	27,511.15	36,064,353.60	44,528,516.68	76,102,870.35	4,489,999.93	100%	100%	-	-	-	Raised	-
Light vehicle technical transformation project of Baoding Changan Bus	22,442.00	6,302,795.17	86,859,728.72	37,141,663.28	-	75%	75%	-	-	-	Raised	56,020,860.61
Plant for vehicle test project	108,688.00	688,512,568.10	296,175,741.22	443,629,685.68	-	90%	95%	-	-	-	Raised	541,058,623.64
Beijing vehicle construction project	191,943.00	26,246,205.34	46,370,322.93	32,373,038.83	-	100%	98%	-	-	-	Raised	40,243,489.44

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Others	-	223,711,610.04	188,251,813.31	333,309,940.74	334,088.89	-	-	4,888,488.22	2,814,221.50	6.15%	Raised and loans	78,319,393.72
Total		2,805,328,886.06	1,944,491,242.55	3,416,091,497.77	4,954,873.79	-	-	42,938,897.20	2,814,221.50			1,328,773,757.05

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2012

Project	Budget (RMB0,000)	31 December, 2011	Addition	Transfer to fixed assets	Other deduction	The project investments' proportion of budget	Progress of construction	Accumulated capitalized interest	Including: Current capitalized interest	Current capitalization rate	Source of funds	31 December, 2012
Mini-bus production equipment	99,270.00	3,229,748.52	12,576,296.54	10,454,313.38	-	100%	99%	412,957.05	-	-	Raised	5,351,731.68
Yuzui motor city project	157,735.00	61,729,037.54	284,535,757.47	301,865,230.01	2,626.00	85%	85%	-	-	-	Raised	44,396,939.00
Changan industrial garden project	149,031.00	99,207,943.92	6,609,168.14	96,837,090.81	-	95%	95%	19,943,614.65	-	-	Raised	8,980,021.25
Sedan production equipment	81,671.00	96,863,650.79	54,676,594.19	103,010,434.71	-	60%	60%	505,924.12	-	-	Raised	48,529,810.27
Engine production	422,611.20	676,224,425.42	1,925,829,791.20	1,244,752,771.27	344,869.13	60%	60%	12,926,342.81	-	-	Raised	1,356,956,576.22
Vehicle research institution	71,400.00	238,530,573.53	66,568,952.96	171,447,735.18	-	83%	80%	863,669.92	-	-	Raised	133,651,791.31
Car moulds	63,501.54	173,514,613.60	312,171,782.82	259,061,912.34	-	93%	93%	3,397,900.43	-	-	Raised	226,624,484.08
Hebei M201 bus production plant project	26,811.97	101,201,173.86	91,651,414.20	156,788,234.46	-	86%	86%	-	-	-	Raised	36,064,353.60
Light vehicle technical transformation project of Baoding Changan Bus	22,442.00	-	6,302,795.17	-	-	3%	3%	-	-	-	Raised	6,302,795.17
Plant for vehicle test project	22,442.00	417,378,969.64	271,160,265.13	26,666.67	-	57%	60%	-	-	-	Raised	688,512,568.10
Beijing vehicle construction project	108,688.00	655,945,083.74	784,185,925.91	1,410,862,737.50	3,022,066.81	93%	93%	-	-	-	Raised	26,246,205.34
Others	191,943.00	271,711,688.42	282,633,778.06	329,857,894.80	775,961.64	-	-	2,074,266.72	2,074,266.72	6.15%	Raised and loans	223,711,610.04
Total		2,795,536,908.98	4,098,902,521.79	4,084,965,021.13	4,145,523.58	-	-	40,124,675.70	2,074,266.72			2,805,328,886.06

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(3) As at 31 December 2013, there is no provision for the impairment of construction in progress (As at 31 December 2012: Nil).

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16. Construction materials

Item	2012	Addition	Deduction	2013
Specific materials	795,898.75	-	699,208.00	96,690.75
Total	795,898.75	-	699,208.00	96,690.75

17. Intangible assets

2013

Item	Beginning	Addition	Deduction	Ending
I. Original cost	2,805,844,487.97	293,577,422.45	8,603,699.66	3,090,818,210.76
Land use rights	1,306,396,390.02	46,845,247.74	8,603,699.66	1,344,637,938.10
Software use rights	188,173,048.93	63,967,908.26	-	252,140,957.19
Trademark use rights	211,784,400.00	-	-	211,784,400.00
Non-patent technology	1,099,490,649.02	182,764,266.45	-	1,282,254,915.47
II. Accumulated amortization	656,863,294.33	299,573,420.02	537,456.00	955,899,258.35
Land use rights	86,198,348.38	26,757,879.43	537,456.00	112,418,771.81
Software use rights	146,627,088.97	39,072,340.53	-	185,699,429.50
Trademark use rights	60,012,611.01	19,956,613.28	-	79,969,224.29
Non-patent technology	364,025,245.97	213,786,586.78	-	577,811,832.75
III. Net Value	2,148,981,193.64	(5,995,997.57)	8,066,243.66	2,134,918,952.41
Land use rights	1,220,198,041.64	20,087,368.31	8,066,243.66	1,232,219,166.29
Software use rights	41,545,959.96	24,895,567.73	-	66,441,527.69
Trademark use rights	151,771,788.99	(19,956,613.28)	-	131,815,175.71
Non-patent technology	735,465,403.05	(31,022,320.33)	-	704,443,082.72
IV. Impairment Provision	15,826,515.83	67,050,144.96	6,700,000.00	76,176,660.79
Land use rights	6,700,000.00	-	6,700,000.00	-
Software use rights	-	-	-	-
Trademark use rights	-	-	-	-
Non-patent technology	9,126,515.83	67,050,144.96	-	76,176,660.79
V. Book Value	2,133,154,677.81	(73,046,142.53)	1,366,243.66	2,058,742,291.62
Land use rights	1,213,498,041.64	20,087,368.31	1,366,243.66	1,232,219,166.29
Software use rights	41,545,959.96	24,895,567.73	-	66,441,527.69
Trademark use rights	151,771,788.99	(19,956,613.28)	-	131,815,175.71
Non-patent technology	726,338,887.22	(98,072,465.29)	-	628,266,421.93

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2012

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

During 2013, the amortization of intangible assets is RMB299,573,420.02 (2012: RMB262,828,984.04).

As at 31 December 2013, land use rights with the book value of RMB93,334,584.97 (as at 31 December 2012: RMB119,826,789.52) are restricted to get the bank facilities. During 2013, the amortization of the land use rights is RMB3,794,132.27 (2012: RMB4,567,361.67). Including, the restricted land use rights with the book value of RMB2,613,529.28 (2012: RMB91,285,024.74) was mortgaged to obtain loans. Refer to note V 24.

18. Development expenditure

2013

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Item	31 December 2012	Addition	Deduction		31 December 2013
			Charged to income Statement of the Current period	Recognized as intangible assets	
Automobile Development	373,059,730.66	515,162,564.44	19,791,424.17	182,764,266.45	685,666,604.48
Total	373,059,730.66	515,162,564.44	19,791,424.17	182,764,266.45	685,666,604.48

2012

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

In 2013, development expenditure accounts for 31.78% of total research and development expenditure (as at 31 December 2012: 31.35%).

As at 31 December 2013, development expenditure recognized as intangible assets accounts for 30.52% of total intangible assets (as at 31 December 2012: 34.05%).

19. Goodwill

2013

Investee	31 December 2012	Addition	Deduction	31 December 2013	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

2012

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

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Due to the accumulated losses of Nanjing Changan Automobile Co., Ltd, the full provision for the impairment loss has been made to the related goodwill of RMB73,465,335.00.

20. Long-term deferred expenses

2013

Item	Beginning	Addition	Amortization	Ending
Gaobao Lake Reservoir Greening	720,320.00	-	180,080.00	540,240.00
Others	1,334,844.45	1,194,167.19	1,659,022.88	869,988.76
Total	2,055,164.45	1,194,167.19	1,839,102.88	1,410,228.76

2012

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

21. Deferred tax assets and liabilities

Deferred tax assets and liabilities are listed separately.

(1) Recognized deferred tax assets and liabilities:

Item	2013	2012
Deferred tax assets		
Provision for the impairment of assets	96,999,755.02	89,752,749.14
Accrued expenses and contingent liabilities	390,797,090.37	283,175,938.14
Unpaid tech development expense and advertisement expense	39,626,338.17	32,703,826.49
Deferred income	363,604,776.91	350,416,972.76
Unpaid salary and bonus and others	107,407,841.52	103,217,699.67
Subtotal	998,435,801.99	859,267,186.20
Deferred tax liabilities		
Available-for-sale financial assets on the changes in fair value	41,842,961.06	37,741,632.06

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

Year	2013	2012
2013	-	121,605,072.56
2014	9,499,981.79	9,499,981.79

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2015	-	-
2016	298,254,160.23	298,254,160.23
2017	284,843,562.52	300,793,298.37
2018	338,699,078.28	-
Total	931,296,782.82	730,152,512.95

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

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

Item	2013	2012
Taxable temporary difference		
Provision for the impairment of assets	646,665,033.44	592,570,375.83
Accrued expenses and contingent liabilities	2,605,313,935.79	1,887,669,903.68
Unpaid tech development expense and advertisement expense	264,175,587.81	218,025,509.98
Deferred income	2,424,031,846.05	2,336,113,151.75
Unpaid salary and bonus and others	716,740,820.12	694,298,557.42
Subtotal	6,656,927,223.21	5,728,677,498.66
Deductable temporary difference		
Available-for-sale financial assets on the changes in fair value	228,722,844.29	205,217,528.29

22. Provision for the impairment of assets

2013

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	94,413,546.91	4,789,077.92	4,868,382.13	8,290,249.29	86,043,993.41
II. Provision for obsolete inventory	181,956,119.51	129,297,848.55	1,940,609.52	94,518,967.39	214,794,391.15
III. Provision for the impairment of fixed assets	404,986,769.82	137,263,574.26	-	112,241,272.10	430,009,071.98
IV. Provision for the impairment of intangible assets	15,826,515.83	67,050,144.96	-	6,700,000.00	76,176,660.79
V. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
Total	770,648,287.07	338,400,645.69	6,808,991.65	221,750,488.78	880,489,452.33

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

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

The impairment of inventory this year is mainly due to the cost of some vehicle and engine that manufactured

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by Changan Automobile (Beijing) Company, branch of Chongqing Changan Automobile Company Limited, and Nanjing Changan Automobile, subsidiary of Chongqing Changan Automobile Company Limited, is lower than the net realizable value.

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2012

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	89,954,292.54	5,171,252.29	711,997.92	-	94,413,546.91
II. Provision for obsolete inventory	113,077,812.03	95,571,476.66	3,631,102.82	23,062,066.36	181,956,119.51
III. Provision for the impairment of fixed assets	315,469,242.91	153,192,851.11	-	63,675,324.20	404,986,769.82
IV. Provision for the impairment of intangible assets	6,700,000.00	9,126,515.83	-	-	15,826,515.83
V. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
Total	598,666,682.48	263,062,095.89	4,343,100.74	86,737,390.56	770,648,287.07

23. Other non-current assets

Item	2013	2012
Prepayment of land(Note 1)	244,336,881.52	220,380,024.00
Prepayment of equity investment(Note 2)	-	703,015,710.00
Total	244,336,881.52	923,395,734.00

Note 1: The prepayment of land is paid to acquire the land use right of 1,214 mu.

Note 2: Prepayment of equity investment is the prepayment that the Company purchased the 50% equity of Changan PSA automobiles co.,Ltd from China Changan. In 2013, above purchase has been completed. Refer to note V 11.

24. Short-term loans

(1) Classification of short-term loans

Item	2013	2012
Mortgage loans	30,000,000.00	60,000,000.00
Credit loans	1,228,000,000.00	1,190,000,000.00
Total	1,258,000,000.00	1,250,000,000.00

As at 31 December 2013, the interest rate of the above loans was 4.92%-7.20% (as at 31 December 2012: 4.92%-6.30%).

As at 31 December 2013, there is no short-term loan which is due but not repaid (as at 31 December 2012: nil).

As at 31 December 2013, the Group obtained credit short-term loan of RMB10,000,000.00 from China Minsheng Bank; credit short-term loan of RMB200,000,000.00 from the Export-Import Bank of China, credit short-term

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loan of RMB10,000,000.00 from China Merchants Bank; credit short-term loan of RMB1,000,000,000.00 from China South Industry Group Finance Co., Ltd; and credit short-term loan of RMB8,000,000.00 from China CITIC Bank.

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

As at 31 December 2012, the Group obtained credit short-term loan of RMB270,000,000.00 from Bank of China; credit short-term loan of RMB200,000,000.00 from The Export-import Bank of China; credit short-term loan of RMB200,000,000.00 from Industrial and Commercial Bank of China; credit short-term loan of RMB500,000,000.00 from China South Industry Group Finance Co., Ltd; and credit short-term loan of RMB20,000,000.00 from China CITIC Bank.

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

25. Notes payable

Item	2013	2012
Commercial acceptance bill	226,946,025.00	297,776,543.00
Bank acceptance bill	9,161,835,934.80	7,511,221,549.99
Total	9,388,781,959.80	7,808,998,092.99

As at 31 December 2013, the notes payable amounted to RMB9,388,781,959.80 will be due in the next accounting period (31 December 2012: RMB7,808,998,092.99).

26. Accounts payable

(1) Accounts payable

Item	2013	2012
Accounts payable	7,671,845,704.87	7,201,763,448.59

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

Related parties	Relationship with the Group	2013		2012	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Hafei Motor Co., Ltd.	Controlled by the same parent company	211,566,557.98	2.76	128,719,099.88	1.79
South Tianhe Chassis System Co., Ltd	Controlled by the same parent company	102,069,855.54	1.33	124,459,879.25	1.74
CSIA-Jian'an	Branch of parent	83,012,150.58	1.08	111,077,271.38	1.55

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Related parties	Relationship with the Group	2013		2012	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Automobile Bridge Branch					
CSIA-Chongqing Tsingshan Transmission Branch	Branch of parent	81,061,026.50	1.06	18,447,802.84	0.26
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Controlled by the same ultimate holding company	71,333,271.84	0.93	49,801,432.27	0.69
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	57,984,490.94	0.76	72,760,462.77	1.02
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	Controlled by the same ultimate holding company	39,419,147.84	0.51	40,464,945.09	0.56
Harbin Dongan Automobile Engine Manufacture Co., Ltd.	Controlled by the same parent company	37,202,140.47	0.48	136,313,412.28	1.89
South Inter Air-conditioner Co., Ltd	Controlled by the same parent company	25,512,682.93	0.33	22,765,958.34	0.32
Chongqing Wanyou Economic Development Co., Ltd.	Controlled by the same ultimate holding company	19,331,791.01	0.25	17,004,418.71	0.24
Chongqing Shangfang Automobile Parts Co., Ltd.	Controlled by the same ultimate holding company	16,654,102.47	0.22	20,743,902.88	0.29
Changan Ford Automobile Co., Ltd	Joint venture	14,814,080.88	0.19	15,325,291.06	0.21
Chengdu Wanyou Filter Co., Ltd	Controlled by the same ultimate holding company	14,495,391.54	0.19	11,680,132.47	0.16
Chengdu Lingchuan Special Industry Co., Ltd	Controlled by the same ultimate holding company	13,751,316.61	0.18	21,569,256.54	0.30
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	Controlled by the same ultimate holding company	12,522,328.50	0.16	10,802,258.00	0.15
Longchang Shanchuan Shock-absorbing Works Industries Co., Ltd	Controlled by the same ultimate holding company	10,314,211.50	0.13	20,163,372.52	0.28
Chongqing Changrong Machine Co., Ltd.	Controlled by the same ultimate holding company	8,945,469.86	0.12	12,053,763.58	0.17
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	Controlled by the same ultimate holding company	8,645,584.79	0.11	4,952,442.79	0.07

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Related parties	Relationship with the Group	2013		2012	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Harbin Dongan Auto Engine Co., Ltd	Controlled by the same parent company	7,888,883.89	0.10	17,484,703.93	0.24
Yunnan Xiyi Industries Co., Ltd	Controlled by the same ultimate holding company	6,307,781.87	0.08	5,546,058.68	0.08
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Controlled by the same ultimate holding company	4,415,046.05	0.06	7,311,121.96	0.10
CSIA-Chengdu Jian'an Automobile Bridge Branch	Branch of parent	4,225,567.85	0.06	-	-
Chongqing Changfeng Jiquan Machinery Co., Ltd	Controlled by the same parent company	4,034,553.99	0.05	4,142,674.18	0.06
Chongqing Qingshan Transmission Sales Co., Ltd.	Controlled by the same ultimate holding company	3,510,369.53	0.05	4,654,778.54	0.06
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Associate	3,094,672.85	0.04	5,392,451.59	0.07
Chengdu Ningxing Automobile Spring Co., Ltd.	Controlled by the same parent company	2,625,476.67	0.03	1,838,710.24	0.03
Chengdu Huachuan Electric Equipment Co., Ltd	Controlled by the same parent company	2,063,833.08	0.03	25,308,680.22	0.35
Changan Industries Group Co. Ltd	Controlled by the same ultimate holding company	1,470,171.48	0.02	1,782,289.62	0.02
Chongqing Daijiang Xinda Vehicles Shares Co., Ltd.	Controlled by the same ultimate holding company	748,874.25	0.01	4,590,162.30	0.06
Sichuan Hongguang Machinery and Electrics Co., Ltd	Controlled by the same ultimate holding company	587,194.88	0.01	10,248,221.07	0.14
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd	Controlled by the same ultimate holding company	460,309.02	0.01	230,810.22	0.00
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Controlled by the same ultimate holding company	388,320.89	0.01	990,540.33	0.01
Chongqing Automobile Air-conditioner Co., Ltd.	Controlled by the same parent company	205,041.51	0.00	205,041.51	0.00
Beijing Beiji Mechanical and	Controlled by the same ultimate	187,931.10	0.00	111,132.50	0.00

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Related parties	Relationship with the Group	2013		2012	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Electrical Industry Co., Ltd	holding company				
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Controlled by the same ultimate holding company	86,896.33	0.00	293,172.96	0.00
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	Controlled by the same parent company	78,777.22	0.00	229,162.79	0.00
Chongqing Changan Kuayue Automobile Co., Ltd	Associate	77,208.01	0.00	77,208.01	0.00
Yunnan Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	1,588.50	0.00	-	-
Total		871,094,100.75	11.35	929,542,023.30	12.91

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- (3) As at 31 December 2013, there is no accounts payable aged over one year.
- (4) As at 31 December 2013, there is no amount due to shareholders that hold 5% or more of the Parent Company's voting shares (As at 31 December 2012: nil).

