



**Chongqing Changan Automobile**

**Company Limited**

**2015 Annual Report**

**April, 2016**

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## **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.

All directors attended the board meeting for reviewing the annual report.

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 preplan profit distribution of the Company deliberated and approved by the Board is: taking the total shares as of Dec. 31, 2015 as the radix, sending cash dividends of RMB 6.4Yuan (tax included) per every 10 shares to all shareholders, and not converting capital reserve into share capital.

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## Definitions

ITEM	Refers to	Definition
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
Hefei Changan	Refers to	Hefei Changan Automobile Co., Ltd., a subsidiary company of the Company
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.
Changan Ford	Refers to	Changan Ford Automobile Co., a JV of the Company
Changan Mazda	Refers to	Changan 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
Chongqing Auto Finance	Refers to	Chongqing Auto Finance Co.Ltd Company's Joint Stock Company
Financial Co. of CSGC	Refers to	Financial Co. of China South Industries Group Corporation
UPI	Refers to	United Prosperity (Hong Kong)Investment Co., Ltd,a subsidiary company of China Changan
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

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## **Matrial Risk Notice**

In the fourth chapter of Management's Discussion and Analysis, the company describes the competition pattern and development trend of the automobile industry, the company's business plan in 2016, the possible risks. Please refer to the relevant part. The prospective description regarding future business plan and development strategy in this report does not constitute virtual commitment. The investors shall pay attention to the risk.

## Chapter 2 Company Profile & Main Financial Indexes

### I. Basic Information

Stock abbreviation	Changan Automobile 、 Changan B	Stock Code	000625、 200625
Listed on	Shenzhen Stock Exchange		
Company name in Chinese	重庆长安汽车股份有限公司		
Company abbreviation in Chinese name	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	<a href="http://www.changan.com.cn">http://www.changan.com.cn</a>		
E-mail address	cazqc@changan.com.cn		

### II. Contact Information

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

### III. 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	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

this annual report	
The place where this annual report is prepared and kept	Secretary's Office of Board of Directors

#### IV. Changes of Registration Information

Organization Code	9150000020286320X6
Changes in the main business since the company's listing(if have)	No Change
All previous changes of dominant stockholders	<p>1. In Oct. 2005, according to the restructuring program on automobile business, the Company's actual controller, China South Industries Group Corporation made transferring of all state-owned shares of the Company as part of funding for China South Industries Automobile Company Limited. In March 2006, all shares held by Changan Group have been transferred to China South Industries Automobile Company Limited. China South Industries Automobile Company Limited became the majority shareholder of the Company, and Changan Group holds zero share since then.</p> <p>2. In July 2009, with the approval of State Administration for Industry and Commerce, "China South Industries Automobile Company Limited", changed its name to "China Changan Automobile Group Co., Ltd.". After change of its name, its property, ownership and control relation are without change.</p>

#### V. Other Relevant Information

##### The accounting firm employed by the Company:

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

The recommendation agency engaged by the Company executing the persistant supervision responsibilities in the report period

Applicable  Not applicable

The financial consultant engaged by the Company performing the duties of persistant supervision and guidance in the report period

Applicable  Not applicable

## VI. Summary of Accounting Data and Financial Indexes

	2015	2014	Increase/decrease on a year-on-year basis (%)Adjusted	2013	
				Before adjustment	Adjusted
Operating revenue (Yuan)	66,771,580,527.66	52,913,332,100.83	26.19%	38,481,862,261.90	39,141,703,050.19
Net profit belonging to shareholders of the listed company (Yuan)	9,952,714,168.09	7,561,081,585.81	31.63%	3,505,640,520.04	3,368,591,105.89
Net profit belonging to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan)	9,560,013,288.84	7,279,008,679.47	31.34%	3,323,415,945.67	3,120,551,968.04
Net cash flow arising from operating activities (Yuan)	5,414,890,769.50	3,779,921,774.57	43.25%	1,832,646,224.37	1,537,154,348.43
Basic earnings per share (Yuan/Share)	2.13	1.62	31.48%	0.75	0.72
Diluted earnings per share (Yuan/Share)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Return on equity (ROE) (%)	33.14%	34.20%	-1.06%	20.44%	21.77%
	End of 2015	End of 2014	Increase/decrease of the end of current year compared with	2013	
				Before adjustment	Adjusted



			that of the previous year (%)		
Total assets (Yuan)	89,413,988,669.66	69,687,352,890.82	28.31%	53,364,694,275.91	54,612,107,747.02
Net assets belonging to shareholders of the listed company (Owner's equity belonging to shareholders of the listed company) (Yuan)	34,385,189,070.36	25,637,298,549.80	34.12%	18,778,354,427.87	18,857,112,774.61

## VII. The differences between domestic and international accounting standards

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

Applicable  Not applicable

No difference

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

Applicable  Not applicable

No difference

## VIII. Key financial indicators for the quarter

Unit: Yuan

	First Quarter	Second Quarter	Third Quarter	Forth Quarter
Business income	18,197,185,337.09	14,855,769,840.40	15,055,000,317.76	18,663,625,032.41
Net profit attributable to shareholders of listing Corporation	2,494,491,155.26	2,590,775,371.87	1,655,576,666.88	3,211,870,974.08
Net profit attributable to shareholders of the listing Corporation after deducting non recurring gains and losses	2,349,996,871.48	2,539,914,388.21	1,546,606,695.04	3,123,495,334.11
Net cash flows from operating activities	2,773,784,253.36	3,662,364,724.67	1,606,902,933.58	-2,628,161,142.11

Whether or not the above mentioned financial indicators and the total number of the company has disclosed the major difference between quarterly reports and semi-annual report

Yes  No

## IX. Non recurring items and amounts

Applicable  Not applicable

Unit: Yuan

Item	2015 amount	2014 amount	2013 amount (Restated)
Non recurring items and amounts(including accrued reversal assets impairment part)	-34,314,067.34	-17,293,198.19	14,249,629.45
Government subsidies included in the profit and loss of the current period (Except closely related to business operations, in accordance with the national unified standard quota or quantitative enjoyment of government subsidies)	441,926,607.20	339,001,795.70	234,412,047.68
The current net profit and loss of the subsidiary period from the same control to the consolidated day	-	-43,390,581.51	-
Except the normal operation of the company's business related to the effective hedging business , changes in the fair value of the transaction of financial assets and transaction financial liabilities , and dealing with transaction financial assets, transaction financial liabilities ,and Investment income available for sale of financial assets	-	-	-332,407.00
Except the above other operating income and expenses	16,816,296.11	40,605,150.13	2,181,517.38
Interest on deferred payment of funds received by non financial enterprises	38,457,111.56	36,729,835.74	44,444,713.09
Reduce: the impact of income tax	65,174,314.56	66,584,968.46	45,704,294.34
Impact of minority shareholders' equity (after tax)	5,010,753.72	6,995,127.07	1,212,068.41
Total	392,700,879.25	282,072,906.34	248,039,137.85

According to “Public offering of securities information disclosure of the company's information disclosure announcement No. first - non recurring gains and losses” “Public offering of securities information disclosure of the company's information disclosure announcement No. first - non recurring gains and losses” defined non recurring items ,and Public offering of securities information disclosure of the company's information disclosure announcement No. first - non recurring gains and losses “The items listed in the non recurring items defined as recurring items shall be explained .

Applicable  Not applicable

The company in the reporting period does not base on the definition and listing of “Public offering of securities information disclosure of the company's information disclosure announcement No. first - non recurring gains and losses” about non recurring gains and losses to define a case of recurring profit or loss.

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## Chapter 3 Analysis of Main Business

### I. Overview

The main business of the Company is the development, production and sales of vehicles and sedans, manufacturing automotive engine series products. During the reporting period, the main products include sedans of CS series SUV, Raeton Series, Eado Series, Alsvin series and commercial car of Honor,Oulove, Changan Star series and Oushang MPV.

### II. Major changes in assets

#### 1、 Major changes in assets

No significant changes in major assets during the reporting period

#### 2、 Main Overseas Assets

Applicable  Not applicable

### III. Core Competence Analysis

During 12th Five-Year, R & D investment from Changan amounted to 37.8 billion yuan, involving 16 areas, such as vibration noise, collision safety, braking performance, chassis test, and driving system etc, 194 international advanced laboratories(among which , automotive noise vibration and Safety Technology Laboratory are Key State Laboratories ), and Changan spent 2 billion yuan in building Changan Dianjiang car-testing ground , which is the internationally first-class and the largest one in the Western China.

#### 1、 Actively improve the R & D system

Changan has constantly improved the R & D system, built four R&D systems of the CA-TDS, CA-PAS, CA-PDS, CA-PIS, to precisely guide the product development, built Changan product test and verification system (CA-TVS) to meet the users'needs of 10 years /26 million kilometers. The coverage of the test verification system was 70%, and the coverage of CAE (Computer Aided Engineering) simulation came up to 68%. It helped the company establish the excellent products. With the strength of the systematic guidance, the continuous improvements were realized in five areas of technical ability, knowledge management, process and system, Product realization process control, organization and manpower, and IT.

#### 2、 Rapid increase of product market competence

Changan focused on establishing the five important technical tags "Fashion, safety, intelligence, energy saving and environmental protection", and acquired the leading position in styling , impact safety , NVH in China, close to the technology level of the mainstream joint venture,and a faster upgrade in terms of electronic and electrical appliances, testing and verification, and internal and external decoration technology. Changan accelerated the transformation from the traditional car manufacturer to the smart car manufacturer, and drew up "654" intelligent strategy to build six system platforms ,five core technologies, and achieve the car from single intelligence to fully automatic driving step by step in four stages. Changan as the only Chinese brand joined the highest level of the United States Smart car alliance —MTC. Changan used the electric drive as the main target, developed the two technology platforms of plug-in hybrid and pure electrivity, built the new energy vehicles with "energy saving, environmental protection, science and technology intelligence" to ensure the goal of "518" performance in new energy domain by 2025.

#### 3、 The ability to further enhance the brand

The quality of Changan products fully met the level of joint venture, and even partially surpassed the average level of joint venture. Monthly sales of CS75、 CS35, EADO series and Yue Xiang series have exceeded 10 thousand units and become star products in the subdivision markets. Changan EADO won the CATARC research title of 2015 China automobile industry as the most

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potential Chinese models. Changan Yue Xiang V7 won the “Annual innovative product” award of 2015 China automobile media think tank Innovation Forum. In 2015, the national identification technology center of NDRC announced the results of the evaluation, Changan ranked No.1 in automobile industry and No.4 in China with 93.6 points, ranking first for consecutive 8 years in China's automotive industry in terms of R & D strength.

## Chapter 4 Management Discussion and Analysis

### I. Overview

In 2015, Changan actively responded to the slowdown of macroeconomic growth and the pressure of competition in the car market, and dealt with the difficulties to build the enterprise image, grasp the quality of the product and technical innovation, constantly enhance the systematic ability and lean manufacturing, and improve the customer service quality significantly. The business operation of Changan constantly improved to ensure the solid industrial position. Changan achieved a substantial increase in sales revenue, and maintained a higher profit growth than the revenue growth, the revenue growth higher than the sales growth.

Throughout the year, the company, its affiliated joint enterprises and the associated enterprises produced 2.781 million vehicles and sold 2.777 million vehicles, increasing respectively by 5.86% and 9.14% on a year-on-year basis with the market share of 11.30%, up by 0.46%. Changan independent brand cars were sold out 1.007 million, up by 30.9% on a year-on-year basis, ranking No.1 in China's automobile market. Changan became the first Chinese brand passenger cars with the annual sales over 1 million and achieved the above goal within in the shortest time as the Chinese enterprise. "The leading status among Chinese automobile brands" is consolidated further. (Data sources: China Automobile Industry Association Data)

### II. Analysis of Main Business

#### 1、 Overview

In 2015, the quality of the Company's operation was improving and the ability of cash flow creation was enhancing, the Company completed the business indicators decided at the beginning of the reporting period by the board of directors well, the total sales volume was 2.777 million, which completed 95.76% of the planned business indicators; the sales revenue was 225.608 Billion Yuan(including 100% income from joint ventures), which completed 90.24% of the planned business indicators, and the consolidated statements revenue was 66.772 Billion Yuan, which completed 113.17% of the annual operating target.

#### 2、 Income and cost

##### (1) Composition of the operating revenue

Unit :Yuan

	2015		2014		Increase/decrease on a year-on-year basis (%)
	Sum	Share of operating income (%)	Sum	Share of operating income(%)	
operating revenue	66,771,580,528	100.00%	52,913,332,101	100.00%	26.19%
<b>Industry</b>					
Automobile	66,771,580,528	100.00%	52,913,332,101	100.00%	26.19%
<b>Products</b>					
Vehicles	66,522,990,662	99.63%	52,702,266,464	99.60%	26.22%
Outsourcing	248,589,866	0.37%	211,065,637	0.40%	17.78%

Area					
China	66,211,327,813	99.16%	52,017,576,678	98.31%	27.29%
Overseas	560,252,715	0.84%	895,755,423	1.69%	-37.46%

**(2) Accounted for more than 10% of the company's operating income or operating profit of more than of the industry, products or area**

Applicable  Not applicable

Unit : Yuan

	Operating Revenue	Operating Cost	Gross margin	Increase/decrease on a year-on-year basis Operating Revenue (%)	Increase/decrease on a year-on-year basis Operating Cost (%)	Increase/decrease on a year-on-year basis gross margin
<b>Industry</b>						
Automobile	66,771,580,528	53,406,710,708	20.02%	26.19%	23.44%	Up by 1.79%
<b>Products</b>						
Vehicles	66,522,990,662	53,212,248,359	20.01%	26.22%	23.53%	Up by 1.75%

The company's statistics scope of main business in the reporting period was adjusted, and the company has adjusted its main business data in the last year according to the scope in the reporting period.