27. Advances from customers

- (1) Advances from customers

Item	2013	2012
Advances from customers	4,258,001,533.60	4,251,355,201.70

- (2) As at 31 December 2013, the advances from customers of RMB116,689,162.15 aged over one year is mainly credit guarantee charged to the dealer.
- (3) As at 31 December 2013, there is no amount due to shareholders that hold 5% or more of the Parent Company's voting shares (As at 31 December 2012: nil).
- (4) As at 31 December 2013, advances from customers stated in foreign currency is as follow:

Item	Original currency	Exchange rate	Equivalent to RMB
USD	12,826,452.67	6.1299	78,624,872.22

- (5) Advances from customers from related parties is as follows:

Related parties	Relationship with the Group	2013		2012	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Wanyou Automobile Investment Co., Ltd	Controlled by the same parent company	66,697,598.00	1.57	-	-
Guizhou Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	37,904,652.54	0.89	24,183,609.06	0.57
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	33,777,648.07	0.79	35,500,225.54	0.84
Yunnan Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	26,371,376.55	0.62	7,881,469.40	0.19
Chongqing Wanyou Economic Development Co., Ltd	Controlled by the same ultimate holding company	22,423,321.66	0.53	55,459,817.10	1.30
Chengdu Wanyou Economic Technological Development Co., Ltd	Controlled by the same ultimate holding company	16,744,132.43	0.39	46,527,059.64	1.09
Guangxi Wanyou Auto Sales and Service Co.,	Controlled by the same ultimate	7,808,775.67	0.18	5,567,939.76	0.13

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Related parties	Relationship with the Group	2013		2012	
		Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Ltd	holding company				
Nanning Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	3,942,335.87	0.09	1,153,450.87	0.03
China Changan Automobile Group Tianjin Sales Co., Ltd	Controlled by the same parent company	3,352,511.00	0.08	4,518,058.00	0.11
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	346,716.96	0.01	345,450.10	0.01
Jiangling Holding Co.	Joint venture	499,717.24	0.01	-	-
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	Controlled by the same parent company	21,843.52	0.00	459,214.05	0.01
Southwest Ordnance Industry Corporation	Controlled by the same ultimate holding company	-	-	131,909,063.75	3.10
Changan Ford Mazda Engine Co., Ltd.	Joint Venture	-	-	1,791,202.38	0.04
Changan Mazda Automobile Co., Ltd.	Joint venture	-	-	76,663.28	0.00
Total		219,890,629.51	5.16	315,373,222.93	7.42

28. Payroll payable

2013

Item	Beginning	Addition	Deduction	Ending
I. Salary, bonus, allowance and subsidy	283,423,266.58	2,237,199,236.96	2,062,226,923.23	458,395,580.31
II. Employee benefit	285,124.58	331,371,236.86	131,810,446.29	199,845,915.15
III. Social insurance	62,160,908.55	352,106,254.32	358,068,744.91	56,198,417.96
IV. Housing accumulation fund	76,541,750.36	210,565,973.93	216,737,383.38	70,370,340.91
V. Labor fund and employee education fund	5,504,723.89	53,782,500.34	53,798,359.61	5,488,864.62
Total	427,915,773.96	3,185,025,202.41	2,822,641,857.42	790,299,118.95

2012

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

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As at 31 December 2013, there is no balance which is in arrears (As at 31 December 2012: nil).

As at 31 December 2013, there is no balance which is non-monetary benefits (As at 31 December 2012: nil).

As at 31 December 2013, there is no balance which is the compensation for cancelling the labor relationship (As at 31 December 2012: nil).

29. Taxes payable

Item	2013	2012
Value-added tax	(179,935,324.88)	(310,531,923.86)
Consumption tax	308,333,797.97	208,180,850.74
Business tax	770,462.54	1,924,079.63
Corporate income tax	(35,315,345.50)	135,838,776.64
Individual Income tax	2,334,059.73	525,886.83
City maintenance and construction tax	17,145,387.55	7,643,259.72
Education additional expenses	12,028,800.68	5,254,758.08
Others	5,734,636.75	1,046,639.15
Total	131,096,474.84	49,882,326.93

30. Interest payable

Item	2013	2012
Long-term loan interest	3,917,361.11	2,489,194.44
Short-term loan interest	738,351.38	1,368,897.23
Corporate bonds interest	73,458,000.00	73,458,000.00
Total	78,113,712.49	77,316,091.67

31. Dividend payable

Item	2013	2012
Dividend payable – Hebei Changan Minority interests	79,742.80	79,742.80
Total	79,742.80	79,742.80

32. Other payables

(1) Details of other payables

Item	2013	2012
Dealer earnest money	147,131,768.08	115,765,906.73

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Warranty	22,273,965.45	10,693,731.97
Repair fees	185,746,575.98	125,702,517.71
Advertisement fees	198,835,065.92	185,351,368.09
Warehousing and transport fees	216,289,028.04	319,543,794.23
Loans temporarily	19,689,462.31	2,575,021.77
Project funds	697,029,046.07	1,030,866,246.95
Others	144,583,844.07	127,750,833.04
Total	1,631,578,755.92	1,918,249,420.49

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(2) As at 31 December 2013, there is no amount due to shareholders that hold 5% or more of the parent company's voting shares (As at 31 December 2012: nil).

(3) As at 31 December 2013, other payables to related parties are as follows:

Related parties	Relationship with the Group	2013		2012	
		Amount	Proportion of total other payables (%)	Amount	Proportion of total other payables (%)
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	227,771,641.76	13.96	228,316,728.17	11.89
Chongqing Changan Construction Co., Ltd	Controlled by the same ultimate holding company	23,320,991.30	1.43	73,671,074.05	3.84
Changan Industries Group Co. Ltd	Controlled by the same ultimate holding company	6,228,519.04	0.38	1,871,136.20	0.10
Hafei Motor Co., Ltd.	Controlled by the same parent company	4,811,080.37	0.29	2,404,233.00	0.13
Chongqing Changan Property Management Ltd.	Controlled by the same ultimate holding company	1,345,904.19	0.08	1,829,133.79	0.10
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	1,331,884.26	0.08	-	-
Yunnan Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	821,010.31	0.05	1,270.40	0.00
Chongqing Wanyou Construction Co., Ltd	Controlled by the same ultimate holding company	242,726.00	0.01	-	-
Chengdu Wanyou Economic Technological Development Co., Ltd	Controlled by the same ultimate holding company	125,509.91	0.01	245,808.15	0.01
Chengdu Wanyou Filter Co., Ltd	Controlled by the same ultimate holding company	120,000.00	0.01	120,000.00	0.01
Chongqing Changan Real Estate Development Co., Ltd	Controlled by the same ultimate holding company	74,374.90	0.01	189,027.00	0.01
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	72,770.27	0.01	-	-
Chongqing Wanyou Economic Development Co., Ltd.	Controlled by the same ultimate holding company	67,233.45	0.01	-	-
Suining Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	32,968.00	0.00	-	-

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Related parties	Relationship with the Group	2013		2012	
		Amount	Proportion of total other payables (%)	Amount	Proportion of total other payables (%)
Chongqing Wanyou Longxing Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	18,301.40	0.00	-	-
Chengdu Wanyou Trading Co., Ltd	Controlled by the same ultimate holding company	13,825.70	0.00	-	-

Chongqing HelpGo Information Technology Co., Ltd	Associate	-	-	17,171,978.77	0.90
CSIA-Chongqing Tsingshan Transmission Branch	Branch of parent	-	-	831,379.12	0.04
Chongqing Shangfang Automobile Fittings Co., Ltd	Controlled by the same ultimate holding company	-	-	51,618.40	0.00
Chongqing Wanyou Auto Sales and Service Corporation	Controlled by the same ultimate holding company	-	-	4,982.00	0.00
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	Controlled by the same ultimate holding company	-	-	3,164.00	0.00
Total		266,398,740.86	16.33	326,711,533.05	17.03

As at 31 December 2013, RMB153,142,301.29 of other payables aged over one year was mainly were mainly security deposits from dealers and suppliers.

33. Contingent liabilities

2013

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

2012

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

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

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34. Long-term loans within one year

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

Item	2013	2012
Mortgage loans	-	18,000,000.00
Credit loans	520,000,000.00	-
Total	520,000,000.00	18,000,000.00

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- (2) As at 31 December 2013, the Company obtained a long-term credit loan of RMB4,900,000,000.00 from China South Industry Group Finance Co., Ltd, including RMB20,000,000.00 to be repaid within one year; obtained a long-term credit loan of RMB1,000,000,000.00 from The Export-import Bank of China, including RMB200,000,000.00 to be repaid within one year; obtained RMB300,000,000.00 from China Construction Bank.
- (3) As at 31 December 2013, there was no overdue long-term loan within one year which had been extended (As at 31 December 2012: nil).
- (4) As at 31 December 2013, there was no long-term loan within one year which was due but to be repaid (As at 31 December 2012: nil).

35. Other current liabilities

Item	2013	2012
Accrued utilities	13,205,988.82	21,912,043.20
Accrued transportation fee	380,523,308.93	270,098,933.35
Accrued labor service fee	21,407,047.55	18,482,138.54
Accrued technology royalty	42,497,027.01	118,916,218.60
Accrued commercial discount payable	1,236,916,077.71	963,786,289.74
Accrued market development expense	154,394,367.01	85,300,072.39
Accrued rental	5,023,000.00	3,321,000.00
Retirement benefits (Note V 39)	5,002,000.00	6,088,000.00
Others	41,660,285.09	30,612,242.85
Total	1,900,629,102.12	1,518,516,938.67

36. Long-term loans

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

Item	2013	2012
Credit loans	1,270,000,000.00	900,000,000.00
Mortgage loans	-	92,000,000.00
Total	1,270,000,000.00	992,000,000.00

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

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(2) As at 31 December 2013, details of long-term credit loans are as follows:

Lender	Starting date	Expiring date	Currency	Interest rate (%)	2013		2012	
					Original currency	Equivalent to RMB	Original currency	Equivalent to RMB
China South Industry Group Finance Co., Ltd	5 November 2012	5 November 2015	RMB	5.535	-	290,000,000.00	-	300,000,000.00
China South Industry Group Finance Co., Ltd	7 November 2012	7 November 2015	RMB	5.535	-	200,000,000.00	-	200,000,000.00
Chongqing Guanyinqiao branch of China Construction Bank	3 December 2012	2 December 2014	RMB	5.530	-	300,000,000.00	-	400,000,000.00
Chongqing branch of The Export-import Bank of China	26 September 2013	26 September 2015	RMB	5.220	-	1,000,000,000.00	-	-
Total				--		1,790,000,000.00		900,000,000.00

As at 31 December 2013, long-term loan is amounted to RMB1,790,000,000.00 (2012: RMB900,000,000.00). In accordance with the repayment terms the long-term loan due within one year was RMB520,000,000.00. Refer to Note V 34.

(3) As at 31 December 2013, there is no long-term mortgage loan (2012: RMB110,000,000.00).

(4) As at 31 December 2013, there is no long-term loan which is due but to be repaid (As at 31 December 2012: nil).

(5) As at 31 December 2013, there is no long-term loan formed by extension of overdue loans (as at 31 December 2012: nil).

37. Bonds payables

Details of bonds payables are as follows:

Item	Beginning	Addition	Deduction	Ending
Corporate bonds	1,963,348,839.97	3,917,919.96	-	1,967,266,759.93

With approval of circular Zheng Jian Xu Ke [2012] No. 388 issued by China Securities Regulatory Commission, the Company issued bonds with the face value of RMB1,980,000,000.00 to the public. The face interest rate is fixed at 5.30% and the interests shall be repaid annually on 23 April each year. The final redemption date is 23 April 2017. After the deduction of issuance costs amounted to RMB19,589,600.00, the Company raised RMB1,960,410,400.00 totally. The bond is guaranteed by China Changan unconditionally and irrevocably.

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

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Movement of interest of bonds payable is as follows:

Item	Beginning	Addition	Deduction	Ending
Interest payables(Refer to Note V 30)	73,458,000.00	104,940,000.00	104,940,000.00	73,458,000.00

38. Special payables

2013

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

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2012

Item	Beginning	Addition	Deduction	Ending
Project 863	27,682,405.12	23,229,200.00	28,538,851.62	22,372,753.50
Test on key technology of hybrid electric vehicles	828,912.36	-	542,439.28	286,473.08
Development of Hydrogen internal-combustion engine	32,236.14	-	30,444.30	1,791.84
New Vehicle product	2,595,134.82	3,780,000.00	563,775.41	5,811,359.41
Automobile product chain sharing platform	4,460,605.54	-	100,000.00	4,360,605.54
Lightweight design of automotive structures	1,484,851.36	165,000.00	1,265,897.31	383,954.05
Gasoline Engine Development	3,920,000.00	-	1,843,384.90	2,076,615.10
Development and industrialization of the embedded software platform for automotive electronic controllers	6,416,087.01	-	599,082.14	5,817,004.87
Changan automobile E class Gasoline engine cylinder block, cylinder head production line project	23,230,000.00	-	570,000.00	22,660,000.00
Land relocation compensation	29,550,709.40	20,800,000.00	-	50,350,709.40
Project 973	-	750,000.00	436,509.50	313,490.50
Automotive order to delivery system project	-	1,000,000.00	8,953.00	991,047.00
Industrialization of patented technologies	-	600,000.00	7,000.00	593,000.00
Vehicle network intelligent information terminal middleware key technologies research and application	-	2,400,000.00	-	2,400,000.00
Others	13,273,544.77	7,768,480.00	8,407,305.10	12,634,719.67
Total	113,474,486.52	60,492,680.00	42,913,642.56	131,053,523.96

39. Other non-current liabilities

Item	2013	2012
Retirement benefits	26,422,000.00	35,457,000.00
Deferred income	2,459,986,374.75	2,368,737,366.91
Total	2,486,408,374.75	2,404,194,366.91

As at 31 December 2013, the balance of retirement benefits is RMB31,424,000.00 (As at 31 December 2012: RMB41,545,000.00), including RMB5,002,000.00 to be paid within one year, which is recorded in other current liabilities (As at 31 December 2012: RMB6,088,000.00). Refer to Note V 35.

Deferred income contains all government grant related to assets as at 31 December 2013.

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As at 31 December 2013, details of liability related to government grant are as follows:

Item	Beginning	Addition	Recorded to non-operating income	Ending	Relates to asset/gain
Subsidies for the automobile comprehensive testing ground project	575,820,000.00	-	-	575,820,000.00	Relates to asset
Funds for Yuzui motor city project	267,132,653.06	-	5,683,673.47	261,448,979.59	Relates to asset
Funds for Beijing Changan project	1,158,927,304.24	-	31,059,112.56	1,127,868,191.68	Relates to asset
Funds for technology innovation	16,150,000.00	-	-	16,150,000.00	Relates to asset
Funds for expansion of production capacity of auto mold	17,420,000.00	-	-	17,420,000.00	Relates to asset
Funds for H series engine	64,000,000.00	-	5,333,333.32	58,666,666.68	Relates to asset
Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line	172,483,194.45	-	15,965,833.33	156,517,361.12	Relates to asset
Expansion of production capacity project	68,624,215.16	-	6,215,638.48	62,408,576.68	Relates to asset
Subsidies for the construction of Hebei new plant	23,180,000.00	5,000,000.00	2,740,000.00	25,440,000.00	Relates to asset
Funds for the project of Ministry of Industry and Information Technology	5,000,000.00	-	-	5,000,000.00	Relates to asset
Subsidies for engine produce base of Nanjing Changan	-	9,545,952.00	-	9,545,952.00	Relates to asset
Light vehicle technical transformation project of Baoding Changan Bus	-	145,700,647.00	2,000,000.00	143,700,647.00	Relates to asset
Total	2,368,737,366.91	160,246,599.00	68,997,591.16	2,459,986,374.75	

As at 31 December 2012, details of liability related to government grant are as follows:

Item	Beginning	Addition	Recorded to non-operating income	Ending	Relates to asset/gain
Subsidies for the automobile comprehensive testing ground project	375,820,000.00	200,000,000.00	-	575,820,000.00	Relates to asset
Funds for Yuzui motor city project	272,816,326.53	-	5,683,673.47	267,132,653.06	Relates to asset
Funds for Beijing Changan project	324,384,200.00	860,000,000.00	25,456,895.76	1,158,927,304.24	Relates to asset
Funds for technology innovation	16,150,000.00	-	-	16,150,000.00	Relates to asset
Funds for expansion of production capacity of auto mold	17,420,000.00	-	-	17,420,000.00	Relates to asset
Funds for H series engine	64,000,000.00	-	-	64,000,000.00	Relates to asset
Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line	188,449,027.78	-	15,965,833.33	172,483,194.45	Relates to asset
Expansion of production capacity project	75,197,010.85	-	6,572,795.69	68,624,215.16	Relates to asset
Subsidies for the construction of Hebei new plant	25,500,000.00	-	2,320,000.00	23,180,000.00	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
Total	1,359,736,565.16	1,065,000,000.00	55,999,198.25	2,368,737,366.91	

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40. Share capital

As at 31 December 2013 the registered and paid-in share capital of the Company was RMB4,662,886,108.00 (As at 31 December 2012: RMB4,662,886,108.00); the face value of each share is RMB1.00, and the category and structure of the shares are as follows:

		31 December, 2012	Current movement				Subtotal	31 December, 2013
			Issuance of shares	Stock dividend	Transfer of reserve to common shares	Others		
I.	Restricted shares							
1	State-owned shares	-	-	-	-	-	-	
2	Shares held by state-owned legal persons	373,358,342	-	-	-	-	373,358,342	
3	Other domestic shares	-	-	-	-	-	-	
	Including:							
	Shares held by non-state-owned legal persons	-	-	-	-	-	-	
	Shares held by legal persons	-	-	-	-	-	-	
	Shares held by domestic natural person	17,246	-	-	-	-	17,246	
4	Foreign Shares	-	-	-	-	-	-	
	Including:							
	Shares held by foreign legal persons	-	-	-	-	-	-	
	Shares held by foreign natural persons	-	-	-	-	-	-	
	Total of restricted shares	373,375,588	-	-	-	-	373,375,588	
		-	-	-	-	-	-	
II.	Unrestricted shares							
1	RMB ordinary shares	3,387,524,378	-	-	-	-	3,387,524,378	

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2	Foreign-funded shares listed domestically	901,986,142	-	-	-	-	-	901,986,142
3	Foreign-funded shares listed overseas	-	-	-	-	-	-	-
4	Others	-	-	-	-	-	-	-
Total of unrestricted shares		4,289,510,520	-	-	-	-	-	4,289,510,520
III.	Total shares	4,662,886,108	-	-	-	-	-	4,662,886,108

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2012

		31 December, 2011	Current movement				Subtotal	31 December, 2012
			Issuance of shares	Stock dividend	Transfer of reserve to common shares	Others		
I.	Restricted shares							
1	State-owned shares	-	-	-	-	-	-	-
2	Shares held by state-owned legal persons	373,358,342	-	-	-	-	-	373,358,342
3	Other domestic shares	-	-					
	Including:							
	Shares held by non-state-owned legal persons	-	-					
	Shares held by legal persons	-	-					
	Shares held by domestic natural person	17,246	-	-	-	-	-	17,246
4	Foreign Shares							
	Including:							
	Shares held by foreign legal persons	-	-	-	-	-	-	-
	Shares held by foreign natural persons	-	-	-	-	-	-	-
	Total of restricted shares	373,375,588		-	-	-	-	-
II.	Unrestricted shares							
1	RMBordinary shares	3,387,524,378	-	-	-	-	-	3,387,524,378
2	Foreign-funded shares listed domestically	1,073,582,580		-	-	(171,596,438)	(171,596,438)	901,986,142
3	Foreign-funded shares listed overseas	-	-	-	-	-	-	-
4	Others	-	-	-	-	-	-	-

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Total of unrestricted shares		4,461,106,958		-	-	(171,596,438)	(171,596,438)	4,289,510,520
III.	Total shares	4,834,482,546	-	-	-	(171,596,438)	(171,596,438)	4,662,886,108

Refer to Note I for the explanation for the movement of share capital.

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41. Capital reserves

2013

Item	31 December 2012	Addition	Deduction	31 December 2013
Share premium	2,819,011,364.15	105,022.66	29,886,975.95	2,789,229,410.86
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Restricted capital reserve of equity investments	17,015,985.20	-	-	17,015,985.20
Others	208,411,112.08	19,403,987.00	-	227,815,099.08
Total	3,088,935,360.43	19,509,009.66	29,886,975.95	3,078,557,394.14

2012

Item	31 December 2011	Addition	Deduction	31 December 2012
Share premium	3,144,341,824.65	-	325,330,460.50	2,819,011,364.15
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Restricted capital reserve of equity investments	17,015,985.20	-	-	17,015,985.20
Others	200,388,897.08	8,022,215.00	-	208,411,112.08
Total	3,406,243,605.93	8,022,215.00	325,330,460.50	3,088,935,360.43

The addition of share premium was due to the purchase of minority interest amounted to RMB105,022.66. The deduction of share premium was due to the purchase of minority interest amounted to RMB29,886,975.95.

The addition of other capital reserves is due to the fair value fluctuation of available-for-sale financial assets amounted to RMB19,403,987.00 (2012: increase of RMB8,022,215.00)

42. Surplus reserves

Item	31 December 2012	Addition	Deduction	31 December 2013
Statutory surplus	1,441,483,901.26	374,789,075.27	-	1,816,272,976.53

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

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43. Retained earnings

Item	2013	2012
Retained earnings at beginning of year	6,335,790,529.86	5,238,240,172.61
Add: Net profit belong to owners	3,505,640,520.04	1,446,409,591.28
Less: Appropriation to statutory surplus reserves	374,789,075.27	162,150,899.77
Ordinary share dividend of cash	232,784,471.61	186,708,334.26
Retained earnings at the end of year	9,233,857,503.02	6,335,790,529.86

According to the resolution of the nineteenth meeting of the sixth session of the Board of Directors, the profit distribution plan of 2013 is as follow: on the base of the existing share capital of 4,662,886,108 shares, the Group will issue cash dividends of RMB1.00 to every 10 shares, RMB466,288,610.80 in total (tax included). This profit distribution plan should be approved in the meeting of the shareholder.

44. Operating revenue and cost

(1) Operating revenue and cost

Item	2013	2012
Operating revenue	37,735,035,123.71	28,868,867,429.95
Other operating revenue	746,827,138.19	593,721,323.61
Total revenue	38,481,862,261.90	29,462,588,753.56
Operating cost	31,747,798,788.90	24,040,087,067.12

(2) Operating revenue listed as follows:

Product	2013		2012	
	Revenue	Cost of sales	Revenue	Cost of sales
Sale of goods	37,522,817,344.71	30,820,498,048.24	28,639,375,397.24	23,096,254,538.16
Outsourcing processing	212,217,779.00	189,666,364.44	229,492,032.71	212,697,469.77
Total	37,735,035,123.71	31,010,164,412.68	28,868,867,429.95	23,308,952,007.93

(3) Top five customers of operating revenue are as follows:

2013

Customer	Amount	Proportion of total operating revenue (%)
First	1,183,837,549.95	3.08
Second	918,704,839.41	2.39
Third	787,473,701.16	2.05
Fourth	758,011,398.83	1.97

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Fifth	678,240,884.77	1.75
Total	4,326,268,374.12	11.24

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2012

Customer	Amount	Proportion of total operating revenue (%)
First	769,323,702.75	2.61
Second	661,441,223.09	2.25
Third	660,073,017.95	2.24
Fourth	413,749,116.62	1.40
Fifth	388,542,078.83	1.32
Total	2,893,129,139.24	9.82

The Group's operating activities are principally related to the sales of motor vehicles and accessories. The 99% of sales were domestic (2012: 99%). So segment reporting information was not needed.

45. Business tax and surcharges

Item	2013	2012	The standard for calculation and payment
Business tax	2,722,891.91	2,192,642.09	Refer to Note III
Consumption tax	1,032,807,764.13	652,197,517.05	Refer to Note III
City maintenance and construction tax	152,543,829.86	72,104,817.20	Refer to Note III
Education additional expenses	72,028,545.68	33,012,468.57	Refer to Note III
Others	676,520.27	125,765.15	Refer to Note III
Total	1,260,779,551.85	759,633,210.06	

46. Operating expenses

Item	2013	2012
Payroll and welfare	198,109,526.07	190,920,529.65
Promotion fee	721,820,224.62	623,119,494.40
Transportation expenses	1,381,917,241.02	1,255,777,527.47
Travelling expenses	64,336,087.61	70,918,254.22
Package expenses	13,466,932.83	15,239,943.59
Administrative expenses	12,681,264.97	8,282,021.85
Selling service fee	790,289,887.96	491,545,078.52
Sales discount	298,227,846.48	(90,094,149.86)
Others	72,706,924.31	64,126,359.55
Total	3,553,555,935.87	2,629,835,059.39

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47. General and administrative expenses

Item	2013	2012
Payroll and welfare	895,084,138.97	736,355,108.76
Technology research expenses	1,105,928,119.82	1,163,628,140.49
Administrative expenses	198,320,434.29	209,845,435.47
Depreciation and amortization	372,627,311.60	310,430,612.53
Miscellaneous service charges	19,161,741.31	24,029,449.84
Tax fee	158,919,970.68	114,677,635.08
Traffic expenses	30,916,775.62	29,545,189.36
Travelling expenses	20,576,726.94	24,354,902.50
Entertainment expenses	22,343,435.91	30,938,753.14
Others	68,026,217.91	46,442,003.11
Total	2,891,904,873.05	2,690,247,230.28

48. Financial expenses

Item	2013	2012
Interest expense	206,023,838.42	142,198,712.84
Less: interest income	142,089,807.55	117,277,942.68
capitalized interest	2,814,221.50	2,074,266.72
Exchange gain or loss	(955,075.61)	(1,904,382.55)
Others	11,803,728.61	7,995,751.13
Total	71,968,462.37	28,937,872.02

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

49. Impairment loss on assets

Item	2013	2012
1. Bad debt loss	(79,304.21)	4,459,254.37
2. Impairment provision of obsolete inventory	127,357,239.03	91,940,373.84
3. Impairment provision of fixed assets	137,263,574.26	153,192,851.11
4. Impairment provision of intangible assets	67,050,144.96	9,126,515.83
Total	331,591,654.04	258,718,995.15

50. Profit and loss from fair value changes

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Sources of fair value changes	2013	2012
Financial assets held for trading	(332,407.00)	(1,193,392.63)
Total	(332,407.00)	(1,193,392.63)

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51. Investment income

(1) Details of investment income

Item	2013	2012
Long-term equity investment income under cost method	27,013,203.42	6,000,000.00
Long-term equity investment income under equity method	4,474,644,845.42	1,860,722,181.38
Income from available-for-sale financial assets	5,195,000.00	1,819,000.00
Investment loss through disposal of long-term equity investment	(250,733.75)	-
Total	4,506,602,315.09	1,868,541,181.38

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

Investee	2013	2012	Reason for the fluctuation
China South Industry Group Finance Co., Ltd	23,413,203.42	6,000,000.00	Increase in dividend due to Increase in profit
Chongqing Ante Import-Export Trading Co., Ltd	3,600,000.00	-	Increase in dividend due to Increase in profit
Total	27,013,203.42	6,000,000.00	

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

Investee	2013	2012	Reason for the fluctuation
Changan Ford Automobile Co., Ltd.	4,091,202,560.31	1,563,978,672.73	Increase in profit due to sales expansion
Changan Mazda Automobile Co., Ltd	49,976,658.52	17,470,973.80	Increase in profit due to sales expansion
Chongqing Changan Suzuki Automobile Co., Ltd	917,918.98	49,340,446.81	Decrease in profit due to sales decline
Changan Ford Mazda Engine Co., Ltd	124,232,371.10	14,819,417.33	Increase in profit due to sales expansion
Jiangling Holding Co., Ltd	263,346,186.29	213,752,535.42	Increase in profit due to sales expansion
Chongqing HelpGo Information Technology Co., Ltd	-	(1,460,080.64)	Terminated in this year
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	357,036.55	750,367.82	Decrease in profit due to sales decline
Changan PSA Automobiles CO.,Ltd	(50,584,027.86)	-	New joint venture (refer to Note V 11 for details)
Beijing Fang'an Taxi Co., Ltd	(5,001,370.36)	-	Decrease in profit due to sales decline

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Chongqing Changan Kuayue Automobile sales Co.,Ltd	-	(1.00)	
Chongqing Changan Kuayue Automobile Co.,Ltd	197,511.89	2,069,849.11	Decrease in profit due to sales decline
Total	4,474,644,845.42	1,860,722,181.38	

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52. Non-operating income

Item	2013	2012	Amount recognized as non-recurring profit and loss
Gain on the disposal of fixed assets	2,035,008.63	1,456,604.43	2,035,008.63
Gain on the disposal of intangible assets	3,652,513.99	-	3,652,513.99
Government grants	196,086,391.16	402,264,192.28	196,086,391.16
Others	22,833,870.40	16,881,854.16	22,833,870.40
Total	224,607,784.18	420,602,650.87	224,607,784.18

Government grants recognized as current income:

Item	2013	2012	Relates to asset/gain
Technology innovation and industrialization funds	89,755,000.00	228,210,000.00	Relates to gain
Funds for Beijing Changan project	31,059,112.56	25,456,895.76	Relates to asset
Tax return for new products	17,181,800.00	4,843,000.00	Relates to gain
Subsidy of Import Discount Interest from MOF	16,973,000.00	-	Relates to gain
Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line	15,965,833.33	15,965,833.33	Relates to asset
Expansion of production capacity project	6,215,638.48	6,572,795.69	Relates to asset
Funds for Yuzui motor city project	5,683,673.47	5,683,673.47	Relates to asset
Funds for H series engine	5,333,333.32	-	Relates to asset
Government grants for technology research expenses	540,000.00	109,863,900.41	Relates to gain
Subsidies for the construction of Hebei new plant	2,740,000.00	2,320,000.00	Relates to asset
Light vehicle technical transformation project of Baoding Changan Bus	2,000,000.00	-	Relates to asset
Others	2,639,000.00	3,348,093.62	Relates to gain
Total	196,086,391.16	402,264,192.28	

53. Non-operating expenses

Item	2013	2012	Amount recognized as non-recurring profit and loss
Loss on the disposal of fixed assets	18,587,591.13	4,115,881.11	18,587,591.13
Donation	6,585,829.09	6,993,629.00	6,585,829.09
Vehicle premium	1,027,400.00	591,800.00	1,027,400.00

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Others	13,378,332.93	3,944,595.32	13,378,332.93
Total	39,579,153.15	15,645,905.43	39,579,153.15

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54. Income tax expense

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

Item	2013	2012
Current income tax expense	(13,762,198.93)	191,768,486.79
Deferred income tax expense	(139,168,615.79)	(279,342,288.27)
Total	(152,930,814.72)	(87,573,801.48)

Item	2013	2012
Total profit	3,315,561,534.94	1,327,433,853.73
Tax at the applicable tax rate (Note)	663,112,306.99	265,486,770.75
Impact of non-uniform tax rates of subsidiaries	132,602,467.62	97,315,485.16
Adjustments to current income tax of previous period	(38,476,440.98)	7,418,071.08
Profit or loss attributable to joint ventures and associates	(894,878,822.33)	(372,144,436.28)
Income not subject to tax	(6,270,640.68)	(1,200,000.00)
Non-deductible tax expense	18,635,077.88	20,369,455.81
Deductible loss of previous period	(1,320,923.40)	(93,217,925.56)
Unrecognized tax loss	84,674,769.57	75,198,324.59
Additional deduction arising from research and development expense	(111,008,609.39)	(86,799,547.03)
Tax expense under actual tax rate of the Group	(152,930,814.72)	(87,573,801.48)

Note: The Group accrues the income tax according to the estimated taxable income acquired within PRC and offshore and suitable tax rate. The applicable tax rate for the Company is 15% (Note III 2), the applicable tax rate for the Company's Branch Changan Automobile (Beijing) Company is 25%. As the Company and the branch are located in areas with different tax rates, according to the Circular of the State Administration of Taxation on Issues concerning the Collection and Administration of Consolidated Payments of Enterprise Income Tax by Trans-regional Enterprises (Guo Shui Han [2009] No. 221), the consolidated income tax should be filed by the Company, and the actual applicable tax rate for is 20%.

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55. Earnings per share ("EPS")

The basic EPS is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares. In accordance with the terms of issuance contract, the number of ordinary shares in issue shall be calculated from the date consideration is receivable (which is generally the date of their issue).

The Company has no dilutive potential ordinary shares.

	2013	2012
Earnings		
Net profit belong to ordinary shareholders	3,505,640,520.04	1,446,409,591.28
Shares		
Weighted average ordinary shares	4,662,886,108	4,705,785,218

As at the balance sheet date and to the approval date of reporting, there is no event that may causes changes in ordinary shares or potential ordinary shares.