Applicable  Not applicable

**(3) Is the income from sales in kind greater than the service income**

Yes  No

Unit: One set

Industry	Item	2015	2014	Increase/decrease on a year-on-year basis (%)
Automobile Industry	Sales volume	2,776,514	2,544,055	9.14%
	Production volume	2,781,368	2,627,456	5.86%
	Stock volume	65,690	60,836	7.98%
	Market share (%)	11.30%	10.84%	Up by 0.46

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

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

Applicable  Not applicable

**(4) The company has signed a major sales contract as of the time of the fulfillment of this report**Applicable  Not applicable**(5) Cost**

Unit: Ten Thousand Yuan

Industry classification	Item	2015		2014		Increase/decrease on a year-on-year basis (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Automobile Production	Prodcut Sale	5,321,225	99.64%	4,307,697	99.56%	23.53%
	Outsour cing	19,446	0.36%	18,886	0.44%	2.97%
Total		5,340,671	100%	4,326,583	100%	23.44%

**(6) Notes to the change of the consolidated scope in the reporting year** Applicable  Not applicable**(7) Significant change in or adjustment of the business, products or services in the reporting period:** Applicable  Not applicable**(8) Main Customers and principal suppliers****Main Customers**

Total sales amount to top 5 customers (RMB)	6,863,714,888.47
Proportion of sales to top 5 customers in the annual sales (%)	10.28%

**Top 5 customers**

Unit: Yuan

Serial No.	company	Sales value	proportion in total sales (%)
1	First	1,675,219,743.54	2.51%
2	Second	1,540,894,512.28	2.31%
3	Third	1,345,440,671.53	2.01%
4	Fourth	1,340,175,828.67	2.01%
5	Fifth	961,984,132.45	1.44%
total		6,863,714,888.47	10.28%

**Principal suppliers**

Total purchase amount to top 5 suppliers (RMB)	6,579,463,590.29
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Proportion of purchase to top 5 suppliers in the annual purchase (%)	13.34%
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### Top 5 suppliers

Unit: Yuan

Serial No.	Company name	Purchase value	Proportion in the total purchase(%)
1	First	2,029,948,567.23	4.12%
2	Second	1,896,913,613.67	3.85%
3	Third	981,608,165.56	1.98%
4	Fourth	872,386,203.06	1.77%
5	Fifth	798,607,040.77	1.62%
Total		6,579,463,590.29	13.34%

### 3、Expenses

Unit: Ten Thousand Yuan

Item	2015	2014	increase/decrease
Business tax and surcharges	294,158	206,434	42.49%
Selling expenses	495,452	435,717	13.71%
General & Administration expenses	489,921	374,191	30.93%
Financial expenses	-15,081	6,607	-328.26%
Income tax expense	8,933	2,085	328.44%

During the reporting period, the increase of business tax and surcharges was due to the increase of consumption tax resulting from the growth of sales and the increased portion of cars charged with higher tax rate; the increase of selling expenses was due to the growth of sales; the increase of administration expenses was due to the increase of labor charges and travel expenses resulting from the expansion of business scope; the big decrease of financial expenses was due to the increase of bank deposits and the decrease of loans in the reporting period; the big increase of corporate income tax was due to the increase of total net profits excluding the investment gains.

### 4、Research and Development Expenditure

√ Applicable     Not applicable

In 2015, Changan Automobile implemented the R&D activities of new products orderly, continuously upgraded product quality, benefits and competitiveness in the respective segments. New products, such as Eado pure electric model, CS75 four-wheel drive, Engine H16EB and EA15-AA, Alsvin V7-Russia, Eado –Iran, CS35-gulf, CS75-Chile, were successfully put into production and launched into the markets. Changan tightly held the leading strategy of technology, mainly built the technical labels of “Fashion, Smart, Green” and continuously promote the R&D competencies, obtain the breakthrough on high-energy density cell integration technology, the extension range of the vehicle reached 200 km under comprehensive working conditions; active safety tech of ACC and AEB was applied on Reaton-16, CS75-17; 15 items were defined as the features of the performance family and applied on the



generation 3; master the lightweight tech of high-strength steel hot stamp, steel-substitute plastic, the components of doorsill roll-in reinforcement and thermal forming lower reinforcement of B pillar were successfully applied on CS15, with the reduction of weight by 14.8kg, and made substantial breakthrough on lightweight tech industrialization.

### R&D investment Table

	2015	2014	variance ratio
Labor Number	10,918	9,053	20.60%
Proportion of labor in the Company	11.83%	11.29%	0.54%
Investment value(100 million yuan)	25.63	20.12	27.39%
Proportion of investment in the revenue	3.84%	3.80%	0.04%
Capitalization(100 million yuan)	6.49	6.10	6.39%
Proportion of capitalization in R&D investment	25.32%	30.32%	-5%

#### Significant Change of the proportion of R&D investment in the revenue

Applicable  Not applicable

#### Significant change of the proportion of capitalization in the R&D investment

Applicable  Not applicable

#### Patents in the recent two years

Applicable  Not applicable

	Applied	Obtained	Cumulatively obtained at the end of reporting period
Patent for invention	455	139	508
Utility model	533	556	2,605
Appearance design	194	169	2,474
Changes of tech team or key tech persons in the reporting period	No significant change		
Whether the hi-tech enterprise accredited by National Technology Ministry	Yes		

## 5、Cash Flow

Unit: Ten Thousand Yuan

Item	2015	2014	Increase/decrease
net cash flows from operating activities	541,489	377,992	43.25%

net cash flows from investing activities	426,776	521,958	-18.24%
net cash flows from financing activity	-131,946	-357,799	63.12%
Net increase in cash and cash equivalents	836,307	541,991	54.30%
Cash and cash equivalents at end of year	1,772,592	936,285	89.32%

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

Applicable     Not applicable

In 2015, the net cash flow generated from operating activities was 5.415 Billion Yuan, a year-on-year increase of 1.635 Billion Yuan, mainly resulting from the increase of production and sales volume; the outflow of the net cash flow generated from financing activities was 1.319 Billion Yuan, a year-on-year decrease of 2.259 Billion Yuan, mainly resulting from the big decrease of the repayment amount of loans in 2015.

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

Applicable     Not applicable

As for the significant difference between cash flow from operating activities and net profit in the reporting period, refer to the 56<sup>th</sup> item “Supplementary Information of the Cash Flow Statement” in the Financial Statements Note 5.

**III. Analysis of non principal business**

Applicable     Not applicable

**IV. Assets and liability**

**1. The significant changes of the assets**

Unit: Ten Thousand Yuan

Item	Dec.31,2015		Dec.31,2014		Increase/d ecrease (%)	YoY change (%)	instructions
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)			
Monetary capital	1,803,510.97	20.17%	969,308.35	13.91%	6.26%	86.06%	Mainly resulting from the better Group operating performance, the increase of Changan Ford profit and the cash dividends in the reporting period.
Accounts receivable	87,547.96	0.98%	75,887.62	1.09%	-0.11%	15.37%	
Inventories	812,907.51	9.09%	657,218.65	9.43%	-0.34%	23.69%	
Long-term equity investments	1,490,650.04	16.67%	1,262,398.96	18.12%	-1.45%	18.08%	Mainly resulting from the increase of Joint Ventures' profits and Changan Ford's dividends in the reporting period.

Intangible assets	284,333.17	3.18%	287,896.52	4.13%	-0.95%	-1.24%	
Development expenditure	109,346.24	1.22%	62,784.55	0.90%	0.32%	74.16%	Mainly resulting from the increase of Group's sales and R&D activities in the reporting period.
Fixed assets	1,391,023.75	15.56%	1,456,557.98	20.90%	-5.34%	-4.50%	A few number of new fixed assets added and the depreciation of fixed assets in the reporting period
Construction in progress	306,387.40	3.43%	127,399.70	1.83%	1.60%	140.49%	The The increase of constructions in progress, and the decrease of completed and transferred fixed assets
Notes receivable	2,268,309.62	25.37%	1,778,016.17	25.51%	-0.14%	27.58%	The increase of Group's sales.
Other receivable	100,148.52	1.12%	26,045.73	0.37%	0.75%	284.51%	The increase of Group's sales, energy saving huimin subsidies and new energy car incentives.

## 2、The significant changes of the liability

Unit: Ten Thousand Yuan

Item	Dec.31,2015		Dec.31,2014		Increase/decrease (%)	YoY change	Instructions
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)			
Short-term loans	5,000.00	0.06%	9,000.00	0.13%	-0.07%	-44.44%	Mainly resulting from the repayment of loans
Payroll payable	149,961.39	1.68%	102,236.97	1.47%	0.21%	46.68%	Mainly resulting from the increase of human costs and expansion of workforce.
Notes payable	1,866,290.06	20.87%	1,310,862.34	18.81%	2.06%	42.37%	Mainly resulting from the increase of purchase due to the increase of Group's sales
Accounts payable	1,497,382.66	16.75%	1,303,879.37	18.71%	-1.96%	14.84%	
Tax payable	35,674.92	0.40%	3,602.40	0.05%	0.35%	890.31%	Mainly resulting from the increase of income tax payable due to the increase of Group's sales and profits.

Advance receipt	732,661.26	8.19%	580,271.73	8.33%	-0.14%	26.26%	
Accrued liability	164,167.62	1.84%	122,111.49	1.75%	0.09%	34.44%	Mainly resulting from the increase of accrued warranty expenses in accordance with the standards of third party due to the increase of Group's sales.
Other current liabilities	393,089.90	4.40%	292,189.90	4.19%	0.21%	34.53%	Mainly resulting from the increase of accrued sales compensation and related freight due to the increase of Group's sales.

### 3、Assets and liabilities measured by fair value

Unit: Ten Thousand Yuan

Item	Amount at year beginning	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Amount at year end
Financial assets					
Financial assets available for sales	39,564.75	-4,419.75	32,857.00	-	35,145.00
Subtotal of financial assets	39,564.75	-4,419.75	32,857.00	-	35,145.00
Others					
Total	39,564.75	-4,419.75	32,857.00	-	35,145.00
Financial liabilities					

Whether the measurement attributes of main assets in the reporting period have significantly changed

Yes  No

## V. Analysis of Investment

### 1、General information

Applicable  Not applicable

External investment		
Investment Amount in 2015 (RMB)	Investment Amount in 2014 (RMB)	Variance rate

1,185,552,000.00	439,980,000.00	169.46%
Particulars of investees		
Companies	Principal business	Proportion in the investees' equity (%)
Chongqing Automobile Finance Co.,Ltd.	Deposit, loan margin, interbank borrowing and etc.	35%
United Prosperity (Shenzhen)Investment Co., Ltd	Supplier chain management, home & abroad trade and consultation services and etc.	5%

## 2、Major equity investment in the reporting period

Unit: Ten Thousand Yuan

Company name	Principal business	Investment mode	Investment amount	Shareholding ratio	Capital source	Partner	Investment period	Progress on book-closing date	any litigation	Disclosure date(in case)	Disclosure index(in case)
United Prosperity (Shenzhen) Investment Co., Ltd	Supplier chain management, home & abroad trade and consultation services and etc.	Newly established	3055.2	5%	its own capital	China Changan Automobile Group Co.,Ltd., South Industries Assets Management Co.,Ltd., United Prosperity (Hongkong) Investment Co., Ltd	Indefinite duration	Paid 30,552,000 Yuan, United Prosperity (Shenzhen) Investment Co., Ltd runs officially after the preparation stage.	No	Jan.,10,2015	"on the acquisition of United Prosperity (Shenzhen) Investment Co., Ltd partial equity transactions associated with progress announcement" (Bulletin No. 2015-02)
Chongqing Automobile Finance Co., Ltd.	Deposit, loan margin, interbank borrowing and etc.	Complementary investment	115,500	35%	Its own capital	China South Industries Group, China South Industries Group Finance Company, Qindong Motors (Group) Co., Ltd., Chongqing	Indefinite duration	Paid 1.155 Billion Yuan, Chongqing Automobile Finance Co., Ltd completed the business change registration and formality of the equity	No	Mar.7, 2015	on the acquisition of Chongqing Automobile Financial Co.,Ltd partial equity transactions associated

						Yufu assets management group co., Ltd., Chongqing Rural Commercial Bank Co., Ltd.		transaction			with progress announcement" (Bulletin No. 2015-12)
Total	--	--	118,555.2	--	--	--	--	--	--	--	--

### 3、Major non-equity investment in the reporting period

Please refer to Notes V to Financial Statement Item 14" Construction in progress"

### 4、Investment of Financial Assets

#### (1) Equity-holdings in financial enterprises

Applicable  Not applicable

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%	35,500,000	0.76%	351,450,000	5,325,000	Tradable financial assets	Initial investment

#### (2) Derivative Investments

Applicable  Not applicable

### 5、Use of raised funds

Applicable  Not applicable

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

## VI. Selling of major assets and major equity

### 1、Selling of major assets

Applicable  Not applicable

There is no selling of major assets.

## 2、Selling of Equity

Applicable    Not applicable

There is no selling of major equity.