56. Other comprehensive income

Item	2013	2012
1. Profits generated from available for sale financial assets	23,505,316.00	8,684,620.00
Less: Available for sale financial assets arising from income tax effect	4,101,329.00	662,405.00
2. Foreign currency reserve	1,270,030.45	2,907,312.72
Total	20,674,017.45	10,929,527.72

57. Notes to cash flow statement

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

Item	2013	2012
Interest income	142,089,807.55	117,277,942.68
Government grants related to operating activities	900,148,611.00	550,119,094.02
Total	1,042,238,418.55	667,397,036.70

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

Item	2013	2012
Selling expense	3,354,757,149.80	2,432,625,135.40
Administrative expense	908,090,945.34	1,037,044,710.01

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Total	4,262,848,095.14	3,469,669,845.41
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(3) The major cash received relating to other investing activities:

Item	2013	2012
Government grants related to assets	26,545,952.00	205,000,000.00
Total	26,545,952.00	205,000,000.00

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

Item	2013	2012
Prepayment of equity investment	-	703,015,710.00
Total	-	703,015,710.00

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

Item	2013	2012
Withdraw for deposit of bill	256,922,675.77	119,759,876.44

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

Item	2013	2012
Payment for deposit of bill	148,971,324.46	101,539,685.76
Purchased minority interest	9,028,000.00	
Repurchased B share	-	496,926,898.50
Total	157,999,324.46	598,466,584.26

58. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Supplementary information	2013	2012
1. Cash flows from operating activities calculated by adjusting the net profit		
Net profit	3,468,492,349.66	1,415,007,655.21
Add: impairment provision for assets	331,591,654.04	258,718,995.15
Depreciation of fixed assets	1,303,650,347.30	898,841,770.23
Depreciation and amortization of investment real-estate	75,298.14	2,372,133.45
Amortization of intangible assets	299,573,420.02	262,828,984.04
Amortization of long-term deferred expense	1,839,102.88	1,420,994.64
Amortization of deferred income	(68,997,591.16)	(55,999,198.25)
Disposal loss on fixed assets, intangible assets and others long-term assets	12,900,068.51	2,659,276.68
Loss from fair value changes	332,407.00	1,193,392.63
Financial expense	206,023,838.42	142,198,712.84
Investment income	(4,506,602,315.09)	(1,868,541,181.38)
Increase in deferred tax assets	(139,168,615.79)	(279,342,288.27)

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Decrease / (increase) in inventory	55,090,392.19	(859,352,007.03)
Increase in operating receivables	(3,593,256,572.11)	(4,134,084,440.27)
Increase in operating payables	4,459,431,473.34	4,723,962,873.71
Others	1,670,967.02	-
Net cash flows from operating activities	1,832,646,224.37	511,885,673.38
2. Movement of cash and cash equivalents		
Ending balance of cash	3,770,426,812.29	3,585,495,012.22
Less: beginning balance of cash	3,585,495,012.22	4,238,710,712.49
Add: ending balance of cash equivalents	-	-
Less: beginning balance of cash equivalents	-	-
Increase in cash and cash equivalents	184,931,800.07	(653,215,700.27)

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

Item	2013	2012
Government grants related to assets	133,700,647.00	860,000,000.00

(3) Cash and cash equivalents

Item	2013	2012
I. Cash		
Including: Cash on hand	78,225.44	32,745.00
Bank deposits that can be readily used	3,770,348,586.85	3,585,462,267.22
Other monetary assets that can be readily used		-
II. Cash equivalents		-
III. Ending balance of cash and cash equivalents	3,770,426,812.29	3,585,495,012.22

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

VI. Related party relationships and transactions

1. Criteria for the identification of related parties

If a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control, or joint control influence from the same party.

The following are related parties of the Company:

- (1) parents of the Company;
- (2) subsidiaries of the Company;
- (3) other enterprises that are controlled by the same parent as the Group;
- (4) joint ventures in which the Group is an investor;
- (5) associates of the Group;
- (6) key management personnel of the Company or its parent, and close family members of such individuals;
- (7) other enterprises that are controlled, jointly controlled, or significantly influenced by the Company's key management personnel, or close family members of such individuals.

Enterprises are not regarded as related parties simply because they are under the common control from the State, if no other related party relationships exist between them.

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2. Parent company

Parent	Place of registration	Registered capital	Organization code	Nature of the business	Proportion of shares in the Company	Proportion of voting rights in the company	Corporate type	Legal representative
China Changan Automobile Group Co.,Ltd	Beijing	4,582,373,700.00	71093394-8	Manufacture and sale of automobiles, engine, and components	41.04%	41.04%	Company limited by shares	Xu Liuping

The registered capital and paid-up capital was unchanged in 2013.

Refer to Note IV "Scope of consolidation for consolidated financial statements" for details of the Group's subsidiaries.

3. Other related parties

Related parties	Relationship	Organization code
China South Industries Group Corporation	Ultimate holding company	71092492-9
Changan Ford Mazda Engine Co., Ltd	Joint venture	71785962-1
Changan Ford Automobile Co., Ltd	Joint venture	70937510-9
Changan Mazda Automobile Co., Ltd	Joint Venture	71788527-2
Chongqing Changan Suzuki Automobile Co., Ltd	Joint venture	62190016-7
Jiangling Holding Co., Ltd	Joint venture	76703230-7

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Related parties	Relationship	Organization code
Chongqing HelpGo Information Technology Co., Ltd	Associate	70932938-0
Chongqing Changan Kuayue Automobile Co., Ltd	Associate	20287102-3
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Associate	79589352-6
China Changan Automobile Co., Ltd - Jian'an Automobile Bridge Branch (hereafter referred to as "CSIA - Jian'an Automobile Bridge Branch")	Branch of parent	79184573-8
China Changan Automobile Co., Ltd – Chongqing Tsingshan Transmission Branch (hereafter referred to as "CSIA-Chongqing Tsingshan Transmission Branch")	Branch of parent	79350521-9
China Changan Automobile Co., Ltd – Chengdu Jian'an Automobile Bridge Branch	Branch of parent	79219314-5
South Tianhe Chassis System Co., Ltd	Controlled by the same parent company	77487491-6
South Inter Air-conditioner Co., Ltd	Controlled by the same parent company	62192592-X
Chongqing Changfeng Jiquan Machinery Co., Ltd	Controlled by the same parent company	74745528-1
Chongqing Automobile Air-conditioner Co., Ltd	Controlled by the same parent company	20304827-4
Hafei Motor Co., Ltd	Controlled by the same parent company	60716197-8
Harbin Dongan Auto Engine Co., Ltd	Controlled by the same parent company	71201745-X
Harbin Dongan Automotive Engine Manufacturing Co., Ltd	Controlled by the same parent company	71201711-8
Jiangxi Changhe Suzuki Automobile Co., Ltd	Controlled by the same parent company	61271096-X
Chongqing Anfu Automobile Co., Ltd	Controlled by the same parent company	73657088-2
Chengdu Ningxing Automobile Spring Co., Ltd	Controlled by the same parent company	72343715-0
China Changan Automobile Group Tianjin Sales Co., Ltd	Controlled by the same parent company	56610492-5
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	Controlled by the same parent company	55204911-X
Chengdu Huachuan Electric Equipment Co., Ltd	Controlled by the same parent company	73021809-5

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Related parties	Relationship	Organization code
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	Controlled by the same parent company	20224398-3
Hefei Changan Automobile Co., Ltd (former name: Hefei Changhe Automobile Co., Ltd)	Controlled by the same parent company	66143118-2
Wanyou Automobile Investment Co., Ltd	Controlled by the same parent company	59920037-4
United Prosperity Investment Co., Ltd	Controlled by the same parent company	1703341
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	Controlled by the same ultimate holding company	78914008-5
Chongqing Changan Construction Co., Ltd	Controlled by the same ultimate holding company	20281750-9
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	70942619-9
Sichuan Hongguang Machinery and Electrics Co., Ltd	Controlled by the same ultimate holding company	62170388-4
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	Controlled by the same ultimate holding company	10110292-X
Chongqing Changan Real Estate Development Co., Ltd	Controlled by the same ultimate holding company	20283366-8
China South Industry Group Finance Co., Ltd	Controlled by the same ultimate holding company	71093365-7
Changan Industries Group Co. Ltd	Controlled by the same ultimate holding company	20281485-4
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	Controlled by the same ultimate holding company	72807819-3
Chengdu Lingchuan Special Industry Co., Ltd	Controlled by the same ultimate holding company	66302209-1
Chengdu Wanyou Economic Technological Development Co., Ltd	Controlled by the same ultimate holding company	20196934-4
Chengdu Wanyou Filter Co., Ltd	Controlled by the same ultimate holding company	62170342-X
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	Controlled by the same ultimate holding company	71466819-2
Southwest Ordnance Industry Corporation	Controlled by the same ultimate holding company	20281049-0
Yunnan Xiyi Industries Co., Ltd	Controlled by the same ultimate holding company	21652160-6
Chongqing Changrong Machinery Co., Ltd	Controlled by the same ultimate holding company	70946451-5
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	Controlled by the same ultimate holding company	70943915-X

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Chongqing Dajiang Yuqiang Plastic Co., Ltd	Controlled by the same ultimate holding company	62190601-6
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	Controlled by the same ultimate holding company	75925214-X
Chongqing Qingshan Transmission Sales Co., Ltd	Controlled by the same ultimate holding company	20314556-8
Chongqing Shangfang Automobile Fittings Co., Ltd	Controlled by the same ultimate holding company	75008974-5
Chongqing Wanyou Economic Development Co., Ltd	Controlled by the same ultimate holding company	20286206-3
Chongqing Wanyou Auto Sales and Service Corporation	Controlled by the same ultimate holding company	20280671-5
Chongqing Yihong Engineering Plastic Products Co., Ltd	Controlled by the same ultimate holding company	62190975-1
Guangxi Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	75978537-6
Guizhou Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	70960979-6
Yunnan Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	70970600-0
Nanning Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	55940430-5
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	55357636-8
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd	Controlled by the same ultimate holding company	68994618-8
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Controlled by the same ultimate holding company	76268659-8
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd	Controlled by the same ultimate holding company	78011710-2
Chongqing Changan Property Management Co., Ltd.	Controlled by the same ultimate holding company	20281081-0
Chongqing Wanyou Construction Co., Ltd	Controlled by the same ultimate holding company	20284068-1
Chengdu Wanyou Trading Co., Ltd	Controlled by the same ultimate holding company	72035779-6
Suining Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	55347932-2
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	58283437-0
Chongqing Wanyou Longxing Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	56992153-3

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Related parties	Relationship	Organization code
Jiangxi Changhe Automobile Co., Ltd	Historical related party	67799358-5

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4. Major transactions between the Group and its related parties

(1) Transactions of goods and services

Purchases of goods and services from related parties

Related parties	Nature of the transaction	2013		2012	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
CSIA-Chongqing Tsingshan Transmission Branch	Purchase of spare parts	1,295,873,099.36	4.01	1,038,985,652.62	4.29
Chongqing Changan Min Sheng Logistics Co., Ltd	Transportation fee	1,117,527,192.02	3.45	1,165,773,472.77	4.81
CSIA-Jian'an Automobile Bridge Branch	Purchase of spare parts	612,767,249.87	1.89	722,032,555.45	2.99
Harbin Dongan Automobile Engine Manufacture Co., Ltd	Purchase of spare parts	494,939,184.60	1.53	349,343,256.09	1.44
South Tianhe Chassis System Co., Ltd	Purchase of spare parts	420,408,104.34	1.30	382,274,299.45	1.58
Hafei Automobile Co., Ltd.	Purchase of spare parts and accept service	243,102,302.79	0.75	135,260,550.12	0.56
Chengdu Huachuan Electric Equipment Co., Ltd	Purchase of spare parts	219,977,621.53	0.68	219,982,385.77	0.91
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	Purchase of spare parts	123,763,784.52	0.38	98,863,912.19	0.41
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	Purchase of spare parts	110,242,759.07	0.34	88,439,810.61	0.37
Changan Ford Automobile Co., Ltd	Purchase of spare parts	110,080,523.38	0.34	134,641,793.90	0.56
Chongqing Changrong Machinery Co., Ltd	Purchase of spare parts	109,594,507.93	0.34	140,654,237.69	0.58

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Related parties	Nature of the transaction	2013		2012	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Shangfang Automobile Fittings Co., Ltd	Purchase of spare parts	101,945,038.87	0.32	109,513,539.04	0.45
South Inter Air-conditioner Co., Ltd	Purchase of spare parts	98,941,438.34	0.31	60,759,932.62	0.25
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd	Purchase of spare parts	93,697,109.10	0.29	110,344,748.23	0.46
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	Purchase of spare parts	84,922,504.44	0.26	83,388,543.73	0.34
Chengdu Lingchuan Special Industry Co., Ltd	Purchase of spare parts	81,130,188.54	0.25	109,107,580.75	0.45
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	Purchase of spare parts	76,711,528.95	0.24	67,154,702.31	0.28
Sichuan Hongguang Machinery and Electrics Co., Ltd	Purchase of spare parts	71,461,920.47	0.22	95,994,898.73	0.40
Chongqing Wanyou Economic Development Co., Ltd	Purchase of spare parts	70,274,425.03	0.22	61,539,068.50	0.25
Chengdu Wanyou Filter Co., Ltd	Purchase of spare parts	63,524,086.01	0.20	40,918,233.07	0.17
Yunnan Xiyi Industries Co., Ltd	Purchase of spare parts	47,175,847.18	0.15	34,034,871.00	0.14
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	Purchase of spare parts	36,492,354.22	0.11	21,533,414.79	0.09
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Purchase of spare parts	34,890,787.40	0.11	40,665,013.98	0.17
Changan Industries Group Co. Ltd	Purchase of spare parts and accept service	34,219,835.04	0.11	48,706,457.72	0.20
China Changan Automobile Co., Ltd – Chengdu Jian'an Automobile Bridge Branch	Purchase of spare parts	31,861,014.37	0.10	-	-
Chongqing Changfeng Jiquan Machinery Co., Ltd	Purchase of spare parts	20,755,652.85	0.06	20,718,099.19	0.09

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Related parties	Nature of the transaction	2013		2012	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Visteon Engine Control Systems Co., Ltd	Purchase of spare parts	18,043,745.48	0.06	21,801,526.96	0.09
Chongqing Yihong Engineering Plastic Products Co., Ltd	Purchase of spare parts	11,582,240.67	0.04	7,745,054.15	0.03
Chengdu Ningxing Automobile Spring Co., Ltd	Purchase of spare parts	8,732,231.99	0.03	6,205,442.67	0.03
Chongqing Qingshan Transmission Sales Co., Ltd	Purchase of spare parts	5,926,883.55	0.02	11,366,373.51	0.05
Harbin Dongan Auto Engine Co., Ltd	Purchase of spare parts	4,713,334.50	0.01	31,098,037.55	0.13
Chongqing Changan Property Management Ltd	Accept service	2,936,383.54	0.01	5,076,569.49	0.02
Changan Mazda Automobile Co., Ltd	Purchase of spare parts	814,666.67	0.00	-	-
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd	Purchase of spare parts	777,349.40	0.00	1,350,315.52	0.01
United Prosperity Investment Co., Ltd	Accept service	762,048.00	0.00	-	-
Chongqing Changan Suzuki Automobile Co., Ltd	Purchase of spare parts	684,000.00	0.00	2,855,275.76	0.01
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	Purchase of spare parts	273,189.39	0.00	182,011.92	0.00
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	Purchase of spare parts	164,456.86	0.00	3,632,354.05	0.02
Chongqing Dajiang Yuqiang Plastic Co., Ltd	Purchase of spare parts	116,385.29	0.00	143,412.31	0.00
Chongqing Changan Kuayue Automobile Co., Ltd	Purchase of spare parts	-	-	40,900,241.88	0.17
Jiangxi Changhe Suzuki Automobile Co., Ltd	Purchase of spare parts	-	-	5,798,444.44	0.02
Chongqing Changan Construction Engineering Co., Ltd	Accept service	-	-	254,875.00	0.00
Chongqing Automobile Air-conditioner Co., Ltd	Purchase of spare parts	-	-	140,370.31	0.00

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Related parties	Nature of the transaction	2013		2012	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Total		5,861,806,975.56	18.13	5,519,181,335.84	22.82

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

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Sales of goods and services to related parties

Related parties	Nature of the transaction	2013		2012	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Wanyou Economic Development Co., Ltd	Sale of cars and spare parts	1,183,316,184.16	3.07	848,723,967.15	2.88
Yunnan Wanyou Auto Sales and Service Co., Ltd	Sale of cars and spare parts	787,473,701.16	2.05	404,107,718.79	1.37
Chengdu Wanyou Economic Technological Development Co., Ltd	Sale of cars, spare parts and providing outsourcing processing	754,115,231.30	1.96	974,015,689.32	3.31
Guizhou Wanyou Auto Sales and Service Co., Ltd	Sale of cars and spare parts	678,089,089.90	1.76	535,736,497.53	1.82
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	Sale of cars	609,211,116.96	1.58	349,584,628.19	1.19
Wanyou Automobile Investment Co., Ltd	Sale of cars and spare parts	514,525,042.46	1.34	-	-
Southwest Industries Corporation	Sale of cars	425,659,660.31	1.11	1,371,842,702.27	4.66
Changan Ford Automobile Co., Ltd	Sale of spare parts, providing outsourcing processing and service	170,084,840.02	0.44	212,518,588.98	0.72
Guangxi Wanyou Auto Sales and Service Co., Ltd	Sale of cars and spare parts	133,437,661.45	0.35	98,797,190.52	0.34
China Changan Automobile Group Tianjin Sales Co., Ltd	Sale of cars	77,244,057.14	0.20	42,875,756.64	0.15
Nanning Wanyou Auto Sales and Service Co., Ltd	Sale of cars	61,605,394.95	0.16	61,806,527.82	0.21
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	Sale of spare parts	61,159,960.80	0.16	50,115,238.06	0.17
Sichuan Hongguang Machinery and Electrics Co., Ltd	Sale of spare parts	45,514,079.66	0.12	52,339,966.93	0.18