## VII. Analysis of main holding companies and equity companies

Applicable    Not applicable

### Basic information of main subsidiary companies and shareholding companies which have an impact on over 10% of net profits

Unit: ten thousand yuan

Name	Registered capital	Equity held	Main businesses	Total assets	Main operating income	Net profit
Hebei Changan Automobile Co., Ltd.	46,469	94.22%	Produce and sell auto and parts	125,399	354,097	1,554
Nanjing Changan Automobile Co., Ltd.	60,181	84.73%	Produce and sell auto and parts	103,473	197,301	-24,494
Hefei Changan Automobile Co., Ltd.	77,500	100%	Produce and sell auto and parts	119,681	236,622	1,106
Baoding Changan Bus Manufacture Co., Ltd.	3,000	100%	Produce and sell auto and parts	312,188	268,296	3,659
Changan Ford Automobile Co., Ltd	24,100 USD	50%	Produce and sell auto and parts	5,047,227	11,755,089	1,746,873
Changan Mazda Automobile Co., Ltd	11,097 USD	50%	Produce and sell auto and parts	1,231,910	2,035,573	165,111
Changan Ford Mazda Engine Co., Ltd	20,996 USD	50%	Produce and sell auto and parts	254,874	314,789	16,580
Chongqing Changan Suzuki Automobile Co., Ltd	19,000 USD	50%	Produce and sell auto and parts	721,388	858,669	-39,200
Changan PSA Automobiles Co.,Ltd	400,000	50%	Produce and sell auto and parts	854,764	369,707	-66,569
JMC Holding Co., Ltd.	200,000	50%	Produce and sell auto and parts	890,855	489,086	75,802
Chongqing Changan Auto. sales subsidiary companies	850	100%	Produce and sell auto and parts	18,105	61,853	98
Chongqing Changan Auto. International Sale Service Company	1,376	95%	car export, import and export agent	24,837	55,295	-2,868
Chongqing Changan Automobile Sales Co.,Ltd.	4,850	100%	sell auto and parts	12,078	6	63
Chongqing Changan Auto. Customer Service Co., Ltd.	3,000	100%	sell auto and parts	58,719	117,405	12,460
Chongqing Changan New Energy Automobile Co., Ltd.	2,900	65%	NEV production and sales	20,299	25,007	43
Chongqing Changan Special Automobile Sales Co., Ltd.	500	50%	Special vehicle and spare parts sales, car maintenance	19,143	28,454	221

Subsidiaries acquired and sold in the reporting period

Applicable Not applicable

Major holding subsidiaries and joint ventures

Unit: ten thousand yuan

Name	Net Asset at the end of 2015	Net Asset at the end of 2014	Change situation (%)
Changan Ford Automobile Co., Ltd.	1,746,873	1,441,286	21.2%
JMC Holding Co., Ltd.	75,802	73,013	3.82%
Changan Mazda Automobile Co., Ltd	165,111	101,461	62.73%
Chongqing Changan Suzuki Automobile Co.,Ltd.	-39,200	2,278	-1820.81%
CA PSA Automobile Co.,Ltd.	-66,569	-32,302	-106.08%

During the reporting period, the sales from Changan Ford and Changan Mazda increased significantly, which led to the huge rise of the net profit on a y-o-y basis; the sales from Changan Suzuki decreased a lot, which led to the big losses of net profits; the sales of CAPSA dropped and the period charge increased, which led to the bigger losses.

### VIII. Structural main business under the company control

Applicable Not applicable

### IX. The company's future development prospect

#### 1、 Industry competition pattern and trend of development

In 2015, under the backdrop of the slowdown of Chinese economy, the growth rate is predicted to drop to 6.9%. Economy growth changes from the high speed into medium speed; with the continuous optimization and upgrading of economic structure, the proportion of the third industry in GDP grows rapidly; the adjustment of internal industry structure sped up with the emergence of the new industry, new business, and new products, and the industry structure went fast toward mid-premium end; the gap of regional economic growth was huge, and the multispeed growth pattern was arising.

In the aspect of industry trend, the growth sources of China auto market was transferring from first-tier, second-tier cities to third-tier, fourth-tier and lower tier cities; China was transforming from a big car-making country into a powerful car-making country, the proportion of China brand cars was going up continuously, adjustment of industry structure was deepening, the market was playing a bigger role in the allocation of resources, the automakers were facing tougher market competition, and the new energy cars became a new hot point.

It's expected in 2016 the growth rate of China auto market is 3.0%, with sales volume of about 25.34 million vehicles.

#### 2、 Development strategy of the Company

Seize the strategic opportunity period of next ten years, especially the next 3-5 years, and realize the rapid, healthy and sustainable development; accelerate the development of Changan brand business, strengthen the construction of brand, products and technology and system, and build the foundation of the world first-class enterprise; adhere to the development by "two legs", further strengthen the joint venture cooperation, and innovate the road of joint development; take new energy technology as a breakthrough point and regard the information technology as an innovative means to speed up the Changan's transference from the traditional vehicles to the new energy vehicles, and from the traditional manufacturing enterprise to the manufacturing service enterprise; adhere to the principle of marking Chinese market as the main body and actively exploring the overseas markets; promote the deepening of the reform vigorously, and continuously enhance the development momentum and vitality.



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In 2025, Changan estimated to sell 6 million units including 3.4 million units of Changan brand cars and become a world-class auto enterprise with first-class technology, first-class quality, first-class brand, and first-class scale.

### 3、 The new energy strategy

In the next decade, Changan will expand the investment, and strongly support in the four aspects of development, technology, supply, operations, to build new energy products with global excellent sources, taking Chongqing, Beijing R&D base as the centers and co-ordinating US and UK R&D centers. Changan will take pure electric drive as the main line and simultaneously develop the technology platform of both plug-in hybrid technology and pure electric technology. By 2020, Changan Automobile will invest 8 billion yuan with the cumulative sales of 400 thousand units; by 2025, Changan will invest 18 billion yuan, introduce 34 models of new energy cars with the cumulative sales of more than 2 million units, and become an advanced international and domestic first-class new energy auto companies.

### 4、 Intelligent technology strategy

Changan has published the development plan of automotive intelligent technology strategy, that is, “654” strategies. It means the construction of 6 platforms, the mastering of 5 core applied technologies, and the industrialization of intelligent tech in four stages. By the end of 2015, Changan will complete the objectives of the first stage by launching the products with assistant driving functions into market, and the main technologies include: whole self-adaptive cruise control, semi-automatic parking, intelligent terminal 3.0 and etc; by 2018, Changan will complete the objectives of the second stage, that is, the development and industrialization of Semi-automatic drive tech, applied techs are, integrated self-adaptive cruise control, automatic parking, intelligent terminal 4.0; by 2020, complete the objectives of the third stage, to be highly automatic drive, the functions include full-automatic drive on motor way, one-key parking, intelligent terminal 5.0; by 2025, to reach full-automatic drive and industrialization.

### 5、 Business plan

In 2016 the aim of the board of directors of the company is as follows: strive to produce and sell more than RMB2.95 million cars, and achieve sales revenue over 253 billion yuan (including 100% revenue of JVs) and the consolidated revenue about 72.1 billion yuan. In order to realize the above objectives, this year the company will work with "focus, responsibility, reform, innovation" as the key points, concentrate resources, initiatively take responsibilities, innovate management, promote efficiencies, resolutely fulfill various operating objectives and focus on the following work: Firstly, concentrate resources, resolutely conduct the marketing and service campaign, build classic products; secondly, adhere to the technology leading principle, accelerate the development progress of new products; thirdly, deepen the cultivation of customers, rapidly realize Pleasant Experience for customers; fourthly, continuously upgrade the product quality, enhance the competition capability of products; fifthly, innovate, reduce costs and improve efficiencies, upgrade operation quality; sixthly, actively and steadily push forward the development of new energy cars; seventhly, brand promotion, support marketing activities in all-round aspects, upgrade the brand recognition of major products; eighthly, speed up the adjustment of product structure and production capacity structure; ninthly, firmly execute the overseas strategy, steadily push forward the overseas business; tenthly, deepen the reform, implement steady development, continuously push forward new products and new businesses; eleventhly, push forward the scientific development, optimize the system and improve efficiencies; twelfthly, stick to the confidence of JV development, quickly respond to the market; thirteenthly, promote the organizational efficiency, stimulate the full potential of all the staff; fourteenthly, pay highly attention to security and environmental protection, promote the steady development of the enterprise; fifteenthly, play the advantages of party building and culture building, and complete the patrol rectification.

### 6、 Capital requirement and use plan of 2016

To realize corporate strategic objectives, the company capital expenditure is expected to be RMB 8.03 billion yuan in 2016, the investment of fixed assets is RMB 5.504 billion yuan, and the equity investment is RMB 2.499 billion yuan. Investment in fixed assets is mainly in productivity construction, structure adjustment, research and development ability construction, logistics and foundation construction, technological transformation on security and environmental protection, new technology on new energy cars, technological reconstruction, and etc., among which the extension project is RMB3.153 billion yuan, accounting for 57.29%. Equity investment mainly includes the projects of overseas market expansion, projects of overseas research and development investment and

extension projects of new business. The company will, according to the implementation and plan of new projects and related provisions of the listing rules, perform the approval procedures of the corresponding specific project and publicize them. Capital requirements will be based on the project progress situation and 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.

#### 7、 Potential risks

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

In 2016, the company will be faced with the risks from the market, policies and regulations, the development of independent brands and other risks as follows:

(1) Economic trend: Chinese economy is on the critical period of structural adjustment, in the face of the systematic problems, such as high inventory, over capacity, high debt leverage ratio, high enterprise cost taxes, short slab of the industry and etc., and the development of automotive industry is under pressure.

(2) Tougher competition: New models are launched frequently, price war and position war are putting on stage one after another, and the potential development space is narrowed;

(3) Policy and regulation risk: The tightening of the policies and regulations brings a series of challenges to the technology and cost;

(4) The development of independent brands: Lack of the investment in independent brands, and the company is difficult to explore the high-level market and faces the risk of downward suppression from joint venture;

(5) Overseas development: Uncertainty of overseas development environment and the insufficient support from internal system will bring great challenges to the breakthrough of the overseas business;

(6) Institutional mechanism risk: The company needs to gradually reform and optimize the mechanism and system, further improve the efficiency and stimulate the vigors.

### **X. Statement of such activities as reception, research, communication, interview in the reporting period**

Date	Location	manner	Reception object	Content discussed and material offered
2015.1.4	Meeting Room, Changan Headquarters	On-Site Survey	Zealustre Assets	Automotive Industry Development and Company's Business
2015.2.4	Meeting Room, Changan Headquarters	On-Site Survey	Guotai Junan Securities、Mirae Asset	Automotive Industry Development and Company's Business
2015.2.6	Meeting Room, Changan Headquarters	On-Site Survey	CITIC Securities、Huaan Funds、CITIC-Prudential Fund Management Co.、Harvest Fund、PICC Asset Management Co.、Changsheng Fund Management Co.、Value Partners	Automotive Industry Development and Company's Business
2015.3.6	Meeting Room, Changan Headquarters	On-Site Survey	China Minzu Securities	Automotive Industry Development and Company's Business

2015.3.13	Meeting Room, Changan Headquarters	On-Site Survey	Angel Investment Co.、CITIC Securities International	Automotive Industry Development and Company's Business
2015.4.17	Meeting Room, Changan Headquarters	telephone conference	China Securities Co.	Automotive Industry Development and Company's Business
2015.5.6	Meeting Room, Changan Headquarters	On-Site Survey	Tiger Pacific Capital L.P.	Automotive Industry Development and Company's Business
2015.5.12	Meeting Room, Changan Headquarters	On-Site Survey	Fubon Securities	Automotive Industry Development and Company's Business
2015.5.14	Meeting Room, Changan Headquarters	On-Site Survey	China Merchants Securities、 Everyoung Capital Management、Shenzhen Tangrong Investment	Automotive Industry Development and Company's Business
2015.5.27	Meeting Room, Changan Headquarters	On-Site Survey	JPMorgan Asset Management、 Credit Suisse	Automotive Industry Development and Company's Business
2015.6.1	Meeting Room, Changan Headquarters	On-Site Survey	AllianceBernstein (Singapore) Ltd.、Deutsche Bank	Automotive Industry Development and Company's Business
2015.6.5	Meeting Room, Changan Headquarters	On-Site Survey	Huatai Securities	Automotive Industry Development and Company's Business
2015.6.8	Meeting Room, Changan Headquarters	On-Site Survey	Citibank、Jancho Partners Limited	Automotive Industry Development and Company's Business
2015.6.10	Meeting Room, Changan Headquarters	On-Site Survey	Guolian Securities	Automotive Industry Development and Company's Business
2015.6.11	Meeting Room, Changan Headquarters	On-Site Survey	CI Global Investments Asia Ltd.、Macquarie Securities	Automotive Industry Development and Company's Business
2015.6.25	Meeting Room, Changan Headquarters	On-Site Survey	3W Fund Management、 Greewoods Asset Management	Automotive Industry Development and Company's Business
2015.6.30	Meeting Room, Changan Headquarters	On-Site Survey	BNP Paribas Equities(Asia) Ltd.	Automotive Industry Development and Company's Business
2015.6.30	Meeting Room, Changan Headquarters	On-Site Survey	China Securities Co.	Automotive Industry Development and Company's Business
2015.7.2	Meeting Room, Changan Headquarters	On-Site Survey	Zheshang Securities、CIB Fund Management	Automotive Industry Development and Company's Business
2015.7.7	Meeting Room, Changan Headquarters	On-Site Survey	Foresea Life Insurance	Automotive Industry Development and Company's Business
2015.7.9	Meeting Room, Changan Headquarters	On-Site Survey	BOC International (China) Limited	Automotive Industry Development and Company's Business
2015.7.22	Meeting Room, Changan Headquarters	On-Site Survey	Hillhouse Capital	Automotive Industry Development and Company's Business

2015.7.24	Meeting Room, Changan Headquarters	On-Site Survey	Longquan Investment Management	Automotive Industry Development and Company's Business
2015.7.27	Meeting Room, Changan Headquarters	On-Site Survey	HSBC	Automotive Industry Development and Company's Business
2015.7.29	Meeting Room, Changan Headquarters	On-Site Survey	China Securities Co.	Automotive Industry Development and Company's Business
2015.8.31	Meeting Room, Changan Headquarters	On-Site Survey	China Securities Co.、 Harvest Fund、 UBS SDIC、 CCB Principal Asset Management Co.、 ICBC Credit Suisse Asset Management、 China Life AMP Asset Management、 Sunshine Asset Management、 Commando Capital、 Tianan Property Insurance、 CICC Fund、 Bank Of Beijing Scotiabank Asset Management、 Desheng Capital、 Hope Asset、 Hillhouse Capital、 Golden Resources、 Gaohua Securities、 Heng An Standard Life、 Tianjun Investment、 China Life Pension、 Anbang Insurance Group、 New China Fund Management、 JT Asset Management	Automotive Industry Development and Company's Business
2015.9.15	Meeting Room, Changan Headquarters	On-Site Survey	Southwest Securities、 China Southern Asset Management	Automotive Industry Development and Company's Business
2015.9.18	Meeting Room, Changan Headquarters	On-Site Survey	Founder Securities、 Bosera Funds	Automotive Industry Development and Company's Business
2015.9.28	Meeting Room, Changan Headquarters	On-Site Survey	Red Horse Capital	Automotive Industry Development and Company's Business
2015.11.2	Meeting Room, Changan Headquarters	On-Site Survey	Daewoo Securities Co. Ltd.	Automotive Industry Development and Company's Business
2015.11.6	Meeting Room, Changan Headquarters	On-Site Survey	Fosun Group	Automotive Industry Development and Company's Business
2015.11.18	Meeting Room, Changan Headquarters	On-Site Survey	Morgan Stanley、 Allianz Global Investors、 Amundi Asset Management、 BNP Paribas Investment Partners、	Automotive Industry Development and Company's Business

			SFM HK Management Limited、Hendersonland Development Company、Janchor Partners、NORGES BANK INVESTMENT MANAGEMENT	
2015.11.26	Meeting Room, Changan Headquarters	On-Site Survey	China Securities Co., Ltd.、 PingAn Asset Management Co.,Ltd.、Huatai-Pinebridge Fund Management Co., Ltd.	Automotive Industry Development and Company's Business
2015.12.9	Meeting Room, Changan Headquarters	On-Site Survey	Zheshang Securities Co., Ltd.	Automotive Industry Development and Company's Business
2015.12.15	Meeting Room, Changan Headquarters	On-Site Survey	Zhongxin Huacheng Investment Co., Ltd.、JIC Leasing、Guotai Junan Securities	Automotive Industry Development and Company's Business

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## Chapter 5 Important Matters

### I .Company common stock profit distribution and capital reserves converting into share capital

**During the reporting period, the common stock profit distribution policy, especially the formulation, implementation or adjust situation of cash dividend policy.**

applicable  not applicable

According to the China Securities Regulatory Commission requirements, in combination with the practical situation of the company, the Company has rectified the “Articles of Association” and clarified about the distributable profit caliber, dividend distribution way, principle, form, cash dividend conditions and proportion, stock dividend condition, plans to set up and review procedures, the implementation, the conditions of distribution policy adjustment, and decision-making procedures, etc, to strengthen the supervision function of independent directors in the profit distribution plan, policy adjustment, strengthen the guarantee system of the dividend return for investors. The company’s specific distribution policy: an annual profit of cash dividend payment shall not be less than 15% of the realized consolidated profit available for distribution, and not less than any on the principle of profit for three consecutive years, the cumulative distribution of cash the consolidated financial statements for three years to achieve an average annual allocation of 45% of profits. Company reported profit distribution plan and equity shares in line with the relevant provisions of the Articles of Association and relevant provisions.

During the reporting period, profit distribution plan and capital reserves converting into share capital plans conforming to the relevant provisions of the company's articles of association, etc.

Special Statement for Cash Dividend Policy	
Whether comply with the company's articles of association or requirements of resolutions of the shareholders' general meeting:	Yes
Whether the standard of distribution and the proportion is clear:	Yes
Whether the related decision-making process and mechanism is complete:	Yes
Whether the independent directors play a proper role:	Yes
Whether the small and medium-sized shareholders have the chance to fully express their views and demands, whether the legitimate rights and interests get fully protected:	Yes
Whether cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Yes

**For the last three years (including the reporting period), the company profit distribution draft or plan, and draft or plan that the capital reserves converting into share capital**

2013 annual profit distribution plan is: Based on the existing total shares of 4,662,886,108, distribute cash of RMB 1 yuan (including tax) to all the shareholders every 10 shares.

2014 annual profit distribution plan is: Based on the existing total shares of 4,662,886,108 is the base, distribute cash of RMB 2.5 yuan (including tax) to all the shareholders every 10 shares.

2015 annual profit distribution plan is: Based on the existing total shares of 4,662,886,108, distribute cash of RMB 6.4 yuan (including tax) to all the shareholders every 10 shares.

**Share out Cash Bonus Table for last three years**

Unit: Yuan

Year	Cash dividend amount (tax included)	Net profit attributable to shareholders of listed companies in dividends annual consolidated statements	The net profit ratio (%) attributable to shareholders of listed companies in consolidated statements
Year 2015	2,984,247,109.12	9,952,714,168.08	29.98%
Year 2014	1,165,721,527.00	7,561,081,585.81	15.42%
Year 2013	466,288,610.80	3,368,591,105.89	13.84%

## II. Preplan of profit allocation and capital reserve converting into share equity during the reporting period

For every 10 shares to send red share number (shares)	0
For every 10 shares dividend number (RMB) (tax included)	6.40
The equity base of distribution plan(shares)	4,662,886,108
Total cash dividends (yuan) (tax included)	2,984,247,109.12
Distributable profits (yuan)	26,573,855,747.25
Proportion (%) of cash dividends to total profit distribution	100%
Cash dividend policy:	
Others	
Detailed statement of profit allocation or plan that capital accumulation fund turn to be added	
<p>Audited by Ernst &amp;Young Huaming certified public accountants (special ordinary partnership) , the parent company annual net profit of 2015 is RMB 9,998,453,821.18 yuan, added with early undistributed profit of RMB17,744,494,650.50 yuan, minus the allocated cash dividend of RMB1,169,092,724.43 yuan during the reporting period, profits distributed to shareholders is RMB 26,573,855,747.25 yuan, minus the allocated statutory surplus reserve of RMB 0.00 yuan this year, so at the end of 2015 the undistributed profits can be used for distribution is RMB 26,573,855,747.25 yuan. At the end of 2015, monetary fund balance of the parent company is RMB 17,223,403,333.90 yuan.</p> <p>2015 annual profit distribution plan is: Based on the existing total shares of 4,662,886,108, send cash of RMB 6.4 yuan (including tax) to all the shareholders every 10 shares with total cash of RMB 2,985,814,250.42 yuan (including tax).</p>	

## III. Commitments Fulfillment Condition

**1、Commitments that company, shareholders, actual controllers, the acquirer, directors, supervisors and senior management personnel or other affiliated parties during the report period fulfilled and by the end of report period not yet fulfilled.**

commitments	Commitment	Commitment content	Commitment	period for	Performance
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	entity		time	commitment	
The commitments of stock reform	China Changan	1.China Changan will abide by the laws, regulations and rules, to perform the legal obligations.2. Held by the original non-tradable shares from obtaining the right to list and trade date, At least 24 months is not publicly traded or transferred, The 24 months after the expiration of the term of, Non-tradable shareholders stock exchange through the sale of shares, The sale of shares of the company accounted for the proportion of the total number of within 12 months and not more than five percent, In 24 months of no more than ten percent,3. Company in the shares changed after the completion of According to the national related management systems and methods for implementing the management equity incentive plan	May, 2006		As of the end of the reporting period, CCAG, the Company's shareholder with share selling restrictions, held 373,358,342 shares with selling restrictions, which will be lifted after the implementation of management share incentive plan according to the commitments of shareholding reform. During the reporting period, according to CCAG's document "A Supplementary Explanation to Participating in the Share Split Reform of Chongqing Changan Automobile Co., Ltd.", the Company confirmed that it will implement the management share incentive plan before June 30, 2016, according to relevant national regulations and measures.
Other small shareholders commitment	China Changan	In order to avoid and eventually solve the possible competition or potential competitors, better maintain the interests of investors, the company controlling shareholder China Changan made the commitment: In two consecutive years profit of Harbin Hf Automobile Industry Group Co, With the continuous development ability and management level is improved significantly under the condition of, Proposed that enterprises into the company.	September, 2010		The Harbin Hf Automobile Industry Group Co at present is still running at a loss, The conditions have not yet reached the profitable for two consecutive years.

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

Applicable non-applicable

**IV. The non-operating fund occupation situation of the controlling shareholders and their affiliates to the listed companies**

Applicable non-applicable

During the reporting period there does not exist non-operating fund of the listed company occupied by the controlling shareholder and its affiliated parties.



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**V. The board of directors, supervisors, and independent directors (if applicable) explaining the "non standard audit report" from the accounting firm during the reporting period**

Applicable non-applicable

Certified public accountants do not issue "non-standard audit report" for the current report.

**VI. Explaining the change with last year's financial statements, accounting policies, accounting estimate and accounting methods**

Applicable non-applicable

During the report period, there's no change of accounting policies, accounting estimate and accounting methods.

**VII. During the reporting period, big accounting errors correction and no need for trace restatement**

Applicable non-applicable

During the reporting period, no significant accounting errors correction and no need for trace restatement.

**VIII. Compared with last year's financial report, the explanation for the scope change of consolidated report**

Applicable non-applicable

The company has no change of merging scope during the reporting period.

**IX. 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 payment (ten thousand Yuan)	350
A continuous years of domestic accounting firms audit service	9
Domestic accounting firm of Certified Public Accountants name	Qiao Chun, Ai Wei

Whether the accounting firms to hire

Applicable non-applicable

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

Applicable non-applicable

Through the approval from the company's fourth extraordinary shareholders' general meeting, the company hired Ernst & Young Huaming certified public accountants (special ordinary partnership) as the company's 2015 annual internal control audit certified public accountants. In 2015 the internal control audit fee paid for the internal control auditing services provided by Ernst & Young Huaming certified public accountants (special ordinary partnership) is RMB 1.2 million yuan.

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**X. After the disclosure of the annual report, the Company faces the suspension and termination of the listing**

Applicable  non-applicable

**XI. Bankruptcy restructuring related matters**

Applicable  non-applicable

During the report period no bankruptcy restructuring related matters occur.

**XII. Crucial litigation and arbitration events**

Applicable  non-applicable

During the reporting period the company has no crucial litigation and arbitration events.

**XIII. Punishment and rectification**

Applicable  non-applicable

During the reporting period there's no punishment and rectification.

**XIV. The integrity of company and its controlling shareholder, actual controller**

Applicable  non-applicable

**XV. Company equity incentive plan, the implementation of the employee stock ownership plan or other staff incentives.**

Applicable  non-applicable

During the report period the company has no equity incentive plan, the implementation of the employee stock ownership plan or other staff incentives.

**XVI. Significant related party transactions****1、 Related transactions related to day-to-day operation**

The total amount of 2015 annual daily related transaction is 17.92887 billion yuan. Among them: purchasing goods and services is 9.63284 billion yuan. Sales goods and services is 7.99463 billion yuan; comprehensive service 290.37 million yuan and rental 11.03 million yuan. Details refer to the notes of financial statements of the financial statements and nine "related party relationships and transactions".

**2、 Assets or equity acquisition, sales related transactions**

Details refer to annual report of section 5 of the sixteenth item of article 3 of " Related transactions of common investment " .

### 3、 Related transactions of common investment

Applicable non-applicable

The twenty-sixth session of the sixth board of directors meeting was held on January 9, 2015 to approve the Bill of the Investment in Fortis (Shenzhen) co., Ltd., and the company planed to invest with self-raised funds by 5% stake. During the reporting period, the company has completed the approval from the Board of Directors, and Fortis (Shenzhen) co., Ltd. was set up and went under formal operation. For reference, see the RPT transaction announcement of the company (Bulletin No: 2015-02).

The twenty-ninth session of the sixth board of directors meeting was held on March 6, 2015 to approve the Bill of the Investment in Chongqing Automobile Finance co., LTD., with 35% shares. During the reporting period, the company has paid the price of 1.155 billion yuan, and completed the formalities of industrial and commercial registration of change of equity delivery. For reference, see the RPT transaction announcement of the company ((Bulletin No: 2015-12).

### 4、 Related rights and debt relations

Applicable non-applicable

Details refer to the notes nine "related party relationships and transactions" in the financial statement.

Whether there is any non-business related credits and debts

Applicable non-applicable

There is no non-operating associated credits and debts during the reporting period.