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Related parties	Nature of the transaction	2013		2012	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chengdu Lingchuan Special Industry Co., Ltd	Sale of spare parts	35,525,974.37	0.09	49,805,980.01	0.17
Harbin Dongan Automobile Engine Manufacture Co., Ltd	Sale of spare parts and providing service	28,953,587.77	0.08	170,461.55	0.00
Chongqing Shangfang Automobile Fittings Co., Ltd	Sale of spare parts	10,909,651.41	0.03	9,460,595.31	0.03
Jiangxi Changhe Automobile Co., Ltd	providing system maintenance and service	9,757,440.57	0.03	23,912,617.10	0.08
China South Industry Group Finance Co., Ltd	Providing service	8,403,033.00	0.02	-	-
Chongqing Anfu Automobile Co.,Ltd	Sale of cars and spare parts	6,664,606.85	0.02	1,416,239.31	0.00
Chongqing Changan Suzuki Automobile Co., Ltd	Sale of spare parts	4,708,877.27	0.01	6,860,540.02	0.02
Hefei Changan Automobile Co., Ltd (former name: Hefei Changhe Automobile Co., Ltd)	Sale of spare parts and providing system maintenance and service	4,671,995.52	0.01	2,641,684.12	0.01
Yunnan Xiyi Industries Co., Ltd	Sale of spare parts	1,815,400.00	0.01	394,846.16	0.00
Chongqing Changan Kuayue Automobile Co., Ltd	Sale of spare parts	1,781,538.46	0.00	1,314,188.03	0.00
Jiangling Holding Co., Ltd	Sale of spare parts, providing system maintenance service	1,561,537.31	0.00	4,835,009.65	0.02
CSIA-Jian'an Automobile Bridge Branch	Providing system maintenance service	700,000.00	0.00	60,000.00	0.00
Changan Industries Group Co. Ltd	Sale of spare parts	633,182.02	0.00	2,229,863.72	0.01

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Related parties	Nature of the transaction	2013		2012	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Ford Mazda Engine Co., Ltd	Sale of spare parts	341,880.34	0.00	-	-
Chongqing Changan Min Sheng Logistics Co., Ltd	Sale of spare parts	282,974.34	0.00	230,887.01	0.00
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	Providing service	62,815.10	0.00	49,200.00	0.00
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	Sale of cars	-	-	41,951,027.47	0.14
Hafei Motor Co., Ltd	Sale of spare parts	-	-	12,400,512.86	0.04
Changan Mazda Automobile Co., Ltd	Providing system services and maintenance	-	-	867,750.00	0.00
Chongqing Changan Visteon Engine Control Systems Co., Ltd	Maintenance	-	-	369,298.80	0.00
CSIA-Chongqing Tsingshan Transmission Branch	Sale of spare parts	-	-	20,348.72	0.00
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	Maintenance	-	-	6,700.00	0.00
Chengdu Huachuan Electric Equipment Co., Ltd	Sale of spare parts	-	-	4,200.00	0.00
Total		5,618,210,514.60	14.60	5,161,466,422.04	17.52

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

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Other major related-party transactions

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

Expenses of integrated service charges

Related parties	Nature of the transaction	2013		2012	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Industries Group Co. Ltd	Payment of land rental fees	23,712,951.00	11.13	26,328,123.90	9.85
Changan Industries Group Co. Ltd	Payment of building rental fees	36,342,652.70	17.06	32,898,991.20	12.31
Changan Industries Group Co. Ltd	Payment of utilities	135,487,132.14	63.62	174,254,281.80	65.19
Changan Industries Group Co. Ltd	Payment of firefighting fees	2,740,000.00	1.29	2,740,000.00	1.02
Changan Industries Group Co. Ltd	Others	14,686,277.48	6.90	31,075,678.13	11.63
Total		212,969,013.32	100.00	267,297,075.03	100.00

Chongqing Changan Automobile Company Limited
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Purchase of project materials

Related parties	2013		2012	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Construction Co., Ltd	88,476,083.75	4.08	268,180,173.10	6.55
Chongqing Changan Min Sheng Logistics Co., Ltd	26,876,099.26	1.24	5,917,238.17	0.14
Changan Industries Group Co. Ltd	1,145,433.72	0.05	1,013,733.00	0.02
Chongqing HelpGo Information Technology Co., Ltd	-	-	4,772,701.38	0.12
Total	116,497,616.73	5.37	279,883,845.65	6.83

Staff expenses for technical supporting

Related parties	2013		2012	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Ford Automobile Co., Ltd	39,831,638.20	46.00	2,395,840.00	28.73
Changan Mazda Automobile Co., Ltd	23,978,538.68	27.68	-	-
Changan Ford Mazda Engine Co., Ltd	16,850,588.80	19.46	-	-
Chongqing Changan Suzuki Automobile Co., Ltd	4,301,808.00	4.97	5,818,060.00	69.77
Jiangling Holding Co., Ltd	1,279,403.20	1.48	-	-
Hafei Motor Co., Ltd	259,600.00	0.30	-	-

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Related parties	2013		2012	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Harbin Dongan Auto Engine Co., Ltd	93,928.00	0.11	-	-
Changan Industries Group Co. Ltd	-	-	125,162.08	1.50
Total	86,595,504.88	100.00	8,339,062.08	100.00

Chongqing Changan Automobile Company Limited
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Trademark license income

Related parties	2013		2012	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Kuayue Automobile Co.,Ltd	2,907,420.00	100.00	5,532,000	100.00

Technical service income

Related parties	2013		2012	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Suzuki Automobile Co., Ltd	5,500,000.00	100.00	4,400,000.00	10.24
Hafei Automobile Co., Ltd	-	-	34,526,696.28	80.31
Hefei Changan Automobile Co., Ltd (former name: Hefei Changhe Automobile Co., Ltd)	-	-	3,200,000.00	7.44
Jiangxi Changhe Automobile Co., Ltd	-	-	862,283.95	2.01
Total	5,500,000.00	100.00	42,988,980.23	100.00

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Capital occupied income

Related parties	2013		2012	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chengdu Wanyou Economic Technological Development Co., Ltd	3,896,167.53	51.78	4,902,996.65	56.23
Southwest Ordnance Industry Corporation	1,963,623.08	26.10	2,576,068.33	29.55
Wanyou Automobile Investment Co., Ltd	935,000.85	12.42	-	-
Chongqing Wanyou Economic Technological Development Co., Ltd	521,365.79	6.93	594,521.86	6.82
Guizhou Wanyou Auto Sales and Service Co., Ltd	151,794.87	2.02	190,679.48	2.19
Guangxi Wanyou Auto Sales and Service Co., Ltd	56,455.56	0.75	196,123.07	2.25
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	-	-	96,755.56	1.11
Nanning Wanyou Auto Sales and Service Co., Ltd	-	-	93,122.22	1.07
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	-	-	25,613.68	0.29
China Changan Automobile Group Tianjin Sales Co., Ltd	-	-	24,943.59	0.29
Yunnan Wanyou Auto Sales and Service Co., Ltd	-	-	17,677.78	0.20
Total	7,524,407.68	100.00	8,718,502.22	100.00

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(2) Lease between related parties

Rent assets from related parties

2013

Lessor	Lessee	Type of leased assets	Starting date	Expiring date	The basis for rental pricing	Yearly recognized rental
Chongqing Changan Real Estate Development Co., Ltd	Chongqing Changan	Office building	2013.01.01	2013.12.31	Based on agreement	2,255,316.00
Chongqing Changan Real Estate Development Co., Ltd	Chongqing Changan	Office building	2013.01.01	2013.12.31	Based on agreement	1,186,682.00
Chongqing Changan Min Sheng Logistics Co., Ltd	Chongqing Changan	Storage	2013.01.01	2013.12.31	Based on agreement	5,235,713.92
Chongqing Changan Min Sheng Logistics Co., Ltd	Chongqing Changan	Storage	2013.01.01	2013.12.31	Based on agreement	698,739.20
Hafei Motor Co., Ltd	Chongqing Changan	Office building	2013.01.01	2013.12.31	Based on agreement	1,568,920.00

2012

Lessor	Lessee	Type of leased assets	Starting date	Expiring date	The basis for rental pricing	Yearly recognized rental
Chongqing Changan Real Estate Development Co., Ltd	Chongqing Changan	Office building	2012.01.01	2012.12.31	Based on agreement	3,562,896.00
Chongqing Changan Real Estate	Chongqing Changan	Office building	2011.01.01	2012.12.31	Based on agreement	1,190,532.00

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Development Co., Ltd						
Chongqing Changan Min Sheng Logistics Co., Ltd	Chongqing Changan	Storage	2012.05.01	2012.12.31	Based on agreement	5,561,102.44
Chongqing Changan Min Sheng Logistics Co., Ltd	Chongqing Changan	Storage	2011.01.01	2012.12.31	Based on agreement	269,416.00

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(3) Transfer of assets between related parties

Related party	Note	Type of transaction	2013		2012	
			Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
China Changan Automobile Group Co.,Ltd	(Note1)	Transfer of equity	1,304,408,890.00	100.00	703,015,710.00	100.00

Note1: In December 2013, the Group paid the equity investment transfer price with the amount of RMB1,304,408,890.00 to its parent company China Changan. Refer to Note V 11.

(4) Guarantee of related party

In 2013, China Changan, the parent company, provided an unconditionally and irrevocably joint guarantee for the corporate bonds with face value of RMB1,980,000,000.00. Refer to Note V 37.

(5) Other related party transaction

Item	2013	2012
Compensation of key management personal	12,654,134.88	8,492,968.57

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5. Amounts due from/to related parties

Notes receivable

Related party	2013		2012	
	Amount	Proportion of notes receivable (%)	Amount	Proportion of notes receivable (%)
Wanyou Automobile Investment Co., Ltd	627,000,000.00	5.56	-	-
Yunnan Wanyou Auto Sales and Service Co., Ltd	401,000,000.00	3.56	762,895,000.00	8.15
Chongqing Wanyou Economic Technological Development Co., Ltd	366,730,000.00	3.25	322,337,000.00	3.43
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	127,500,000.00	1.13	191,000,000.00	2.04
Guizhou Wanyou Auto Sales and Service Co., Ltd	114,950,000.00	1.02	256,350,000.00	2.74
China Changan Automobile Group Tianjin Sales Co., Ltd	36,000,000.00	0.32	13,900,000.00	0.15
Guangxi Wanyou Auto Sales and Service Co., Ltd	31,400,000.00	0.28	30,700,000.00	0.33
Nanning Wanyou Auto Sales and Service Co., Ltd	27,950,000.00	0.25	36,450,000.00	0.39
Chengdu Wanyou Economic Technological Development Co., Ltd	21,000,000.00	0.19	271,400,000.00	2.90
Southwest Ordnance Industry Corporation	-	-	62,000,000.00	0.66
Total	1,753,530,000.00	15.56	1,947,032,000.00	20.79

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Accounts receivable

Related party	2013			2012		
	Balance	Provision	Proportion of accounts receivable (%)	Balance	Provision	Proportion of accounts receivable (%)
Changan Ford Automobile Co., Ltd	67,203,793.50	-	15.39	52,327,516.83	-	10.49
Harbin Dongan Automobile Engine Manufacture Co., Ltd	28,083,882.87	-	6.43	-	-	-
Changan Mazda Automobile Co., Ltd	22,058,248.72	-	5.05	-	-	-
Changan Ford Mazda Engine Co., Ltd	13,994,402.88	-	3.21	-	-	-
Jiangxi Changhe Automobile Co., Ltd	10,322,428.89	-	2.36	906,667.45	-	0.18
Chongqing Changan Kuayue Automobile Co., Ltd	7,997,692.00	-	1.83	5,532,000.00	-	1.11
Jiangling Holding Co., Ltd	6,187,757.28	-	1.42	7,356,903.60	-	1.48
Chongqing Anfu Automobile sales Co., Ltd	3,908,410.00	-	0.90	3,099,525.00	-	0.62
Chongqing Changan Suzuki Automobile Co., Ltd	3,401,258.46	-	0.78	11,448,769.63	-	2.30
China South Industry Group Finance Co., Ltd	1,985,948.00	-	0.45	-	-	-
Hafei Automobile Co., Ltd	259,600.00	-	0.06	74,538,322.68	-	14.95
Hefei Changan Automobile Co., Ltd (former name: Hefei Changhe Automobile Co., Ltd)	36,279.10	-	0.01	1,362,500.00	-	0.27
Chengdu Wanyou Economic Technological Development Co., Ltd	1,043.72	-	0.00	-	-	-
Yunnan Wanyou Auto Sales and Service Co., Ltd	895.31	-	0.00	-	-	-
Guizhou Wanyou Auto Sales and Service Co., Ltd	372.52	-	0.00	372.52	-	0.00
Chongqing Wanyou Economic Development Co., Ltd	272.57	-	0.00	-	-	-

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Related party	2013			2012		
	Balance	Provision	Proportion of accounts receivable (%)	Balance	Provision	Proportion of accounts receivable (%)
Changan Industries Group Co. Ltd	-	-	-	4,018,844.47	-	0.81
CSIA-Jian'an Automobile Bridge Branch	-	-	-	10,020.75	-	0.00
Total	165,442,285.82	-	37.89	160,601,442.93	-	32.21

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Prepayments

Related party	2013		2012	
	Amount	Proportion of prepayments (%)	Amount	Proportion of prepayments (%)
United Prosperity Investment Co., Ltd	2,096,569.86	0.30	-	-
Hafei Automobile Co., Ltd	696,224.48	0.10	-	-
Changan Ford Automobile Co., Ltd	-	-	112,028.00	0.02
Chongqing Changan Suzuki Automobile Co., Ltd	-	-	271,013.41	0.05
Total	2,792,794.34	0.40	383,041.41	0.07

Other non-current assets

Related party	2013		2012	
	Amount	Proportion of other non-current assets (%)	Amount	Proportion of other non-current assets (%)
China Changan Automobile Group Co., Ltd	-	-	703,015,710.00	76.13

Notes payable

Related party	2013		2012	
	Amount	Proportion of notes payable (%)	Amount	Proportion of notes payable (%)

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Related party	2013		2012	
	Amount	Proportion of notes payable (%)	Amount	Proportion of notes payable (%)
Hafei Motor Co., Ltd	525,110,000.00	5.59	276,250,000.00	3.55
South Tianhe Chassis System Co., Ltd	209,093,904.12	2.23	162,006,319.18	2.08
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	91,690,000.00	0.98	182,200,000.00	2.33
CSIA-Jian'an Automobile Bridge Branch	88,095,407.62	0.94	178,314,554.01	2.29
Harbin Dongan Auto Engine Co., Ltd	51,010,000.00	0.54	18,900,000.00	0.24
South Inter Air-conditioner Co., Ltd	48,698,932.30	0.52	29,613,854.88	0.38
CSIA-Chongqing Tsingshan Transmission Branch	42,144,317.79	0.45	2,268,306.66	0.03
Chongqing Shangfang Automobile Fittings Co., Ltd	31,214,565.98	0.33	39,081,924.78	0.50
Chongqing Changan Min Sheng Logistics Co., Ltd	29,138,317.66	0.31	43,755,812.32	0.56
Chengdu Wanyou Filter Co., Ltd	28,563,390.83	0.30	22,096,201.00	0.28
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	28,348,693.18	0.30	8,860,000.00	0.11
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	26,860,821.95	0.29	38,282,895.33	0.49
China Changan Automobile Co., Ltd – Chengdu Jian'an Automobile Bridge Branch	25,648,950.85	0.27	-	-
Yunnan Xiyi Industries Co., Ltd	25,290,000.00	0.27	24,000,000.00	0.31
Chengdu Lingchuan Special Industry Co., Ltd	25,218,082.88	0.27	25,558,716.30	0.33
Chengdu Huachuan Electric Equipment Co., Ltd	25,097,237.03	0.27	34,722,339.00	0.44
Chongqing Changan Construction Co., Ltd	24,874,994.00	0.26	103,209,913.00	1.32
Chongqing Changrong Machinery Co., Ltd	21,392,316.02	0.23	31,974,382.91	0.41

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Related party	2013		2012	
	Amount	Proportion of notes payable (%)	Amount	Proportion of notes payable (%)
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	20,460,000.00	0.22	37,870,739.00	0.48
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd	20,273,518.35	0.22	34,303,459.15	0.44
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	16,915,080.11	0.18	20,292,497.59	0.26
Sichuan Hongguang Machinery and Electrics Co., Ltd	16,520,000.00	0.18	18,240,000.00	0.23
Chongqing Wanyou Construction Co., Ltd	12,190,614.00	0.13	-	-
Chongqing Yihong Engineering Plastic Products Co., Ltd	7,882,093.12	0.08	5,240,000.00	0.07
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	7,130,000.00	0.08	10,480,000.00	0.13
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	6,400,584.67	0.07	19,850,000.00	0.25
Chengdu Ningxing Automobile Spring Co., Ltd	3,360,588.86	0.04	3,460,000.00	0.04
Chongqing Changfeng Jiquan Machinery Co., Ltd	1,410,481.31	0.01	-	-
Chongqing Changan Property Management Ltd.	1,098,960.00	0.01	100,000.00	0.00
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd	430,000.00	0.00	-	-
Changan Industries Group Co. Ltd	262,629.65	0.00	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	-	-	12,230,000.00	0.16
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	-	-	2,060,000.00	0.03
Total	1,461,824,482.28	15.57	1,385,221,915.11	17.74

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Accounts payable

Related party	2013		2012	
	Amount	Proportion of accounts payable (%)	Amount	Proportion of accounts payable (%)
Hafei Motor Co., Ltd	211,566,557.98	2.76	128,719,099.88	1.79
South Tianhe Chassis System Co., Ltd	102,069,855.54	1.33	124,459,879.25	1.74
CSIA-Jian'an Automobile Bridge Branch	83,012,150.58	1.08	111,077,271.38	1.55
CSIA-Chongqing Tsingshan Transmission Branch	81,061,026.50	1.06	18,447,802.84	0.26
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	71,333,271.84	0.93	49,801,432.27	0.69
Chongqing Changan Min Sheng Logistics Co., Ltd	57,984,490.94	0.76	72,760,462.77	1.02
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	39,419,147.84	0.51	40,464,945.09	0.56
Harbin Dongan Automobile Engine Manufacture Co., Ltd	37,202,140.47	0.48	136,313,412.28	1.89
South Inter Air-conditioner Co., Ltd	25,512,682.93	0.33	22,765,958.34	0.32
Chongqing Wanyou Economic Development Co., Ltd	19,331,791.01	0.25	17,004,418.71	0.24
Chongqing Shangfang Automobile Parts Co., Ltd	16,654,102.47	0.22	20,743,902.88	0.29
Changan Ford Automobile Co., Ltd	14,814,080.88	0.19	15,325,291.06	0.21
Chengdu Wanyou Filter Co., Ltd	14,495,391.54	0.19	11,680,132.47	0.16
Chengdu Lingchuan Special Industry Co., Ltd	13,751,316.61	0.18	21,569,256.54	0.30
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	12,522,328.50	0.16	10,802,258.00	0.15
Longchang Shanchuan Shock-absorbing Works Industries Co., Ltd	10,314,211.50	0.13	20,163,372.52	0.28
Chongqing Changrong Machine Co., Ltd	8,945,469.86	0.12	12,053,763.58	0.17