### 5、 Other significant related transactions

Applicable non-applicable

Related queries in disclosure website of interim report of related transactions

Name of temporary announcement	Temporary announcement date	Temporary announcement site name
Related-party transactions announcement about taking stake in United Prosperity (Shenzhen)Investment Co., Ltd	2015.1.10	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Related-party transactions announcement about taking stake in Chongqing Automobile Finance Co., LTD.	2015.3.7	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Related-party transactions announcement about the South Industry Finance providing financial service for the company	2015.4.2	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Related-party transactions announcement about using United Prosperity (HongKong) Investment Co., Ltd for trade financing	2015.4.2	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Related-party transactions announcement about the renewal of "Daily Related-party Transaction Framework Agreement", "Property Lease Framework Agreement "and" General Service Agreement "	2015.4.2	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
The Estimate of Daily Related-party Transactions Announcement for 2015	2015.4.17	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
About non-public A-share stock issue involving	2015.4.23	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

related-party transactions		
Announcement about increasing the estimated amount of 2015 daily related-party transaction	2015.10.31	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

## **XVII. Major contract and its performance**

### **1、 Trusteeship, contracting, leasing matters**

#### **(1) Trusteeship**

Applicable non-applicable

Information about Trusteeship

There is no Trusteeship during during the reporting period.

#### **(2) contracting**

Applicable non-applicable

Information about contracting

There is no contracting during the reporting period.

#### **(3) Leasing**

Applicable non-applicable

Information about leasing

Related party rental situation can be found in the note Ten of financial statements 5 (2) related party relationships and transactions.

Projects whose profit and loss to the company during the reporting period is more than 10% of total profits

Applicable non-applicable

Projects whose profit and loss to the company during the reporting period can't be more than 10% of total profits

### **2、 Major guarantee**

Applicable non-applicable

There's no major guarantee during the report period.

### **3、 Entrust others for cash assets management**

#### **(1) Entrust financial situation**

Applicable non-applicable

There's no entrusting situation during the reporting period.

#### **(2) Entrusted loans situation**

Applicable non-applicable

There's no entrusted loan during the reporting period.

#### 4、 Other major contract

Applicable non-applicable

There's no other major contract during the reporting period.

### XVIII. Other important events

Applicable non-applicable

The Company shall make a public announcement on March 7, 2015 to apply for stock suspension since March 9, 2015 and preparing the 2015 annual non-public stock offering. The thirty-third session of the sixth board of directors meeting was held on April 22, 2015, to approve the non-public company stock and other relevant bills for raising money of 6 billion yuan to the particular objects; On May 26, 2015, the company approved the above bills on the second extraordinary shareholders' general meeting of 2015. On June 3, 2015, the company submitted the application documents of the non-public offering to the China securities regulatory commission. On June 9, 2015, the Company received the notice of application documents about non-public offering accepted by CSRC (151479). On June 16, 2015, the Company received "The letter on making preparations for examination committee meeting about related projects". On March 31, 2016, the company held the second session of the seventh the board of director to review and approve the "Bill about withdrawing the 2015 non-public offering application documents". For detailed information, please refer to <http://www.cninfo.com.cn> for relevant announcements.

### XIX. Important matters of company and subsidiary

Applicable non-applicable

### XX. Social responsibility

Applicable non-applicable

The Company 2015 annual social responsibility report is released in electronic form, and can be found on our company website <http://www.changan.com.cn/> or on the website of [www.cninfo.com.cn](http://www.cninfo.com.cn).

### XXI. Corporate bonds

Whether there is corporate bonds issued in public and listed on the stock exchange, and not fully paid in the annual report quoted due day before maturity or due day

Applicable non-applicable

#### 1、 Basic information of corporate bonds

bond name	bond short name	bond code	issue day	due day	Bond balance (ten thousand yuan)	interest rate	Servicing way
-----------	-----------------	-----------	-----------	---------	----------------------------------	---------------	---------------

Corporate bonds of Chongqing Changan Automobile Co., LTD., 2012	12 Changan debt	112079	2012.04.23	2017.04.23	198,000	5.30%	<p>On/up interest day: April 23, 2012.</p> <p>Payment date: from 2013 to 2017 every year on April 23 for a draw on the annual payment date (in case of legal holidays or rest days, automatically postponed to the following first working day).</p> <p>To honour day: April 23 of 2017 (in case of legal holidays or rest days, automatically postponed to the following first working day).</p> <p>Servicing way: using simple interest rate on a yearly basis, regardless of compound interest, extra interest doesn't incur from overdue situation. Due payments once a year, maturing debt at a time. In the final phase, interest is paid together with the principal redemption.</p>
Corporate bonds listed or trading places	Listed in Shenzhen Stock Exchange						
Investors appropriate arrangement	For qualified investors						
During the reporting period, interest payment situation of the company bonds	<p>According to 2012 company bond rate announcement of Chongqing Changan Automobile Co., LTD., the current bond rate is 5.30%. Each 1000-yuan face value of bonds entails the interest of RMB 53.00 yuan (including tax). After the tax collection, the actual distributing interest for the individual and the securities investment fund bond holders is RMB42.40 yuan for each; after the tax collection, the actual distributing interest of a non-resident enterprise (including QFII, RQFII) is RMB 47.70 yuan for each.</p> <p>The company in 2015 pays RMB 104.8 million yuan of bond interest; Creditor's rights registration day: April 22, 2015; Ex-dividend day: April 23, 2015. Payment date: April 23, 2015.</p>						

## 2、 Bond trustee and the credit rating agency information

Bond trustee:							
Name	Haitong Securities Co., LTD. (hereinafter referred to as the "Haitong securities")	office address	No. 1101, the 11st floor of Taikang International Building, No. 2 of Wudinghou Street, of West city district, Beijing.	contact	Li Shiwen	Tel	010-58067801
The credit rating agencies which follow and rate the corporate bond during the reporting period							

Name	Joint Credit Rating Co., LTD	office address	No. 2 PICC Building 12 layer, Broadway street, Chaoyang District, Beijing (100022)
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### 3、 The usage of corporate bonds to raise money

The usage and performance of raised funds from Corporate bonds	<p>The twenty-sixth session of the fifth board of directors meeting held on January 16th, 2012, and the extraordinary shareholders' general meeting for the first time on February 3rd, 2012, passed the bill on issuance of company bonds. On March 26, 2012, the company received the approval of China securities regulatory commission about Chongqing Changan Automobile co., LTD., a public approval of the issuance of company bonds "(regulatory permission [2012] no. 388), and the company was granted to issue corporate bonds to the public with face value less than 1.98 billion yuan.</p> <p>As of April 26, 2012, the company has completed relevant work of bond issue, raising money 1.98 billion yuan. The bond is a five-year variety with a fixed interest rate of 5.30%.</p> <p>The funds after the deduction of distribution costs in this issuance were completely used to supplement the company's liquidity.</p>
At the end of balance (ten thousand)	0
Raise money for special account operation	Operate orderly
Whether the usage of the raised money corresponding to the purposes of promise, use plans, and other agreement	Unanimous

### 4、 Corporate bond rating information

According to the China securities regulatory commission "corporate bond issuance and trading management measure" (hereinafter referred to as the "management measures"), the listing rules for "corporate bonds" of Shenzhen Stock Exchange and other regulations, Joint Credit Rating Co., LTD followed the credit rating for the company's issuance of corporate bonds. Joint Credit Rating Co., LTD issued the analysis report of tracking rating 2012 corporate bonds for Chongqing changan automobile co., ltd. on June 12, 2015 and maintained the credit rating of "AAA" for Changan Automobile with the outlook of "stable"; At the same time it maintained "AAA" credit rating" for 12 changan debt. (Detailed information, please refer to <http://www.cninfo.com.cn> for the 2015 analysis report of tracking rating 2012 corporate bonds for Chongqing changan automobile co.,ltd.).

Joint Credit Rating Co., LTD is expected to issue the 2016 analysis report of tracking rating 2012 corporate bonds for Chongqing changan automobile co.,ltd. in early June 2016. Detailed information, please refer to <http://www.cninfo.com.cn>.

### 5、 Corporate bond credit mechanism, the debt repayment plans and other security measures

Applicable non-applicable

(1) The credit mechanism

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This bond is guaranteed by China changan with full, unconditional, irrevocable and joint liability, and the scope of the guarantor's guarantee includes the current debt principal and interest, as well as the penalty due to breach of contract, compensation for damage, the cost of the creditor's rights and other fees. As for the main financial indicators of the guarantor, please refer to the chapter "The guarantor's financial statements during the reporting period."

(2) The repayment plan

①The interest payment

A. Due payments once a year, maturing debt at a time. In the final phase, interest is paid together with the principal redemption. No interest incurs from each interest payment since payment date. This bond payment date from 2013 to 2017 for every year on April 23 (in case of legal holidays or rest days, automatically postponed to the following first working day, and no additional interest payments during the postponing period).

B. The bond interest paid by bonds registration institution and related institutions. Specific item of the interest payments will be released in the designated media by the competent department of media in accordance with the relevant provisions of the state.

C. According to the national tax laws and regulations, investors should pay the relevant taxes and fees generated from the bonds.

②The payment of the principal

A. Debt to the maturity of bonds for the issuance..

B. This bond redemption date for April 23, 2017 (in case of legal holidays or rest days, automatically postponed to the following first working day, and no additional interest payments during the postponing period).

C. The bond principal paid by bonds registration institution and related institutions. Specific item of the principal payments will be released in the designated media by the competent department of media in accordance with the relevant provisions of the state.

(3) The debt repayment guarantee measures

In order to fully and effectively safeguard the interests of the bondholders, the company set up a series of work plans for the timely repayment of the issue bonds with full specified amount at once, including a specific department and personnel, the arrangement of a sinking fund, the management measures, the organization and coordination, the strengthening of information disclosure, etc., and the repayment guarantee measures are as follows:

①Develop the bondholder meeting rules

The Company in accordance with the requirements of the "management method" made "The bondholder meeting rules". "The bondholder meeting rules" agreed on the scope, procedures and other important issues of bondholders' rights through bondholders meeting, to ensure the system arrangement for the timely repayment of the company debt principal and interest.

②Hire a bond trustee

In accordance with the "management measure" regulation, the Company employed Haitong Securities as the trustee of the current debt and concluded with Haitong Securities on the "bond trustee agreement". During the existing period, the Haitong Securities in accordance with the agreement of the bond trustee agreement was on behalf of the interests of the current bondholders. The Company, in strict accordance with the provisions of the bond trustee agreement, cooperated with the bond trustee to perform its duties, and submitted the execution of the promise to the bond trustee on a regular basis, and informed the bond trustee and the guarantor in the case of default in order to start the corresponding security program in time, or other necessary measures according to the bond trustee agreement.

③Strict capital management plan

After this bond issuance, according to the situation of the debt structure, the company further enhanced the company's assets and liabilities management, liquidity management, use management of raised funds and was subject to future debt principal and interest payable based on the annual and monthly fund use plan, guarantee the capital schedule as planned to conduct the timely and full repayment of the interest and principal and protect the interests of investors.

④Strict information disclosure

The Company will follow the principle of true, accurate and complete information disclosure, and the company debt paying



ability, the usage situation of the raised money and so on will be supervised by bond holders, bond entrusted managers and shareholders in order to guard against insolvency risk. According to the bond trustee agreement and the relevant provisions of China securities regulatory commission on information disclosure of important matters, the following matters are included at least: The difficulty of repaying the maturing debt interest and/or principal; the company guarantees and other important contracts may impact majorly on the servicing ability; A major loss or substantial losses with more than 10% of the Company's net worth; The decreasing investment, merger, division, dissolution, filed for bankruptcy and other situations change the subject of the company; A major arbitration or litigation may heavily influence the company's servicing ability; the major restructuring of debt may heavily influence the company servicing ability; the Company changes the guarantee way of related information; The Company or the bond credit rating encounters a serious adverse change; the change of the bond trustee; the trading of the bonds are suspended; Other significant matters may affect the interests of the bondholders; Other circumstances stipulated by the China securities regulatory commission.

⑤ Other security measures

According to the approval from the twenty-sixth session of the fifth board of directors meeting, and the extraordinary shareholders' general meeting for the first time in 2012, if the Company estimates the difficulty of repaying the debt principal and interest on schedule or failed to repay debt principal and interest on schedule, the Company at least takes the following measures: no distribution of profits to its shareholders; A moratorium on the major foreign investment, mergers and acquisitions, capital expenditure; and lower the salary/wages and bonuses of directors and senior management personnel; The main responsible person shall not be transferred.

**6、 During the reporting period the bondholder meeting**

During the reporting period, the company did not hold bondholders meeting.

**7、 During the reporting period the bond trustee perform his duties**

According to the China securities regulatory commission "corporate bond issuance and trading management measure" (hereinafter referred to as the "management measures"), the listing rules for "corporate bonds" of Shenzhen Stock Exchange and other regulations, Haitong Securities issued "Trustee transaction report Chongqing Changan Automobile 2012 Corporate Bonds (2014)" (Detailed information, please refer to <http://www.cninfo.com.cn>).

Haitong Securities is expected to issue "Trustee transaction report Chongqing Changan Automobile 2012 Corporate Bonds (2015)" in the middle of May 2016. (Detailed information, please refer to <http://www.cninfo.com.cn>).