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Related party	2013		2012	
	Amount	Proportion of accounts payable (%)	Amount	Proportion of accounts payable (%)
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	8,645,584.79	0.11	4,952,442.79	0.07
Harbin Dongan Auto Engine Co., Ltd	7,888,883.89	0.10	17,484,703.93	0.24
Yunnan Xiyi Industries Co., Ltd	6,307,781.87	0.08	5,546,058.68	0.08
Chongqing Changan Visteon Engine Control Systems Co., Ltd	4,415,046.05	0.06	7,311,121.96	0.10
China Changan Automobile Co., Ltd – Chengdu Jian'an Automobile Bridge Branch	4,225,567.85	0.06	-	-
Chongqing Changfeng Jiquan Machinery Co., Ltd	4,034,553.99	0.05	4,142,674.18	0.06
Chongqing Qingshan Transmission Sales Co., Ltd	3,510,369.53	0.05	4,654,778.54	0.06
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	3,094,672.85	0.04	5,392,451.59	0.07
Chengdu Ningxing Automobile Spring Co., Ltd	2,625,476.67	0.03	1,838,710.24	0.03
Chengdu Huachuan Electric Equipment Co., Ltd	2,063,833.08	0.03	25,308,680.22	0.35
Changan Industries Group Co. Ltd	1,470,171.48	0.02	1,782,289.62	0.02
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	748,874.25	0.01	4,590,162.30	0.06
Sichuan Hongguang Machinery and Electrics Co., Ltd	587,194.88	0.01	10,248,221.07	0.14
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd	460,309.02	0.01	230,810.22	0.00
Chongqing Yihong Engineering Plastic Products Co., Ltd	388,320.89	0.01	990,540.33	0.01
Chongqing Automobile Air-conditioner Co., Ltd	205,041.51	0.00	205,041.51	0.00
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	187,931.10	0.00	111,132.50	0.00
Chongqing Dajiang Yuqiang Plastic Co., Ltd	86,896.33	0.00	293,172.96	0.00

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Related party	2013		2012	
	Amount	Proportion of accounts payable (%)	Amount	Proportion of accounts payable (%)
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd	78,777.22	0.00	229,162.79	0.00
Chongqing Changan Kuayue Automobile Co., Ltd	77,208.01	0.00	77,208.01	0.00
Yunnan Wanyou Auto Sales and Service Co., Ltd	1,588.50	0.00	-	-
Total	871,094,100.75	11.35	929,542,023.30	12.91

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Advances from customers

Related party	2013		2012	
	Amount	Proportion of advances from customers (%)	Amount	Proportion of advances from customers (%)
Wanyou Automobile Investment Co., Ltd	66,697,598.00	1.57	-	-
Guizhou Wanyou Auto Sales and Service Co., Ltd	37,904,652.54	0.89	24,183,609.06	0.57
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	33,777,648.07	0.79	35,500,225.54	0.84
Yunnan Wanyou Auto Sales and Service Co., Ltd	26,371,376.55	0.62	7,881,469.40	0.19
Chongqing Wanyou Economic Technological Development Co., Ltd	22,423,321.66	0.53	55,459,817.10	1.30
Chengdu Wanyou Economic Technological Development Co., Ltd	16,744,132.43	0.39	46,527,059.64	1.09
Guangxi Wanyou Auto Sales and Service Co., Ltd	7,808,775.67	0.18	5,567,939.76	0.13
Nanning Wanyou Auto Sales and Service Co., Ltd	3,942,335.87	0.09	1,153,450.87	0.03
China Changan Automobile Group Tianjin Sales Co., Ltd	3,352,511.00	0.08	4,518,058.00	0.11
Chongqing Changan Min Sheng Logistics Co., Ltd	346,716.96	0.01	345,450.10	0.01
Jiangling Holding Co., Ltd	499,717.24	0.01	-	-
China Changan Automobile Group Chongqing Guangda Sales Co., Ltd	21,843.52	0.00	459,214.05	0.01
Southwest Ordnance Industry Corporation	-	-	131,909,063.75	3.10
Changan Ford Mazda Engine Co., Ltd	-	-	1,791,202.38	0.04
Changan Mazda Automobile Co., Ltd	-	-	76,663.28	0.00
Total	219,890,629.51	5.16	315,373,222.93	7.42

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Other payables

Related party	2013		2012	
	Amount	Proportion of other payables (%)	Amount	Proportion of other payables (%)
Chongqing Changan Min Sheng Logistics Co., Ltd	227,771,641.76	13.96	228,316,728.17	11.89
Chongqing Changan Construction Co., Ltd	23,320,991.30	1.43	73,671,074.05	3.84
Changan Industries Group Co. Ltd	6,228,519.04	0.38	1,871,136.20	0.10
Hafei Motor Co., Ltd	4,811,080.37	0.29	2,404,233.00	0.13
Chongqing Changan Property Management Ltd.	1,345,904.19	0.08	1,829,133.79	0.10
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd	1,331,884.26	0.08	-	-
Yunnan Wanyou Auto Sales and Service Co., Ltd	821,010.31	0.05	1,270.40	0.00
Chongqing Wanyou Construction Co., Ltd	242,726.00	0.01	-	-
Chengdu Wanyou Economic Technological Development Co., Ltd	125,509.91	0.01	245,808.15	0.01
Chengdu Wanyou Filter Co., Ltd	120,000.00	0.01	120,000.00	0.01
Chongqing Changan Real Estate Development Co., Ltd	74,374.90	0.01	189,027.00	0.01
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd	72,770.27	0.01	-	-
Chongqing Wanyou Economic Development Co., Ltd	67,233.45	0.01	-	-
Suining Wanyou Auto Sales and Service Co., Ltd	32,968.00	0.00	-	-
Chongqing Wanyou Longxing Auto Sales and Service Co., Ltd	18,301.40	0.00	-	-
Chengdu Wanyou Trading Co., Ltd	13,825.70	0.00	-	-
Chongqing HelpGo Information Technology Co., Ltd	-	-	17,171,978.77	0.90

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Related party	2013		2012	
	Amount	Proportion of other payables (%)	Amount	Proportion of other payables (%)
CSIA-Chongqing Tsingshan Transmission Branch	-	-	831,379.12	0.04
Chongqing Shangfang Automobile Fittings Co., Ltd	-	-	51,618.40	0.00
Chongqing Wanyou Auto Sales and Service Corporation	-	-	4,982.00	0.00
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	-	-	3,164.00	0.00
Total	266,398,740.86	16.33	326,711,533.05	17.03

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6. Cash deposited in related parties

Related party	2013		2012	
	Amount	Proportion of cash (%)	Amount	Proportion of cash (%)
China South Industry Group Finance Co., Ltd	790,735,700.08	18.47	574,179,392.34	13.67

Deposits earn interest at the respective bank deposit rates.

7. Loans from related parties

Short-term loans

Related party	2013		2012	
	Amount	Proportion of short-term loans (%)	Amount	Proportion of short-term loans (%)
China South Industry Group Finance Co., Ltd	1,000,000,000.00	79.49	500,000,000.00	40.00

Non-current liabilities within one year

Related party	2013		2012	
	Amount	Proportion of Non-current liabilities within one year (%)	Amount	Proportion of Non-current liabilities within one year (%)
China South Industry Group Finance Co., Ltd	20,000,000.00	3.85	18,000,000.00	100.00

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Long-term loans

Related party	2013		2012	
	Amount	Proportion of long-term loans (%)	Amount	Proportion of long-term loans (%)
China South Industry Group Finance Co., Ltd	470,000,000.00	37.01	592,000,000.00	59.68

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

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VII. Contingencies

As at 31 December 2013, no material contingencies needed to be disclosed.

VIII. Commitments

1. Capital commitments

Item	2013	2012
Contracted, but not provided for	5,380,877,554.25	4,800,036,171.67
Approved by board, but not contracted	4,577,892,512.00	3,166,487,769.21
Total	9,958,770,066.25	7,966,523,940.88

2. Investment commitments

Item	2013	2012
Contracted, but not completed	-	1,304,408,890.00

IX. Financial instruments and their risks

The Group's principal financial instruments comprise bank loans, bonds payable, cash, etc. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The Group enters into derivative transactions in forms of long-term exchange contract to avoid risks arising from operation.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk.

1. Classification of financial instruments

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

2013

Financial assets	Financial assets at fair value through profit or loss	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	-	4,281,715,600.23	-	4,281,715,600.23
Notes receivable	-	11,272,212,347.84	-	11,272,212,347.84
Accounts receivable	-	380,017,320.86	-	380,017,320.86
Other receivables	-	208,009,273.35	-	208,009,273.35
Financial assets held	-	-	257,319,416.00	257,319,416.00

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for trading				
Total	-	16,141,954,542.28	257,319,416.00	16,399,273,958.28

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Financial liabilities	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	-	1,258,000,000.00	1,258,000,000.00
Notes payable	-	9,388,781,959.80	9,388,781,959.80
Accounts payable	-	7,671,845,704.87	7,671,845,704.87
Interest payable	-	78,113,712.49	78,113,712.49
Dividend payable	-	79,742.80	79,742.80
Other payables	-	1,631,578,755.92	1,631,578,755.92
Non-current liabilities within one year	-	520,000,000.00	520,000,000.00
Long-term loans	-	1,270,000,000.00	1,270,000,000.00
Bonds payable	-	1,967,266,759.93	1,967,266,759.93
Total	-	23,785,666,635.81	23,785,666,635.81

2012

Financial assets	Financial assets at fair value through profit or loss	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	-	4,199,763,915.82	-	4,199,763,915.82
Notes receivable	-	9,364,340,972.00	-	9,364,340,972.00
Accounts receivable	-	438,384,320.58	-	438,384,320.58
Other receivables	-	133,863,189.40	-	133,863,189.40
Dividend receivable	-	450,030.00	-	450,030.00
Available-for-sale financial assets	-	-	233,814,100.00	233,814,100.00
Financial assets held for trading	332,407.00	-	-	332,407.00
Total	332,407.00	14,136,802,427.80	233,814,100.00	14,370,948,934.80

Financial liabilities	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	-	1,250,000,000.00	1,250,000,000.00
Notes payable	-	7,808,998,092.99	7,808,998,092.99
Accounts payable	-	7,201,763,448.59	7,201,763,448.59
Interest payable	-	77,316,091.67	77,316,091.67
Dividend payable	-	79,742.80	79,742.80
Other payables	-	1,918,249,420.49	1,918,249,420.49
Non-current liabilities within one year	-	18,000,000.00	18,000,000.00
Long-term loans	-	992,000,000.00	992,000,000.00
Bonds payable	-	1,963,348,839.97	1,963,348,839.97
Total	-	21,229,755,636.51	21,229,755,636.51

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2. Credit risk

Credit risk is the risk of loss on one party of a financial instrument, due to the failure of another party to meet its obligations.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the special department of credit control.

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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 2013, 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 2013, among the Group's collections with specific credit risk, 39.34% (2012: 39.92%) of accounts receivables of the Group are due from top five clients respectively.

Refer to Note V 4 and 7 for quantitative data arising from credit risk exposure due to accounts receivables and other receivables of the Group.

As at 31 December 2013, the maturity analysis for the Group's financial assets not impaired is as follows:

2013

	Total	Neither overdue nor impaired	Overdue but not impaired		
			Within 3 months	3 months to 1 year	Over 1 year
Accounts receivable	380,017,320.86	335,143,161.56	28,469,557.32	2,910,920.33	13,493,681.65
Other receivables	208,009,273.35	205,987,423.21	381,336.00	51,870.00	1,588,644.14
Notes receivable	11,272,212,347.84	11,272,212,347.84	-	-	-

2012

	Total	Neither overdue nor impaired	Overdue but not impaired		
			Within 3 months	3 months to 1 year	Over 1 year
Accounts receivable	438,384,320.58	396,996,309.93	4,835,794.18	12,769,686.73	23,782,529.74
Other receivables	133,863,189.40	131,964,449.05	1,070,770.83	163,666.10	664,303.42
Notes receivable	9,364,340,972.00	9,364,340,972.00	-	-	-

As at 31 December 2013 and 2012, the balance of accounts receivable which is neither overdue nor impaired is mainly due to the customers who have no default records recently. The neither overdue nor impaired part is the not-overdue balance deducted the provision for bad debts.

As at 31 December 2013 and 2012, overdue but not impaired accounts receivables are related to independent clients having satisfactory transaction records with the group. The amount of overdue but not impaired means the net value which equals to the book value minuses bad debt allowance. Based on previous experience, since credit quality has no significant changes and the receivables can be fully recovered, the Group considers no impairment provision should be made to them. The Group does not hold any gage from or enhance credit limit to these clients.

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3. Liquidity risk

Liquidity risk is the potential that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities.

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

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

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

2013

Financial assets	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Cash	3,922,317,435.10	243,401,822.04	115,996,343.09	-	4,281,715,600.23
Notes receivable	2,702,574,582.00	4,972,066,671.77	3,597,571,094.07	-	11,272,212,347.84
Accounts receivable	329,946,692.71	32,558,920.00	74,109,845.15	-	436,615,457.86
Other receivables	92,328,891.39	2,360,235.17	142,766,003.20	-	237,455,129.76
Available-for-sale financial assets	-	-	-	257,319,416.00	257,319,416.00
Total	7,047,167,601.20	5,250,387,648.98	3,930,443,285.51	257,319,416.00	16,485,317,951.69

Financial liabilities	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Short-term loans	-	45,001,539.05	1,245,168,646.56	-	1,290,170,185.61
Notes payable	1,746,101,479.37	3,298,501,815.93	4,344,178,664.50	-	9,388,781,959.80
Accounts payable	2,539,258,578.69	3,507,441,227.54	1,625,145,898.64	-	7,671,845,704.87
Interest payable	315,123.30	4,340,589.19	73,458,000.00	-	78,113,712.49
Dividend payable	79,742.80	-	-	-	79,742.80
Other payable	469,463,560.65	497,788,248.55	664,326,946.72	-	1,631,578,755.92
Non-current liabilities within one year	-	5,799,886.06	534,641,082.19	-	540,440,968.25
Long-term loans	-	13,932,163.78	51,062,979.45	1,322,860,439.74	1,387,855,582.97
Bonds payable	-	-	31,482,000.00	2,294,820,000.00	2,326,302,000.00
Total	4,755,218,484.81	7,372,805,470.10	8,569,464,218.06	3,617,680,439.74	24,315,168,612.71

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2012

Financial assets	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Cash	3,935,486,954.64	35,350,140.09	228,926,821.09	-	4,199,763,915.82
Notes receivable	1,912,193,883.00	4,555,956,632.50	2,896,190,456.50	-	9,364,340,972.00
Accounts receivable	324,818,416.97	24,501,985.39	149,312,509.80	-	498,632,912.16
Other receivables	164,956,185.43	21.50	-	3,071,937.80	168,028,144.73
Dividend receivable	450,030.00	-	-	-	450,030.00
Available-for-sale financial assets	-	-	-	233,814,100.00	233,814,100.00
Financial assets held for trading	-	332,407.00	-	-	332,407.00
Total	6,337,905,470.04	4,616,141,186.48	3,274,429,787.39	236,886,037.80	14,465,362,481.71

Financial liabilities	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Short-term loans	30,000,000.00	42,260,617.03	1,224,119,316.44	-	1,296,379,933.47
Notes payable	1,655,330,069.40	2,394,241,745.76	3,759,426,277.83	-	7,808,998,092.99
Accounts payable	4,964,623,096.93	945,542,530.65	1,291,597,821.01	-	7,201,763,448.59
Interest payable	416,996.38	3,441,095.29	73,458,000.00	-	77,316,091.67
Dividend payable	79,742.80	-	-	-	79,742.80
Other payable	624,091,656.68	680,840,770.40	594,858,665.26	18,458,328.15	1,918,249,420.49
Non-current liabilities within one year	-	272,958.90	18,694,528.77	-	18,967,487.67
Long-term loans	-	13,673,342.47	113,306,808.22	1,069,113,878.08	1,196,094,028.77
Bonds payable	-	-	31,482,000.00	2,399,760,000.00	2,431,242,000.00
Total	7,274,541,562.19	4,080,273,060.50	7,106,943,417.53	3,487,332,206.23	21,949,090,246.45

4. Market risk

Market risk is the risk that the fair values or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks mainly include interest rate risk, equity price risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to floating market interest rate. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's long-term loans with floating interest rate. The Group monitors the mix of fixed and floating interest rate borrowings to manage its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables constant, of the Group's net profit (through the impact on floating rate borrowing) and the Group's equity:

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	Increase/(decrease) in basis point	Increase/(decrease) in net profit	Increase/(decrease) in equity
2013			
Long-term loans with floating interest rate	50	(6,350,000.00)	(6,350,000.00)
Long-term loans with floating interest rate	(50)	6,350,000.00	6,350,000.00
	Increase/(decrease) in basis point	Increase/(decrease) in net profit	Increase/(decrease) in equity
2012			
Long-term loans with floating interest rate	50	(4,960,000.00)	(4,960,000.00)
Long-term loans with floating interest rate	(50)	4,960,000.00	4,960,000.00

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the level of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale investments (Note V 10) as at 31 December 2013. The Group's listed investments are listed on the Shanghai stock exchanges and valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2013	High/Low 2013	31 December 2012	High/Low 2012
Shanghai- A Share Index	2,214	2,548/2,041	2,376	2,578/2,052

The following table demonstrates the sensitivity to every 5% change (based on the carrying amount as at the end of reporting period) in the Group's net profit and fair value of the equity investments, with all other variables held constant, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact the income statement.

	Carrying amount of equity investments	Change in fair value	Increase/(decrease) in net profit	Increase/(decrease) in equity
2013				
Shanghai- Available for sale	257,319,416.00	5%	-	12,865,970.80
Shanghai- Available for sale	257,319,416.00	(5%)	-	(12,865,970.80)
2012				
Shanghai- Available for sale	233,814,100.00	5%	-	9,560,566.25
Shanghai- Available for sale	233,814,100.00	(5%)	-	(9,560,566.25)

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Foreign currency risk

Foreign currency risk is the risk that the fair values and future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's exposures to fluctuation in foreign currency exchange rate mainly arise from operating activities where transactions are settled in currencies other than the units' functional currency and net investment to offshore subsidiary. The Group has transactional currency exposures of 1.37% (2012: 0.95%) of the Group's total revenue that is valued in currencies other than the units' functional currency.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the United States dollar and Euro exchange rate, with all other variables held constant, of the company's profit before tax (due to changes in the fair value of monetary assets and forward foreign exchange contract):

	Exchange rate	Increase / (decrease) in PBT	
	Increase/ (Decrease)	due to changes in fair value of monetary assets	due to forward foreign exchange contract
2013			
If RMB weakens against US dollar	(5%)	3,786,347.18	-
If RMB strengthens against US dollar	5%	(3,786,347.18)	-
If RMB weakens against Euro	(5%)	624,679.00	-
If RMB strengthens against Euro	5%	(624,679.00)	-
If RMB weakens against Pounds	(5%)	42,300.00	-
If RMB strengthens against Pounds	5%	(42,300.00)	-
2012			
If RMB weakens against US dollar	(5%)	2,701,471.69	(1,277,150.00)
If RMB strengthens against US dollar	5%	(2,701,471.69)	1,277,150.00
If RMB weakens against Euro	(5%)	315,079.00	-
If RMB strengthens against Euro	5%	(315,079.00)	-

5. Fair value

Fair value is defined as the amount that an asset could be exchanged for or by which a liability could be incurred or settled by knowledgeable, willing parties in a current arm's-length transaction. Fair value is estimated by hypothesizes and methods listed as below.

In the Group, cash and cash equivalents, notes receivable, accounts receivable, dividends receivable, other receivables, accounts payable, short-term loans, other payables, long-term loans and bonds payable represent the fair value of these assets and liabilities equivalent to the book value.

The Group entered into derivative financial contract with financial institution with high credit rating. The derivative financial instrument, as forward currency contracts uses forward pricing method to set the booking value, which equivalent to the fair value.

The fair value of listed financial instruments was set by the price in the market.

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X. Events after the balance sheet date

1. The dividends after balance sheet date

Profits or dividends to be allocated	Refer to Note V 43.
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2. Other events after the balance sheet date

The Company signed the equity transfer agreement with China Changan Automobile Group Co., Ltd on 8th March 2014 in Chongqing, which the Company acquires 100% equity of Hefei Changan Automobile Co., Ltd held by China Changan Automobile Group Co., Ltd with total amount of RMB439,980,000.00. As at 25th March 2014, all payment has been settled by the Company, along with processing of related equity transfer. Upon the completion the above acquisition, the Company holds 100% equity of Hefei Changan Automobile Co., Ltd. As of the approval date of financial statement, no significant event was noted except the above.

XI. Other important event

1. Leasing arrangements

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

Item	2013	2012
Less than 1 year (including 1 year)	27,278,638.26	7,729,234.19
1 to 2 years (including 2 years)	1,176,173.92	2,019,678.92
2 to 3 years (including 3 years)	628,998.92	740,228.92
Over 3 years	314,499.46	943,498.38
Total	29,398,310.56	11,432,640.41

2. Segment report

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

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

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

If two or more segments have similar economic characteristics and meet certain conditions, they can be aggregated

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into a single operating segment.

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

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XII. Notes to the Company's financial statements

1. Accounts Receivable

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

	2013	2012
Within 1 year	1,320,170,130.72	933,014,386.68
1 to 2 years	43,706,677.51	109,881,631.88
2 to 3 years	11,103,089.64	18,655,444.66
Over 3 years	<u>58,497,580.08</u>	<u>47,302,563.38</u>
	1,433,477,477.95	1,108,854,026.60
Provision	<u>(39,547,040.38)</u>	<u>(37,508,407.16)</u>
	<u><u>1,393,930,437.57</u></u>	<u><u>1,071,345,619.44</u></u>

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

	Beginning Balance	Addition	Deduction		Ending Balance
			Reversal	Write-off	
2013	37,508,407.16	2,038,633.22	-	-	39,547,040.38
2012	38,173,999.96	-	665,592.80	-	37,508,407.16

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

Item	2013				2012			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	40,432,696.53	2.82	-	-	57,465,112.99	5.18	-	-
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	59,555,988.83	4.16	39,547,040.38	66.40	72,506,929.40	6.54	37,508,407.16	51.73
Group 2. Accounts receivable from related parties	1,333,488,792.59	93.02	-	-	978,881,984.21	88.28	-	-
Group subtotal	1,393,044,781.42	97.18	39,547,040.38	2.84	1,051,388,913.61	94.82	37,508,407.16	3.57
individually insignificant items but analyzed individually for provision	-	-	-	-	-	-	-	-
Total	1,433,477,477.95	100.00	39,547,040.38		1,108,854,026.60	100.00	37,508,407.16	

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

Aging	2013			2012		
	Balance		Provision	Balance		Provision
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 6 months	11,723,964.33	19.69	-	24,107,208.27	33.25	-
6 to 12 months	234,146.46	0.39	11,707.32	255,480.06	0.35	12,774.00
Within 1 year subtotal	11,958,110.79	20.08	11,707.32	24,362,688.33	33.60	12,774.00
1 to 2 years	2,078,683.07	3.49	207,868.31	1,601,166.67	2.21	160,116.67
2 to 3 years	878,111.50	1.47	263,433.45	13,056,095.28	18.01	3,916,828.58
3 to 4 years	11,154,104.35	18.73	5,577,052.18	-	-	-
4 to 5 years	-	-	-	341,456.08	0.47	273,164.87
Over 5 years	33,486,979.12	56.23	33,486,979.12	33,145,523.04	45.71	33,145,523.04
Total	59,555,988.83	100.00	39,547,040.38	72,506,929.40	100.00	37,508,407.16

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

Group	Balance	Provision
Accounts receivable from related parties	1,333,488,792.59	-
Total	1,333,488,792.59	-

As at 31 December 2013, there was no individually insignificant items but analyzed individually for provision (2012: nil).

- (3) For the year ended 2013, no provision for impairment of accounts receivable has been reversed. (2012: 665,592.80).
- (4) For the year ended 2013, there is no write-off of provision for bad debts (2012: nil).
- (5) As at 31 December 2013, there is no amount due from shareholders that hold 5% or more of the Company's voting shares (As at 31 December 2012: nil).

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

Debtors	Relationship with the Company	Amount	Aging	Proportion of total accounts receivable (%)
First	Subsidiary	578,999,672.98	Within 1 year	40.39
Second	Subsidiary	194,303,648.19	Within 1 year	13.55
Third	Subsidiary	178,473,915.44	Within 1 year	12.45
Fourth	Subsidiary	148,080,822.41	Within 1 year	10.33
Fifth	Joint venture	67,203,793.50	Within 1 year	4.69
Total		1,167,061,852.52		81.41

(7) As at 31 December 2013, accounts receivable due from related parties is as follows:

Debtors	Relationship with the Group	Amount	Proportion of total accounts receivable (%)
Nanjing Changan Automobile Co., Ltd	Subsidiary	578,999,672.98	40.39
Hebei Changan Automobile Co., Ltd	Subsidiary	194,303,648.19	13.55
Chongqing Changan International Automobile Sales Co., Ltd	Subsidiary	178,473,915.44	12.45
Hebei Baoding Changan Bus Co., Ltd.	Subsidiary	148,080,822.41	10.33
Changan Ford Automobile Co., Ltd	Joint venture	67,203,793.50	4.69
Heilongjiang Changan Automobile Sales Co., Ltd.	Subsidiary	48,323,623.30	3.37
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Controlled by the same parent company	28,083,882.87	1.96
Changan Mazda Automobile Co., Ltd	Joint venture	22,058,248.72	1.54
Changan Ford Mazda Engine Co., Ltd	Joint venture	13,994,402.88	0.98
Jiangxi Changhe Automobile Co., Ltd.	Historical related party	10,322,428.89	0.72
Xinjiang Changan Automobile Sales Co., Ltd.	Subsidiary	9,565,109.00	0.67
Chongqing Changan Kuayue Automobile Co., Ltd	Joint venture	7,997,692.00	0.56
Liaoning Changan Automobile Sales Co., Ltd.	Subsidiary	7,372,369.23	0.51
Jiangling Holding Co., Ltd	Joint venture	6,187,757.28	0.43
Chongqing Anfu Automobile sales Co., Ltd	Controlled by the same parent company	3,908,410.00	0.27
Chongqing Changan Suzuki Automobile Co., Ltd	Joint venture	3,401,258.46	0.24
Yinchuan Changan Automobile Sales Co., Ltd.	Subsidiary	2,056,841.28	0.14
China South Industry Group Finance Co., Ltd	Controlled by the same ultimate holding company	1,985,948.00	0.14
Changan Automobile Group Co., Ltd. Harbin sales subsidiary	Subsidiary	872,732.96	0.06
Hafei Automobile Co., Ltd.	Controlled by the same parent company	259,600.00	0.02
Hefei Changan Automobile Co., Ltd (former name: Hefei Changhe Automobile Co., Ltd)	Controlled by the same parent company	36,279.10	0.00
Chongqing Changan Automobile supporting service Co., Ltd.	Subsidiary	356.10	0.00

Chongqing Changan Automobile Company Limited
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Total		1,333,488,792.59	93.02
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- (8) There is no accounts receivable derecognized due to transfer of financial assets during 2013 (2012: nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
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(Expressed in Renminbi Yuan)

2. Other receivables

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

	2013	2012
Within 1 year	518,767,650.62	238,791,904.86
1 to 2 years	10,388,237.71	76,451,896.18
2 to 3 years	22,118,265.16	1,026,684.00
Over 3 years	<u>2,361,744.00</u>	<u>2,046,901.65</u>
Provision	553,635,897.49 <u>(2,890,162.19)</u>	318,317,386.69 <u>(2,740,878.98)</u>
	<u><u>550,745,735.30</u></u>	<u><u>315,576,507.71</u></u>

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

	Beginning Balance	Addition	Deduction		Ending Balance
			Reversal	Write-off	
2013	2,740,878.98	149,283.21	-	-	2,890,162.19
2012	2,778,183.67	-	37,304.69	-	2,740,878.98

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

Item	2013				2012			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	123,460,000.00	22.30	-	-	56,232,000.00	17.67	-	-
Other receivables analyzed as groups for provision								
Group 1. Other receivables analyzed for provision according to aging analysis	43,265,117.90	7.81	2,890,162.19	6.68	39,099,330.28	12.28	2,740,878.98	7.01
Group 2. Other receivables from related parties	386,910,779.59	69.89	-	-	222,986,056.41	70.05	-	-
Group subtotal	430,175,897.49	77.70	2,890,162.19	0.67	262,085,386.69	82.33	2,740,878.98	1.05
Total	553,635,897.49	100.00	2,890,162.19		318,317,386.69	100.00	2,740,878.98	-

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

Aging	2013			2012		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	34,538,599.66	79.83	-	31,212,755.11	79.83	-
6 to 12 months	4,018,896.42	9.29	200,944.80	1,806,536.51	4.62	90,326.83
Within 1 year subtotal	38,557,496.08	89.12	200,944.80	33,019,291.62	84.45	90,326.83
1 to 2 years	369,199.81	0.85	36,919.99	3,006,453.01	7.68	300,645.30
2 to 3 years	1,976,678.01	4.57	593,003.40	1,026,684.00	2.63	308,005.20

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3 to 4 years	600,900.00	1.39	300,450.00	10,000.00	0.03	5,000.00
4 to 5 years	10,000.00	0.02	8,000.00	-	-	-
Over 5 years	1,750,844.00	4.05	1,750,844.00	2,036,901.65	5.21	2,036,901.65
Total	43,265,117.90	100.00	2,890,162.19	39,099,330.28	100.00	2,740,878.98

(3) For the year ended 2013, no provision for impairment of other receivables has been reversed. (2012: RMB37,304.69).

(4) There is no write-off of provision for bad debts during 2013 (2012: nil).

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
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(5) As at 31 December 2013, there is no amount due from shareholders that hold 5% or more of the Company's voting shares (As at 31 December 2012: nil).

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

Debtors	Relationship with the Company	Amount	Aging	Proportion of total other receivables (%)
First	Non-related	123,460,000.00	Within 1 year	22.30
Second	Subsidiary	21,373,332.00	Within 1 year	3.86
Third	Subsidiary	19,161,427.05	Within 1 year	3.46
Fourth	Subsidiary	13,176,365.28	Within 1 year	2.38
Fifth	Subsidiary	11,868,277.14	Within 1 year	2.15
Total		189,039,401.47		34.15

(7) There is no other receivables derecognized due to transfer of financial assets during 2013 (2012: nil).

Chongqing Changan Automobile Company Limited
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3. Long-term equity investments

2013

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	239,905,266.00	1,421,953,088.21	917,918.98	1,422,871,007.19	51.00	51.00	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,000,000,000.00	1,706,722,325.52	263,346,186.29	1,970,068,511.81	50.00	50.00	N/A	-	-	-
Changan Ford Automobile Co., Ltd	Equity	951,589,136.29	2,677,677,911.23	2,491,202,560.31	5,168,880,471.54	50.00	50.00	N/A	-	-	1,600,000,000.00
Changan Mazda Automobile Co., Ltd	Equity	1,097,839,635.00	1,115,310,608.80	49,976,658.52	1,165,287,267.32	50.00	50.00	N/A	-	-	-
Changan Ford Mazda Engine Co., Ltd	Equity	786,734,634.10	475,236,298.82	124,232,371.10	599,468,669.92	50.00	50.00	N/A	-	-	-
Changan PSA Automobiles Co., Ltd	Equity	2,007,841,700.00	-	1,957,257,672.14	1,957,257,672.14	50.00	50.00	N/A	-	-	-
Associates											
Chongqing HelpGo Information Technology Co., Ltd	Equity	4,500,000.00	10,316,211.80	(10,316,211.80)	-	0.00	0.00	N/A	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	6,714,720.64	8,415,002.53	357,036.55	8,772,039.08	40.00	40.00	N/A	-	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	Equity	61,800,885.00	63,870,734.11	197,511.89	64,068,246.00	34.30	34.30	N/A	-	-	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	-	-	-	34.30	34.30	N/A	-	-	-
Beijing Fang'an taxi Co., Ltd	Equity	6,000,000.00	6,000,000.00	(5,001,370.36)	998,629.64	42.25	42.25	N/A	-	-	-

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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
Subsidiaries											
Nanjing Changan Automobile Co., Ltd	Cost	413,805,259.00	413,805,259.00	8,728,000.00	422,533,259.00	84.73	93.79	Commissioned by minorities to exercise voting rights	-	-	-
Hebei Changan Automobile Co., Ltd	Cost	437,635,236.00	437,635,236.00	300,000.00	437,935,236.00	94.15	95.70	Commissioned by minorities to exercise voting rights	-	-	-
Chongqing Changan International Automobile Sales Co., Ltd	Cost	13,068,580.00	13,068,580.00	-	13,068,580.00	95.00	95.00	N/A	-	-	-
Chongqing Changan Automobile supporting service Co., Ltd.	Cost	29,700,000.00	29,700,000.00	-	29,700,000.00	99.00	99.00	N/A	-	-	-
Chongqing Changan Automobile Sales Co., Ltd	Cost	48,500,000.00	48,500,000.00	-	48,500,000.00	100.00	100.00	N/A	-	-	-
Chongqing Changan Automobile sales subsidiaries	Cost	8,050,000.00	8,050,000.00	-	8,050,000.00	90-100.00	90-100.00	N/A	-	-	-
Chongqing Changan Special Automobile sales Co., Ltd	Cost	2,500,000.00	2,500,000.00	-	2,500,000.00	50.00	50.00	N/A	-	-	-
Chongqing Changan Europe Design Academy Co., Ltd	Cost	134,879,700.00	134,879,700.00	-	134,879,700.00	100.00	100.00	N/A	-	-	-
Chongqing Changan new Engergy Automobile Co. Ltd	Cost	18,850,000.00	18,850,000.00	-	18,850,000.00	65.00	65.00	N/A	-	-	-
Changan United Kingdom R&D Center Co., Ltd.	Cost	981,934.40	981,934.40	-	981,934.40	100.00	100.00	N/A	-	-	-
Beijing Changan R&D Center Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100.00	100.00	N/A	-	-	-