**8、 During the reporting period, the company's major accounting data and financial indicators for last 2 years**

Unit: RMB ten thousand yuan

Item	2015	2014	At the same time rate of change
EBITDA	1,216,509	960,862	26.61%
The net cash flow generated by investment activities	426,776	521,958	-18.24%
The net cash flow generated by financing activities	-131,946	-357,799	63.12%
The final cash and balance of cash	1,772,592	936,285	89.32%

equivalents			
liquidity ratio	102.68%	91.37%	11.31%
Asset-liability ratio	61.78%	63.47%	-1.69%
Quick action ratio	84.80%	72.51%	12.29%
EBITDA total debt ratio	22.02%	21.96%	0.06%
The multiple of interest safeguard	88.14	40.49	117.68%
The multiple of cash interest safeguard	48.13	20.80	131.39%
EBITDA multiple of interest safeguard	105.88	50.89	108.06%
loan payment rate	100.00%	100.00%	0.00%
Interest rate of pay	100.00%	100.00%	0.00%

The main reason that the accounting data and financial indicators yo change more than 30%

√ Applicable □ non-applicable

Item	reason for change more than 30%
The net cash flow generated by financing activities	In 2015 the debt paid by the company greatly reduced
The final balance of cash and cash equivalents	Net cash flow of operating activities increased
The multiple of interest safeguard	Net profit increased, and the interest payments reduced
The multiple of cash interest safeguard	Net cash flow generated by business activities increased, and the interest expense reduced
EBITDA multiple of interest safeguard	Net profit increased, and the interest payment reduced

## 9、Property rights limits by the end of report period

Unit: Yuan

Item	book value at the end of this year	Limited Reason
Monetary fund	309,188,332.99	Used to open the acceptance deposit
Accounts receivable	459,208,818.75	Accounts receivable pledge for short-term borrowing from the South Industry Group
Notes receivable	140,256,135.43	Notes receivable pledge to issue notes payable
Fixed assets	28,828,344.87	Buildings as collateral for short-term borrowing from the South Industry Group
Intangible assets	5,394,177.78	The land use right mortgage for short-term borrowing from the South Industry Group

Total	942,875,809.82	
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#### **10、 During the report period interest payment for other bonds and debt financing tool**

Applicable non-applicable

#### **11、 During the report period obtain bank credit, its use situation and repayment of bank loans**

At the end of 2015, the company got the bank credit amount of RMB 28 billion yuan. Until December 31 of 2015, the actual use of credit is 20.3 billion yuan; in 2015 the Company repaid all bank loans on time with no late repayment.

#### **12、 During the reporting period the situation of performing the related agreement or commitment in the corporate bond prospectus**

On April 23, 2015 the company paid the interest bonds of "12 Changan Debt" from April 23, 2014 to April 22, 2015 (details refer to 2012 corporate bonds 2015 interest-payment announcement by the company on April 17, 2015 on the website <http://www.cninfo.com.cn> ).

#### **13、 Major events occurring in the period of report**

Applicable non-applicable

#### **14、 Whether there is a guarantor corporate bonds**

Applicable non-applicable

The guarantor of the corporate bond is a legal person or other organizations

Applicable non-applicable

Whether to disclose the guarantor's financial statements during the reporting period, including the balance sheet, income statement, the cash flow statement, statement of changes in owner's equity (shareholders' equity) and the notes to financial statements.

Applicable non-applicable

#### **15、 The guarantor financial statements during the reporting period**

Content can be found in relevant announcements on April 19, 2016, and published on the website of network ([www.cninfo.com.cn](http://www.cninfo.com.cn)).

# Chapter 6 Changes in the shareholding of the company and shareholders

## I. Change in shareholdings

### 1. Change in shareholdings

Unit: One share

	Balance before current change		Addition and deduction (+, -) during change					after current change	
	Quantity	Ratio(%)	Addi- onal issued	Stock divide nd.	Providen t fund transfer.	Stock dividend.	Total	Quantity	Ratio(%)
Non-circulated shares	373,381,553	8.01%				-4,311	-4,311	373,377,242	8.01%
1、State-owned legal person shares	373,358,342	8.01%						373,358,342	8.01%
2、Senior management personnel shares	23,211	0%				-4,311	-4,311	18,900	0%
Circulated shares	4,289,504,555	91.99%				4,311	4,311	4,289,508,866	91.99%
1、Domestic listed RMB shares	3,387,518,413	72.65%				4,311	4,311	3,387,522,724	72.65%
2、Domestic listed foreign shares	901,986,142	19.34%						901,986,142	19.34%
Total shares	4,662,886,108	100%						4,662,886,108	100%

#### The reason of shareholding change

Available Non available

Approval of changes in the shareholding of the company

Available Non available

The transfer of shares to change

Available Non available

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

Available Non available

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

Available Non available

## 2. Change in Non-circulated shares

Available  Non available

Unit: one share

Name of shareholders	Non-circulated shares held at the year-beginning	Decrease during the reporting period	Increase during the reporting period	Non-circulated shares held at the year-end	Reason for non-circulated shares	Date for the circulated shares
China Changan Automobile Co., Ltd.	373,358,342	0	0	373,358,342	Stock reform commitment	2016-6-30
Ren Qiang	4,311	5,749	1,438	0	Management shares	2015-9-30
Zhu Huarong	18,900	0	0	18,900	Management shares	6 months after the retirement
Total	373,381,553	5,749	1,438	373,377,242	--	--

## II. Issuing and Listing of Shares coupons

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

Available  Non available

### 2. Explain the changes in total shares and shareholders structure , the company assets and liabilities structure

Available  Non available

### 3. Existing internal staff shares

Available  Non available

## III. Shareholders and actual controllers situation

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

Unit: one share

During the report period, the total number of shareholders		149,075. A share holders:130,127. B share sholders: 18,948						
One month before the end of the disclosure of the annual report of the total number of shareholders		157,575. A share sholders: 138,119. B share holders: 19,456						
Holding more than 5% of the shareholders, or top 10 shareholders situation								
Name of shareholders	Nature of Shareholders	Percentage of total shares	Shares held at the year-end	increases and decreases during the	Non-circulated shares held at	Circulated shares held at the	Pledged/ Frozen cases	
							Share status	amount

		(%)		report period	the year-end	year-end		
China Changan Automobile Co., Ltd.	State-owned legal person shares	39.11%	1,823,595,216	-	373,358,342	1,450,236,874	No pledge or freeze	
China securities finance Co, Ltd	domestic general legal person shares	2.99%	139,422,848	139,422,848			No pledge or freeze	
Central Huijin Investment Ltd.	domestic general legal person shares	1.19%	55,393,100	55,393,100			No pledge or freeze	
United Prosperity Investment Co., Limited	foreign legal person shares	0.97%	45,195,100	-			No pledge or freeze	
GIC PRIVATE LIMITED	foreign legal person shares	0.96%	44,547,051	27,926,546			No pledge or freeze	
HTHK-MANULIFE CHINA VALUE FUND	foreign legal person shares	0.74%	34,519,781	-3,992,673			No pledge or freeze	
National Social Security Fund- Portfolio 102	fund, finance products, etc.	0.64%	29,999,873	-30,014,451			No pledge or freeze	
Banque Nationale de Paris, free cash	foreign legal person shares	0.54%	25,005,001	22,751,151			No pledge or freeze	
MANULIFE GLOBAL FUND	foreign legal person shares	0.53%	24,656,490	-3,953,300			No pledge or freeze	
Northeast Securities Co. Ltd.- customer guarantee of securities credit transactions security account	domestic general legal person shares	0.51%	23,716,045	23,716,045			No pledge or freeze	
Explanation on the relationship and the action alike of above shareholders	Among the top 10 shareholders, China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co., Limited, belong to the concerted actor regulated by "Disclosure Administration of Shares Change Information of The Listed Company".							
The ten largest circulated shareholders								
Names of shareholders	Shares at the year end	Type of shares						
		type	amount					
China Changan Automobile Co., Ltd.	1,450,236,874	RMB ordinary shares	1,450,236,874					
China securities finance Co, Ltd	139,422,848	RMB ordinary shares	139,422,848					
Central Huijin Investment Ltd.	55,393,100	RMB ordinary shares	55,393,100					
United Prosperity Investment Co., Limited	45,195,100	Domestic listed foreign shares	45,195,100					

GIC PRIVATE LIMITED	44,547,051	Domestic listed foreign shares	44,547,051
HTHK-MANULIFE CHINA VALUE FUND	34,519,781	Domestic listed foreign shares	34,519,781
National Social Security Fund- Portfolio 102	29,999,873	RMB ordinary shares	29,999,873
Banque Nationale de Paris, free cash	25,005,001	Domestic listed foreign shares	25,005,001
MANULIFE GLOBAL FUND	24,656,490	Domestic listed foreign shares	24,656,490
Northeast Securities Co. Ltd.- customer guarantee of securities credit transactions security account	23,716,045	RMB ordinary shares	23,716,045
The top 10 shareholders to sell circulated shares, and the infinite tradable relationship between shareholders and top 10 shareholders or concerted action	Among the top 10 shareholders, China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co., Limited belong to the concerted actor regulated by "Disclosure Administration of Shares Change Information of The Listed Company".		

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

Available  Non available

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

**2、 The controlling shareholder of the company.**

Nature of the controlling shareholders: the central state-owned

Type of the controlling shareholder: legal person

Name	Legal /Representative	Date of establishment	Organization code	Business scope and major products:
CHINA CHANGAN AUTOMOBILE GROUP CO., LTD	Xu Liuping	Dec 26th, 2005	71093394-8	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.
The controlling equity and equity during the	To the reporting period, the holding companies: Harbin Dongan Auto Engine Co., Ltd. (stock code 600178); Hunan Tianyan Machinery Co., Ltd. (stock code 600698).			

reporting period, the controlling shareholder of listed companies to other domestic and foreign	
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During the report period the change of controlling shareholders

Available  Non available

No changes in controlling shareholders during the report period

### 3、 The ultimate controler of the Company

Nature of the controlling shareholders: the central state-owned asset management institution

Type of the controlling shareholders: legal person

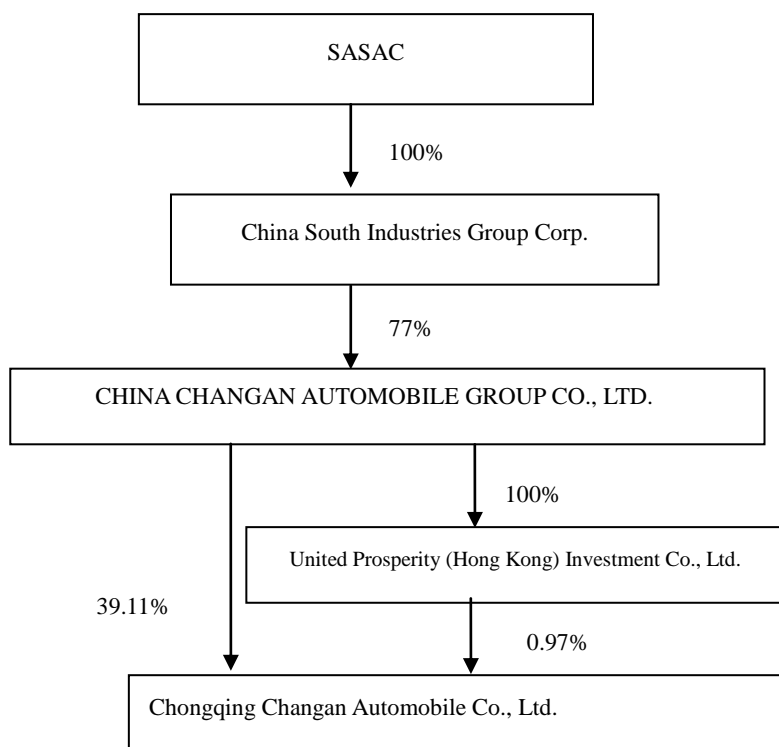
Name	Legal /Representative	Date of establishment	Organization code	Business scope and major products:
China South Industries Group Corp.	Tang Dengjie	29 Jun.,1999	71092492-9	investment and management of state-owned assets; manufacturing of guns and firearms; engineering prospecting, designing, construction, contracting, construction supervision; equipment installation, etc
The controlling equity and equity during the reporting period, the controlling shareholder of listed companies to other domestic and foreign	To the reporting period, direct or indirect holding companies: Harbin Dongan Auto Engine Co., Ltd. (stock code 600178); Baoding Tianwei Electric Co., Ltd. (stock code 600550); Jiangling Motors Co., Ltd. (stock code 000550); Hunan Tianyan Machinery Co., Ltd. (stock code 600698); China Jialing Industrial Co., Ltd. (stock code 600877); Chongqing Jianshe motorcycle Co., Ltd. (stock code 200054); Lida Optical Co., Ltd. (stock code 002189); Zhongyuan Special Steel Co., Ltd. (stock code 002423); Yunnan West Instrument industrial Co., Ltd. (stock code 002265); Chongqing Changan Minsheng logistics Limited (stock code 8217.HK).			

Changing the actual controllers during the report period

Available  Non available

Relationship among the Company and its controlling shareholders:





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

Available  Non available

**4、 Other legal shareholders with over 10% holding**

Available  Non available

**5、 Reducing holding-shares of controlling shareholders, actual controllers, restricting parties, and other promised parties**

Available  Non available

CHINA CHANGAN AUTOMOBILE GROUP CO., LTD promised not to reduce its shares of Changan Automobile Co. Ltd through secondary market, within 6 months since July 14<sup>th</sup>, 2015.

## Chapter7 Information about Directors, Supervisors, Senior Management and Employees

### I . Share ownership changes of directors, supervisors and senior management

Name	Position	As state	Gender	Age	Term start date	Term Termination date	Shares held at beginning (stock)	increased share number in this issue (stock)	decreased share number in this issue (stock)	share number at the end (stock)
Xu Liuping	Chairman	present	M	51	2016-03-23	2019-03-23				
Zhang Baolin	Vice Chairman	present	M	53	2016-03-23	2019-03-23				
Zhu Huarong	Director, President	present	M	50	2016-03-23	2019-03-23	25,200	-	-	25,200
Zhou Zhiping	Director, secretary of the party committee	present	M	45	2016-03-23	2019-03-23				
Tan Xiaogang	Director	present	M	52	2016-03-23	2019-03-23				
Wang Xiaoxiang	Director	present	M	42	2016-03-23	2019-03-23				
Wang Kun	Director, Vice President, Board Sectary (acting)	present	M	40	2016-03-23	2019-03-23				
Shuai Tianlong	independent director	present	M	49	2016-03-23	2019-03-23				
Liu Jipeng	independent director	present	M	59	2016-03-23	2019-03-23				
Li Xiang	independent director	present	M	34	2016-03-23	2019-03-23				
Li Qingwen	independent director	present	M	60	2016-03-23	2019-03-23				
Tan	independent	present	M	45	2016-03-23	2019-03-23				

Xiaosheng	director									
Hu Yu	independent director	present	M	43	2016-03-23	2019-03-23				
Pang Yong	independent director	present	M	46	2016-03-23	2019-03-23				
Chen Quanshi	independent director	present	M	70	2016-03-23	2019-03-23				
Xiao Yong	Chairman of the supervisory	present	M	45	2016-03-23	2019-03-23				
Sun Dahong	Supervisor	present	M	49	2016-03-23	2019-03-23				
Zhao Sexia	Supervisor	present	M	55	2016-03-23	2019-03-23				
Zhang Anguo	Employee Supervisor	present	M	56	2016-03-23	2019-03-23				
Luo Yan	Employee Supervisor	present	F	41	2016-03-23	2019-03-23				
Huang Zhongqian	Vice president	present	M	47	2016-03-23	2019-03-23				
Luo Minggang	Vice president	present	M	52	2016-03-23	2019-03-23				
Du Yi	Vice president	present	M	48	2016-03-23	2019-03-23				
Gong Bing	Vice president	present	M	46	2016-03-23	2019-03-23				
Wang Jun	Vice president	present	M	43	2016-03-23	2019-03-23				
Liu Bo	Vice president	present	M	49	2016-03-23	2019-03-23				
He Chaobing	Vice president	present	M	48	2016-03-23	2019-03-23				
Zhang Jingjing	Vice president	present	F	50	2016-03-23	2019-03-23				
Yuan Mingxue	Vice president	present	M	47	2016-03-23	2019-03-23				
Li Wei	Vice president	present	M	50	2016-03-23	2019-03-23				
Li Jun	Board Sectary	present	F	46	2016-03-23	2019-03-23				
Lian Gang	Director	Departure	M	55	2012-05-24	2016-03-23				
Zhang	Director	departure	M	50	2015-03-25	2016-03-23				

Dongjun										
Ma Junpo	Director	departure	M	49	2012-05-24	2016-03-23				
Ren Qiang	Director, Vice President	departure	M	55	2014-01-20	2015-4-7	5,749	-	-	5,749
Ouyang Minggao	Independent Director	departure	M	57	2012-05-24	2016-03-23				
Dong Yang	Independent Director	departure	M	59	2012-05-24	2016-03-23				
Chen Zhong	Independent Director	departure	M	59	2012-05-24	2016-03-23				
Wang Zhixiong	Independent Director	departure	M	57	2012-05-24	2016-03-23				
Peng Shaobing	Independent Director	departure	M	51	2012-05-24	2016-03-23				
Yang Jian	Chairman of the supervisory	departure	M	51	2012-05-24	2016-03-23				
Cai Yong	Supervisor	departure	M	42	2012-05-24	2016-03-23				
Xie Shikang	Supervisor	departure	M	45	2013-05-21	2016-03-23				
Liang Guangzhong	Supervisor	departure	M	43	2012-05-24	2016-03-23				
Liu Hong	Employee Supervisor	departure	M	46	2012-05-24	2016-03-23				
Fan Chaodong	Employee Supervisor	departure	M	47	2013-04-12	2016-03-23				
Wnag Lijun	Employee Supervisor	departure	F	45	2012-05-24	2016-03-23				
Total							30,949	-	-	30,949

## II . Personnel Changes of directors,supervisors and senior management

Name	Position	Type	Term	Reason
Zhou Zhiping	Director	be elected	2015-03-25	recruitment for work needs
Zhang Dongjun	Director	be elected	2015-03-25	recruitment for work needs

Ren Qiang	Director, Vice President	departure	2015-04-07	reason of age
Yuan Mingxue	Vice President	recruitment	2015-04-07	recruitment for work needs
Li Wei	Vice President	recruitment	2015-04-07	recruitment for work needs

### III. 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, researcher-level senior engineer. 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 Director of Planning department, Director of Automobile department and Assistant to the General Manager of China South Industries Group Corp, the Chairman, President and Secretary of the Party Committee of Changan Automobile (Group) Co., Ltd., the Secretary of the Party Committee of Changan Automobile.

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

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

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

Mr. Tan Xiaogang, Director. He was born in 1963, the master's degree, researcher-level senior engineer. Currently, he is the director of Development & Planning Department in China South Industries Group Corp. He used to be the Vice Director, executive Vice Director of Workshop No. 343, deputy Secretary of the Yuanling County CPC Committee in Hunan Province, director, executive deputy general manager, and general manager of Hunan Yunjian Co. Ltd, Chariman, the Secretary of the Party Committee of Hunan Yujian Group, and vice director of Development & Planning Department of China South Industries Group Corp.

Mr. Wang Xiaoxiang, Director. He was born in 1963, the doctor graduate, senior accountant and certificate public accountant. Currently, he is the director of the Financial Department of China South Industries Group Corp. He used to be the vice director of

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Financial Department of China South Industries Group Corp, Vice President in charge of Finance in China South Industries Group Corp, Vice President of China Changan Automobile Co. Ltd, director, general manager, and deputy Secretary of the Party Committee in China South Industries Group Corp.

Mr. Wang Kun, Director, Vice President and Board Secretary (acting). He was born in 1975, bachelor's degree, senior accountant. Currently, he is the director, Vice President and Board Secretary (acting) of Chongqing Changan Automobile Co, Ltd. He used to be the director of Capital Operation (Administration division) under Capital Operation Department of China South Industries Group Corp, vice director of Capital operation Department, and chief accountant of China Changan Automobile Group Co, Ltd.

Mr. Shuai Tianlong, independent director. He was born in 1966, the doctor graduate. Currently, he is the partner of Beijing Jingtian & Gongcheng Law Firm, and independent director in CR Double-Crane Co, Ltd. He used to be the vice director of Central Commission for Discipline Inspection and regulations. He has 15 years of professional experience, and his main business areas cover cooperation law, securities law, financial law, merger, acquisition and reconstruction, IP protection, litigation and arbitration.

Mr. Liu Jipeng, independent director. He was born in 1956, master degree. Currently, he is the dean, professor, and PhD supervisor of Capital Finance Institute in China University of Political Science and Law. He has published more than 400 articles on newspapers and magazines in domestic and abroad, such as People's Daily and Economic Research Journal. More than 800 interviews reported by domestic and overseas newspaper and magazines. In the last 10 years, he has managed the shareholding system reform, corporate strategy, acquisition and reorganization, financing scheme design for over 270 companies, such as National Electricity Company, Aviation Industry Corporation of China, Chinalco, Haier Group, Hainan Airlines, Wanxiang Group, Li-ning Sporting Goods Co, Tianjin Development Zone Head Office. These cooperations cover more than 20 provinces and cities, including various industries. He is called "the first person in change-over unit" by media.

Mr. Li Xiang, independent director. He was born in 1981, the director of Autohome, NEXTEV, Chairman and general manager of Family & Car Co. He has an experience in IT industry for 18 years. Once he led his team to expand from IT products to Automobile industry, and established Autohome.com. Autohome is now the most visited automobile website around the world.

Mr. Li Qingwen, independent director. He was born in 1956, master degree. Now, he is the Chairman of China Energy & AutoMobile Media Group Ltd, Chairman of China Auto News, and Chairman of China Energy News. He used to be the director and vice head of Heilongjiang People's Government, the municipal party secretary of Hailin City of Heilongjiang Province. From 1998 to now, he has published automotive comments of 120,000 letters altogether, and 50,000 letters regarding media essay. China Auto News is awarded as "2007 China Top 500 Most Valuable Brand" by World Brand Lab, with market value of 1.021 billion RMB, as the only one automobile media which entered China Brand Top 500.

Mr. Tan Xiaosheng, independent director, born in 1970, bachelor's degree. Currently, he is the Vice President and CPO of Qihoo 360. He used to be the engineering technology director of Yahoo China, director of operations in Maisi Belle (Beijing) Information technology Co. He is skilled in building and management of technical team. Since 2003, he has recruited and cultivated more than 300 university students, whom now widely spread in Baidu, Tencent, Alibaba, Sina, etc. He is called as "Headmaster Tan" in Internet Technology Industry.

Mr. Hu Yu, independent director. He was born in 1972, doctor's degree. Now he is the professor of School of Journalism and Communication, and director of Research Center of National Image. He used to be the director of Review and Theory Department in Technology Daily, council member of China National Youth Union, Youth Federation member of Central Government Departments, vice director of News Center in State-owned Assets Supervision and Administration Commission. He has won Contribution Award of Strategic Study in National Program for Long-and-Medium-Term Scientific and Technological Development (2006-2020), Excellent Textbook Award of Common Institutes of higher education of Education Ministry, First Award of Excellent Essay in Academic Annual Conference of Chinese Society for Science and Technology Journalism.

Mr. Pang Yong, independent director, born in 1969, master's degree. Currently, he is the chairman and CEO of IDEO, and adjunct professor of Jilin University. He used to be the manager of Liaoning Industry Group, and director of Raytheon Co. China. "I Flow Smart Terminal- Smart Decision Management Platform" is under his leading design, and he acquires the copyright from

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National Copyright Administration; meanwhile, he is the developer of China AD-CAS, Competitiveness Model of Channel System, and Standardized Database Resources. He is also the Chief Expert in lean marketing of automobile dealers certified by Ministry of Human Resources and Social Security of the People's Republic of China.

Mr. Chen Quanshi, independent director, born in 1945, bachelor's degree. Currently, he is the deputy director of Automobile Research Institute of Tsinghua University, executive director of China Automotive Engineering Institute, advisor in Beijing People's Government, member of National Vehicle Committee of Auto Standardization, National EV Committee of Auto Standardization, and leader of general team of Guangdong EV project. He was in charge of the subject "Vehicle Technology Research in Fuel Cell of City Bus" in National "863" EV project; he won the Second Award in Technological Progress Award of 15 ton 6×6 Desert geophysical methods of China National Petroleum Corporation (ministerial), ranking No.3 (1996); the Third Award of National Progress Award, in Comprehensive System Research of EV battery, electric machine, electronic control, vehicle performances, ranking No.3 (1997).

## **2、 Supervisors**

Mr. Xiao Yong, Chairman of the Board of Supervisors. He was born in 1971, master's degree, engineer. Currently, he is the Audit & Risk Department of China South Industries Group Corp. He used to be the vice director and director of General Management Office in China South Industries Group Corp, vice director of General Office in China South Industries Group Corp, vice director of Motorcycle Industry Office in China South Industries Group Corp, vice general manager of motorcycle business department of China South Industries Group Corp, vice general manager of Chongqing South Motorcycle Co, and vice director of Audit & Risk Department in China South Industries Group Corp.

Mr. Sun Dahong, Supervisor. He was born in 1966, master degree, senior economist. Currently, he is the vice director of general office and chief of Secrets Agency in China South Industries Group Corp. He used to be the vice director of legal division under the general office in China South Industries Group Corp, vice director then director of Legal Advisor Division in China South Industries Group Corp, and director of Legal Affairs Division of general office of China South Industries Group Corp.

Mr. Zhao Huixia, Supervisor. He was born in 1960, bachelor degree, senior account. Currently, he is the Assistant President and general manager of Audit Department (legal affairs) in China Changan Automobile Group Co, Ltd. He used to be the deputy general accountant and director of Hafei Automobile Co, vice general manager of Harbin Hafei Automobile Industry Group, vice general manager of Hafei Automobile Co, the Secretary of the Party Committee and Vice President of Hafei Automobile Industry Group, vice general manager of AVIC Automobile Industry Co., Ltd, Assistant President and general manager of Operations Management Department of China Changan Automobile Group Co, Ltd.

Mr. Zhang Anguo, staff supervisor. He was born in 1959, master degree, senior political & ideological worker. Currently, he is the officer of Management Section under Party organization of Party Work Department. He used to be the chief of quality section of quality Department, section chief and chief of Labor Union, chief of organization division of Party Work Department, director of Party Construction division of Party Work Department (Corporate Culture Center).

Ms. Luo Yan, staff supervisor. She was born in 1974, bachelor degree, assistant economist. Currently, she is the chief of salary & performance section of HR department. She used to be the maintenance electricians, engineering measure person, labor technology fixed member, schemer in workshop No.232 of No.3 plant, chief of welfare section of Salary Division of HR Department, and chief of welfare office III.

## **3、 Senior Management other than Directors and Supervisors**

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

Mr. Luo Minggang, Vice President of the Company and Executive Vice President & Secretary of CPC of Changan Ford Automobile Co., Ltd., was born in 1963. He has a Master's Degree in Engineering, is a senior researcher-level engineer. He used to serve as Vice Director of Workshop No.26, and Director of Technology Department of Jiangling Machinery Plant, Director of No.1

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Technology Institute of CHANGAN AUTOMOBILE (GROUP) CO., LTD., Director of Engine Technology Department and Vice Chief Engineer of Automobile Manufacturing Factory, Vice Director of Technical Center, Deputy Manager of Engine Manufacturing Factory, Deputy Manager and Chief Engineer of Automobile Manufacturing Factory, Vice Director of Changan Automotive Engineering Institute, the Executive Vice President of CFMA, Assistant to the President, vice President of CHANGAN AUTOMOBILE (GROUP) CO., LTD.