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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
Harbin Changan R&D Center Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100.00	100.00	N/A	-	-	-
Jiangxi Changan R&D Center Co., Ltd.	Cost	2,000,000.00	2,000,000.00	-	2,000,000.00	100.00	100.00	N/A	-	-	-
Shanghai Changan R&D Center Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100.00	100.00	N/A	-	-	-
Changan Japan Designing Center Co., Ltd.	Cost	1,396,370.15	1,396,370.15	-	1,396,370.15	100.00	100.00	N/A	-	-	-
Changan United States R&D Center Co., Ltd.	Cost	1,317,720.00	1,317,720.00	-	1,317,720.00	100.00	100.00	N/A	-	-	-
Hebei Baoding Changan Bus Co., Ltd.	Cost	176,002,613.18	176,002,613.18	-	176,002,613.18	100.00	100.00	N/A	-	-	-
Others											
China South Industry Group Finance Co., Ltd	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-	-	23,413,203.42
Chongqing Ante Import and Export Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10.00	10.00	N/A	-	-	3,600,000.00
Sichuan Glass Co., Ltd	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-	-	-
Zhong Fa Lian Investment Co., Ltd	Cost	21,000,000.00	21,000,000.00	-	21,000,000.00	10.00	10.00	N/A	-	-	-
CAERI(Beijing) automotive Lightweight Technology Research Institution Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	6.89	6.89	N/A	-	-	-
Total	—	7,563,422,664.76	8,885,998,867.75	4,881,198,333.62	13,767,197,201.37	--	--	--	-	-	1,627,013,203.42

Chongqing Changan Automobile Company Limited
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2012

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	239,905,266.00	1,372,612,641.40	49,340,446.81	1,421,953,088.21	51.00	51.00	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,000,000,000.00	1,492,969,790.10	213,752,535.42	1,706,722,325.52	50.00	50.00	N/A	-	-	-
Changan Ford Automobile Co., Ltd	Equity	951,589,136.29	4,011,538,873.50	(1,333,860,962.27)	2,677,677,911.23	50.00	50.00	N/A	-	-	1,800,000,000.00
Changan Ford Mazda Engine Co., Ltd	Equity	786,734,634.10	343,195,182.39	132,041,116.43	475,236,298.82	50.00	50.00	N/A	-	-	-
Changan Mazda Automobile Co., Ltd	Equity	1,097,839,635.00	-	1,115,310,608.80	1,115,310,608.80	50.00	50.00	N/A	-	-	-
Associates											
Chongqing HelpGo Information Technology Co., Ltd	Equity	4,500,000.00	11,776,292.44	(1,460,080.64)	10,316,211.80	21.43	21.43	N/A	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	6,714,720.64	7,664,634.71	750,367.82	8,415,002.53	40.00	40.00	N/A	-	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	Equity	61,800,885.00	61,800,885.00	2,069,849.11	63,870,734.11	34.30	34.30	N/A	-	-	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	1.00	(1.00)	-	34.30	34.30	N/A	-	-	-
Beijing Fang'an taxi Co., Ltd	Equity	6,000,000.00	-	6,000,000.00	6,000,000.00	42.25	42.25	N/A	-	-	-
Subsidiaries											
Nanjing Changan Automobile Co., Ltd	Cost	413,805,259.00	413,805,259.00	-	413,805,259.00	82.47	91.53	Commissioned by minorities to exercise voting rights	-	-	-

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Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Hebei Changan Automobile Co., Ltd	Cost	437,635,236.00	437,635,236.00	-	437,635,236.00	94.07	95.62	Commissioned by minorities to exercise voting rights	-	-	-
Chongqing Changan International Automobile Sales Co., Ltd	Cost	13,068,580.00	13,068,580.00	-	13,068,580.00	95.00	95.00	N/A	-	-	-
Chongqing Changan Automobile supporting service Co., Ltd.	Cost	29,700,000.00	29,700,000.00	-	29,700,000.00	99.00	99.00	N/A	-	-	-
Chongqing Changan Automobile Sales Co., Ltd	Cost	48,500,000.00	48,500,000.00	-	48,500,000.00	100.00	100.00	N/A	-	-	-
Chongqing Changan Automobile sales subsidiaries	Cost	8,050,000.00	8,050,000.00	-	8,050,000.00	90-100.00	90-100.00	N/A	-	-	-
Chongqing Changan Special Automobile sales Co., Ltd	Cost	2,500,000.00	2,500,000.00	-	2,500,000.00	50.00	50.00	N/A	-	-	-
Chongqing Changan Europe Design Academy Co., Ltd	Cost	134,879,700.00	134,879,700.00	-	134,879,700.00	100.00	100.00	N/A	-	-	-
Chongqing Changan new Energy Automobile Co. Ltd	Cost	18,850,000.00	18,850,000.00	-	18,850,000.00	65.00	65.00	N/A	-	-	-
Changan United Kingdom R&D Center Co., Ltd.	Cost	981,934.40	981,934.40	-	981,934.40	100.00	100.00	N/A	-	-	-
Beijing Changan R&D Center Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100.00	100.00	N/A	-	-	-
Harbin Changan R&D Center Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100.00	100.00	N/A	-	-	-
Jiangxi Changan R&D Center	Cost	2,000,000.00	2,000,000.00	-	2,000,000.00	100.00	100.00	N/A	-	-	-

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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
Co., Ltd.											
Shanghai Changan R&D Center Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100.00	100.00	N/A	-	-	-
Changan Japan Designing Center Co., Ltd.	Cost	1,396,370.15	1,396,370.15	-	1,396,370.15	100.00	100.00	N/A	-	-	-
Changan United States R&D Center Co., Ltd.	Cost	1,317,720.00	1,317,720.00	-	1,317,720.00	100.00	100.00	N/A	-	-	-
Hebei Baoding Changan Bus Co., Ltd.	Cost	176,002,613.18	176,002,613.18	-	176,002,613.18	100.00	100.00	N/A	-	-	-

Others											
China South Industry Group Finance Co., Ltd	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-	-	6,000,000.00
Chongqing Ante Import and Export Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10.00	10.00	N/A	-	-	-
Sichuan Glass Co., Ltd	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-	-	-
Zhong Fa Lian Investment Co., Ltd	Cost	21,000,000.00	21,000,000.00	-	21,000,000.00	10.00	10.00	N/A	-	-	-
CAERI(Beijing) automotive Lightweight Technology Research Institution Co., Ltd	Cost	3,000,000.00	-	3,000,000.00	3,000,000.00	6.89	6.89	N/A	-	-	-
Total	-	5,555,580,964.76	8,699,054,987.27	186,943,880.48	8,885,998,867.75	-	-	-	-	-	1,806,000,000.00

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4. Operating revenue and cost

(1) Operating revenue, operating cost

Item	2013	2012
Operating revenue	32,188,012,740.23	21,959,079,719.69
Other operating revenue	1,048,667,930.67	880,173,248.74
Total revenue	33,236,680,670.90	22,839,252,968.43
Operating cost	27,245,442,791.23	18,312,319,774.19

(2) Operating revenue listed by products as follows:

Industry	2013		2012	
	Revenue	Cost of sales	Revenue	Cost of sales
Sales of goods	31,975,794,961.23	26,465,052,809.03	21,729,587,686.98	17,545,172,069.53
Outsourcing processing	212,217,779.00	189,666,364.44	229,492,032.71	212,697,469.77
Total	32,188,012,740.23	26,654,719,173.47	21,959,079,719.69	17,757,869,539.30

(3) Operating revenue from top five customers are as follows:

Customer	Amount	Proportion of total operating revenue (%)
First	1,067,011,979.75	3.21
Second	918,704,839.41	2.76
Third	628,449,359.05	1.89
Fourth	609,211,116.96	1.83
Fifth	590,765,459.59	1.79
Total	3,814,142,754.76	11.48

The Company's operating activities are principally related to the sales of motor vehicles and accessories. The 100% of sales are domestic (2012: 100%). So segment reporting information is not needed.

5. Investment income

(1) Details of investment income

Item	2013	2012
Long-term equity investment income under cost method	27,013,203.42	6,000,000.00
Long-term equity investment income under equity method	4,474,644,845.42	1,860,722,181.38
Long-term equity investment income through disposal	(250,733.75)	-
Dividend from Available-for-sale financial assets	1,775,000.00	-
Others	10,941,666.67	266,666.67

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Total	4,514,123,981.76	1,866,988,848.05
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(2) Long-term equity investment income under cost method

Investee	2013	2012
China South Industry Group Finance Co., Ltd	23,413,203.42	6,000,000.00
Chongqing Anfu Automobile sales Co., Ltd	3,600,000.00	-
Total	27,013,203.42	6,000,000.00

Long-term investments under cost method with no cash receipt for investment income were excluded in above table.

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

Investee	2013	2012	Reason for the fluctuation
Changan Ford Automobile Co., Ltd.	4,091,202,560.31	1,563,978,672.73	Increase in profit due to sales expansion
Changan Mazda Automobile Co., Ltd	49,976,658.52	17,470,973.80	Increase in profit due to sales expansion
Chongqing Changan Suzuki Automobile Co., Ltd	917,918.98	49,340,446.81	Decrease in profit due to sales decline
Changan Ford Mazda Engine Co., Ltd	124,232,371.10	14,819,417.33	Increase in profit due to sales expansion
Jiangling Holding Co., Ltd	263,346,186.29	213,752,535.42	Increase in profit due to sales expansion
Chongqing HelpGo Information Technology Co., Ltd	-	(1,460,080.64)	Terminated in this year
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	357,036.55	750,367.82	Decrease in profit due to sales decline
Beijing Fang'an Taxi Co., Ltd	(5,001,370.36)	-	Decrease in profit due to sales decline
Changan PSA Automobiles Co., Ltd	(50,584,027.86)	-	New joint venture (refer to Note V 11 for details)
Chongqing Changan Kuayue Automobile sales Co.,Ltd	-	(1.00)	
Chongqing Changan Kuayue Automobile Co.,Ltd	197,511.89	2,069,849.11	Decrease in profit due to sales decline
Total	4,474,644,845.42	1,860,722,181.38	

6. Notes to cash flow statement

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

Item	2013	2012
Interest income	115,591,355.69	97,452,591.77
Government grants related to operating	893,123,900.00	538,916,181.25
Total	1,008,715,255.69	636,368,773.02

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

Item	2013	2012
Selling expense	2,988,565,770.18	1,863,729,042.96
Administrative expense	838,625,722.76	924,044,854.77
Total	3,827,191,492.94	2,787,773,897.73

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

Item	2013	2012
Government grants related to assets	-	205,000,000.00

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Receiving repayment from subsidiaries	150,000,000.00	-
Total	150,000,000.00	205,000,000.00

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

Item	2013	2012
Prepayment for equity investment	-	703,015,710.00
Borrowings to subsidiaries	250,000,000.00	150,000,000.00
Total	250,000,000.00	853,015,710.00

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

Item	2013	2012
Repurchased B share	-	496,926,898.50
Total	-	496,926,898.50

7. Supplementary information of cash flow statement

Supplementary information	2013	2012
1. Cash flows from operating activities calculated by adjusting the net profit		
Net profit	3,747,890,752.67	1,621,508,997.69
Add: impairment provision for assets	241,584,456.52	247,823,520.81
Depreciation of fixed assets	1,124,026,456.36	777,900,767.37
Amortization of intangible assets	287,473,299.21	249,849,820.04
Amortization of long-term deferred expense	180,080.00	180,080.00
Amortization of deferred income	(58,041,952.69)	(47,106,402.56)
Disposal loss on fixed assets, intangible assets and others long-term assets	10,303,001.02	1,428,373.62
Financial expense	197,143,461.64	136,500,131.15
Investment income	(4,514,123,981.76)	(1,866,988,848.05)
Increase in deferred tax assets	(156,541,094.76)	(299,251,661.95)
Increase in inventory	(671,016,275.79)	(973,144,364.10)
Increase in operating receivables	(5,278,831,955.38)	(3,863,759,157.70)
Decrease in operating payables	6,689,306,817.50	4,591,239,403.91
Net cash flows from operating activities	1,619,353,064.54	576,180,660.23
2. Major non-cash investing and financing activities		
Government grants related to assets	-	860,000,000.00
3. Movement of cash and cash equivalents		
Ending balance of cash	3,290,584,684.00	3,081,165,146.84
Less: beginning balance of cash	3,081,165,146.84	3,748,480,642.89
Add: ending balance of cash equivalents	-	-
Less: beginning balance of cash equivalents	-	-
Increase in cash and cash equivalents	209,419,537.16	(667,315,496.05)

1. Schedule of non-recurring profit and loss

Item	Amount
Gain and loss arising from disposal of non-current assets (including write-off of accrued impairment loss on assets)	(12,900,068.51)
Government grants (excluding the grants closely related to enterprise business, which the Group enjoyed according to the allotment standards or quantitative criteria of the country)	196,086,391.16
Investment income from the fair value changes of held for trading financial assets or liabilities, and the disposal of held for trading financial assets, liabilities or available for sale financial assets	(332,407.00)
Other non-operating income and expenses	1,842,308.38
Capital occupied income from non-financial entities	44,444,713.09
Effect on income tax	(45,704,294.34)
Effect on minority shareholders (after tax)	(1,212,068.41)
Total	182,224,574.37

Note: the non-recurring profit and loss were presented with amount before tax.

The Group disclosed non-recurring profit and loss items in accordance with the regulations issued by China Security Regulation Commission, No 1 Regulation of Information Disclosure of Public Companies-Non-recurring Profit and Loss <CSRC 2008(43)>

2. Return on equity and earnings per share

2013

Current profit	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	20.44	0.75	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	19.38	0.71	N/A

2012

Current profit	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS

Net profit attributable to the Company's ordinary shareholders	9.66	0.31	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	7.16	0.23	N/A

Except dividend allotted, transfer of reserve to common shares and separation or combination of share, other conditions, as share buy-back and potential issuance new shares and potential transfer of share and exercise of share, cause the substantial change in ordinary shares or potential ordinary shares, which must be considered during the calculation of earnings per share. The Company has no dilutive potential ordinary shares.

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

The basic earnings per share is calculated by the net profit attributable to the Company's ordinary shareholders divided by the weighted average outstanding ordinary shares.

3. The major fluctuation and related explanation of the Group's financial statements

The financial statement items whose fluctuation percentage between two reporting periods is larger than 30%, fluctuation amount larger than 5% of total assets or 10% of net profit, name is not a reporting item specified by accounting principles, or nature cannot be reflected by the name, are as follows:

1. The operating revenue, cost and operating expenses increased by 31%, 32% and 35% respectively, which were consistent with the prosperous automobile market. During the current year, the sale of the new vehicles launched in last year was growing up, such as Eado and CS35, which were well received by the market.

The sales increased in accordance with the prosperous automobile market in year 2013. The sales volume of cars increased by about 148,000 compared to last year. Thus, the operating costs and the operating expenses increased in accordance with the revenue increased.

2. The financial expenses increased by 149% compared to last year, mainly due to the increase of interest expense. The Group borrowed more long-term loans than last year and the interest bearing time of bonds was four months more than last year.
3. The Investment income increased by 141% compared to last year, mainly due to the increase of the joint ventures' net profit.
4. The non-operating income decreased by 47% compared to last year, mainly due to the decrease of government grants received this year.
5. The non-operating expenses increased by 153% compared to last year, mainly due to the increase of fixed assets disposal loss.
6. The income tax expenses decreased by 75%, mainly due to the total profit of the Group decreased despite of the investment income.

7. The prepayment increased by about RMB200 million, mainly due to the Group increased the prepayment for steel materials of RMB141 million to satisfy the expansion of production as the sales market was forecasted to maintain the favorable trend.

Besides, the Group increased the expenditure on advertisements in order to expand its reputation and brand promotion. At the end of the year, there were about RMB58 million prepaid advertising expenses.

8. The other receivables increased by about RMB74 million, mainly due to the increase volume of cars sold. Thus the Group had more energy-saving subsidy receivable amounted to RMB67 million from the local bureau of finance according to the government's policy.

9. The long-term equity investments increased by RMB4.87 billion, mainly due to the increase of investment income generated from the joint ventures and associates by RMB4.50 billion. Besides, the Company completed the acquisition for CAPSA, which increased the cost of investments by RMB2 billion. Meanwhile, the long-term equity investments decreased by RMB1.6 billion as the company received the dividend from Changan Ford Automobile Co., Ltd. All these above reasons caused the balance of the long-term equity increased.

10. The construction in progress decreased by RMB1.48 billion, mainly due to some projects such as Vehicle Research Institution and Engine Production had transferred to fixed assets.

11. The development expenditure increased by about RMB313 million, mainly due to the decrease of amount transferred to intangible assets from completed projects.

12. The other non-current assets decreased by RMB678 million, mainly due to the Company had completed the stock acquisition of long-term equity investment of CAPSA, which caused the balance decreased by RMB703 million.

13. The payroll payable increased by 85%, mainly due to the increase of the bonus as a result of the increase of the profit compared to year 2012.

14. The tax payable increased by 168%, mainly due to the increase of the consumption tax payable and VAT payable as a result of revenue and profit increased.

15. The contingent liabilities increased by 65%, mainly due to the increase of the warrantee as a result of revenue increased.

16. The non-current liability within one year increased by RMB502 million was due to the reclassification of long-term loans increased.

17. The special payable increased by RMB82.6 million, mainly due to the Group received a fund specialized in the development and industrialization of C206 pure electric cars amounted to RMB80 million.

Chapter 11 Documents for Future Reference

1. Financial reports with signatures and stamps of the legal representative, the chief accountant and the chief of accounting organization.

2. The original copy of audit report with the stamp of the CPA firm and the signature and stamp of the Certified Public Accountant.

3. All the original documents and manuscripts of the Company which has been disclosed in the reporting period in the newspapers designated by China Securities Regulatory Commission.

Annual reports disclosed in other securities markets.

Chairman of the Board:

Mr. Xu Liuping

General Manager:

Mr. Zhao Baolin

Chongqing Changan Automobile Co., Ltd.

15 April, 2014