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

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

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

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

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

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

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

Mr. Li Wei, vice president. Born in 1966. Master graduate student, research senior engineer. The former president of the Beijing Institute, executive vice president, assistant president of Changan automobile and Party committee secretary of Changan Automotive Engineering Research Institute.

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

#### **Employment in shareholders' work unit**



√applied   □ not applied

Name	Name of shareholders' work unit	Position in shareholders' work unit	Term start date	Term end date	Whether get allowance in shareholders' work unit
Xu Liuping	China Changan	chairman, secretary of the party committee			N
Zhang Baolin	China Changan	director, president			Y
Zhu Huarong	China Changan	vice secretary of party committee			N
Zhao Huixia	China Changan	president assistant of China Changan Automobile Group Co, Ltd& general manager of audit department(law affairs)			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 other work unit
Zhou Zhiping	China South Industries Group Corp.	Staff Elected Director			N
Tan Xiaogang	China South Industries Group Corp.	Director of Development&Planning department of China South Industries Group Corp.			Y
Wang Xiao Xiang	China South Industries Group Corp.	Director of Financial Department of China South Industries Group Corp.			Y
Shuai Tianlong	Beijing Jingtian& Gongcheng Law Firm	Partner of Beijing Jingtian& Gongcheng Law Firm			Y
Liu Jipeng	China University of Political Science and Law	Dean of research institute of China University of Political Science and Law, professor and PHD tutor. Vice president of China Enterprise Reform and Development Society			Y
Li Xiang	Autohome	Director of Autohome, Director of Weilai Automobile Corporation, Chairman and general manager of Car&Home Corporation			Y
Li Qingwen	China Energy& Automobile Media Group	Chairman of China Energy& Automobile Media Group, Chairman of China Auto News Co.,Ltd, Chairman of China Energy News			Y

		Co.,Ltd			
Tan Xiaosheng	Qihu 360	Vice president of and CPO of Qihu 360			Y
Hu Yu	Tsinghua University	Professor of School of Journalism and Communication, Tsinghua University			Y
Pang Yong	IDEO	Chairman and CEO of IDEO			Y
Chen Quanshi	Tsinghua University	Vice Director of Automobile Research Institute, Tsinghua University			Y
Xiao Yong	China South Group Corp	Director of Audit and Risk Department, China South Group Corp			Y
Sun Dahong	China South Group Corp	Vice Director of General office and Director of Security Bureau, China South Group Corp			Y
Position in other work unit	This table only shows the main office performance and position of directors, independent directors and supervisors.				

**Securities regulatory agency’s punishment to the current and former directors, supervisors and senior management during the reporting period in recent three years.**

applied not applied

**IV. 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: except 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 2015, the remuneration the directors, supervisors and senior

managers receiving from the company is 14.4388 million yuan in total.

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

Name	Position	Gender	age	status	Total earning from the company(yuan)
Zhu Huarong	Director and President	M	50	Present	940,250
Zhou Zhiping	Director, Secretary of Party Committee, Chairman of Labor Union	M	45	Present	485,378
Wang Kun	Director, Vice President, the Secretary of BOD (replace)	M	40	Present	743,340
Ouyang Minggao	Independent Director	M	57	Departure	60,000
Dong Yang	Independent Director	M	59	Departure	60,000
Chen Zhong	Independent Director	M	59	Departure	60,000
Wang Zhixiong	Independent Director	M	57	Departure	60,000
Peng Shaobing	Independent Director	M	51	Departure	60,000
Cai Yong	Supervisor	M	42	Departure	522,360
Xie Shikang	Supervisor	M	45	Departure	515,848
Liang Guangzhong	Supervisor	M	43	Departure	604,588
Liu Hong	Employee Supervisor	M	46	Departure	413,360
Fan Chaodong	Employee Supervisor	M	47	Departure	417,970
Wang Lijun	Employee Supervisor	F	45	Departure	600,810
Li Jun	the Secretary of BOD	F	46	Present	457,328
Huang Zhongqiang	Vice President	M	47	Present	851,161
Ren Qiang	Vice President	M	55	Departure	801,964
Luo Minggang	Vice President	M	52	Present	807,718
Du Yi	Vice President	M	48	Present	743,687
Gong Bing	Vice President	M	46	Present	905,751
Wang Jun	Vice President	M	43	Present	745,955
Liu Bo	Vice President	M	49	Present	903,202
He Chaobing	Vice President	M	48	Present	740,019
Zhang Jingjing	Vice President	F	50	Present	642,846
Yuan Mingxue	Vice President	M	47	Present	645,388
Li Wei	Vice President	M	50	Present	649,902
In Total	--	--	--	--	14,438,825

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**Stock-ownership incentive awarded to directors, supervisors and senior managers during the reporting period**

✓ applied    □ not applied

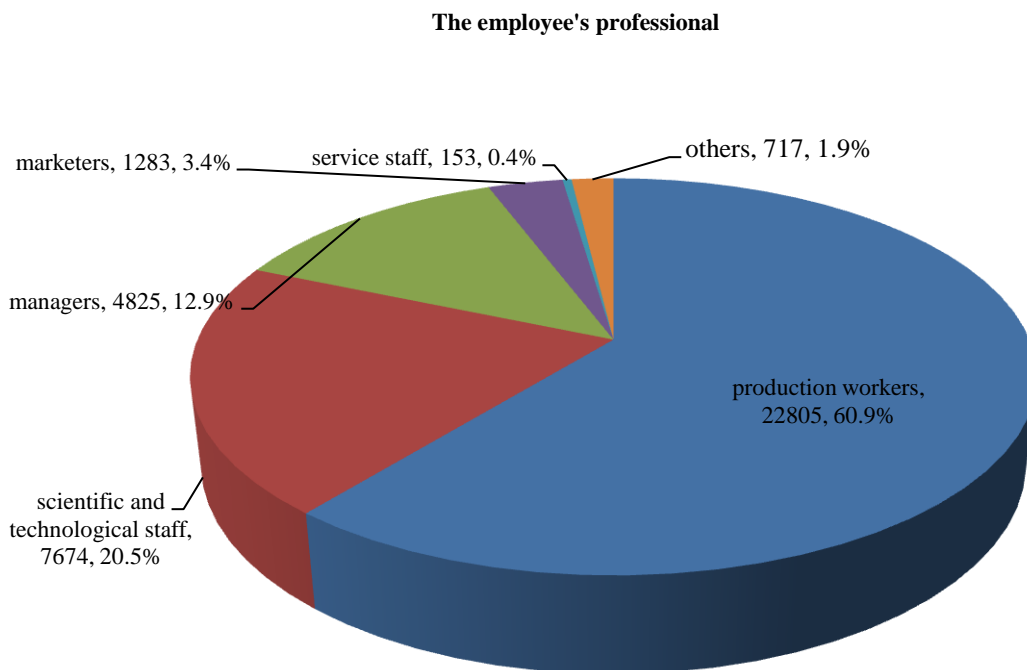
**V. Core technology team or key technical personnel changes during the reporting period (not the directors, supervisors and senior management)**

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

**VI. The Employees of the Company**

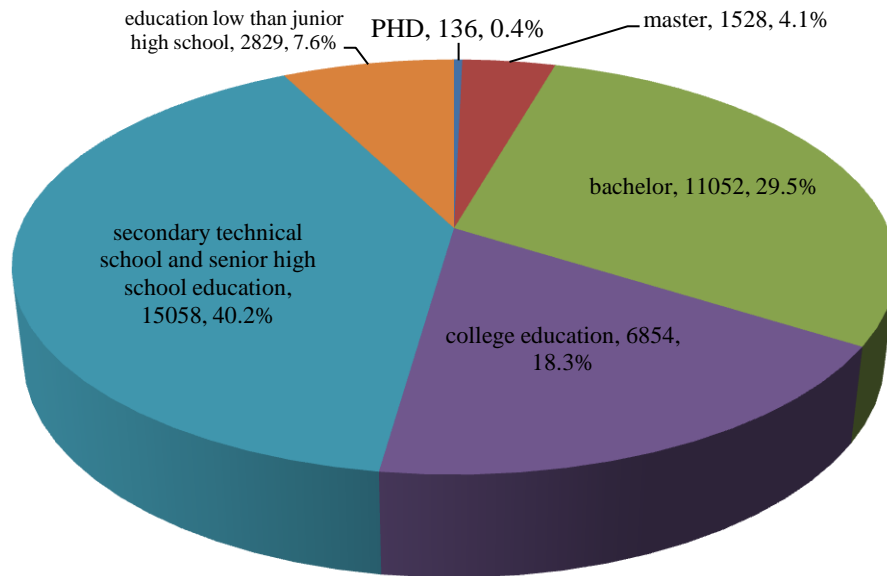
By the end of this year, total headcount of the company was 37,457 (headquarter 24,761), including 22,805 production workers, 7,674 scientific and technological staff, 4,825 managers, 1,283 marketers, 153 service staff, and 717 others. Among the total, there were 136 with doctor degree, 1,528 with master degree, 11,052 with bachelor degree, 6,854 with college education, 15,058 with secondary technical school and senior high school education, and 2,829 with education low than junior high school.

1. Professional structure chart



2. Education degree chart

**The employee's education**



### 3. Employees salary policy

Changan Automobile implemented Employees salary policy according to "performance efficiency salary system", establishing salary codetermination, normal growth and payment security mechanism. At the same time, "salary special collective contract" was signed through collective wage negotiation.

### 4. Training Plan

Changan Automobile made annual training plan, promoted training for all staff and built learning organization by collecting and analyzing the training needs of all staff.

5. Company needs to bear the toll cost of 3,325 retired workers.

## Chapter 8 Corporate Governance

### I . Basic status of corporate governance

Strictly according to the "company law", "Securities Law" and Chinese SFC requirements of relevant laws and regulations, the company constantly improved the corporate governance structure, promoted the level of company's normal operation. The actual situation of corporate governance met the requirements prescribed by CSRC normative documents about the listing Corporation governance.

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

**Whether there are differences between corporate governance and the related requirements of "company law" and China CSRC.**

yes no

There is no difference between corporate governance and the related requirements of "company law" and China CSRC.

**Special activities of corporate governance&the establishment and implementation of registration management system of people who are familiar with insider information**

The ninth meeting of the fifth board of directors has examined and approved the "Chongqing Changan automobile Co., Ltd registration management system of people who familiar with insider information ", standardized the management of the behavior of people are familiar with insider information. During the report period, companies strengthened insider information security work, registered the people who familiar with insider information, maintained information disclosure principle of openness, fairness and impartiality , and earnestly protected the interests of investors in the performance forecast and regular report disclosure period.

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

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

### III. Competition situation

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.

### IV. Annual shareholders meeting and interim shareholders meeting during the report period

#### 1、Annual shareholders meeting during the report period

Meeting Session	Time	Proposal Name	Resolution	Disclosure Time	Disclosure Index
2014 Annual Shareholders Meeting	May. 8 <sup>th</sup> , 2015	1、 Work Report of 2014 Annual the Board of Directors 2、 Work Report of 2014 Annual the Board of Supervisors 3、 2014 Annual Report and Abstract 4、 2014 Annual Financial Final Account Report 5、 2014 Annual Profit Distribution Plan 6、 2015 Annual Daily related transactions Forecast 7、 2015 Annual Investment Plan 8、 2015 Annual Financing Plan 9、 Proposal on Authorizing the Investment on Low-risk Financial Products 10、 Proposal on Signing “Financial Services Agreement” with Ordnance Equipment Group Finance	All the proposals have been approved	May 9 <sup>th</sup> , 2015	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2014 Annual Shareholders Meeting Resolution Announcement(Announcement Number: 2015-49)

		Company 11、 Proposal on Renewing Daily Related Transactions Framework Agreement, Property Rental Framework Agreement, Comprehensive Service Agreement 12、 Proposal on Trade Financing by United Prosperity Investment Co., Ltd			
2015 First Interim Shareholders Meeting	Mar. 25 <sup>th</sup> , 2015	1、 Proposal on becoming the shareholder of Chongqing Automobile Finance Co., Ltd 2、 Proposal on Appointing Zhang Dongjun and Zhou Zhiping as the Directors	All the proposals have been approved	Mar. 26 <sup>th</sup> , 2015	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2015 First Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2015-18)
2015 Second Interim Shareholders Meeting	May 26 <sup>th</sup> , 2015	1、 Proposal on Non-public Offering of Stock Condition of Changan Automobile 2、 Proposal on Non-public Offering of Stock Scheme of Changan Automobile 3、 Proposal on Non-public Offering of Stock Plan of Changan Automobile 4、 Proposal on Analysis Report on Fund-raising Feasibility by Non-public Offering of Stock 5、 Proposal on Signing Non-public Offering of Stock Subscription Agreement with Effective Attached Conditions with China Changan Automobile Co., Ltd and other 9 Specific Investors. 6、 Proposal on Related Transactions items involve with Non-public Offering of Stock 7、 Proposal on the Use of Previous Raised Fund 8、 Proposal on Shareholders Meeting Authorizing board of directors to launch the Non-public Offering of Stock 9、 Proposal on Amending Chongqing Changan Automobile Co., Ltd Fund-raising Management Procedure 10、 Proposal on Amending Articles of Incorporation 11、 Proposal on Amending Rules of Procedure of Shareholders Meeting 12、 Proposal on Making Reward to Shareholders Plan in Next Three Years	All the proposals have been approved	May 27 <sup>th</sup> , 2015	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2015 Second Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2015-52)



2015 Third Interim Shareholders Meeting	Aug. 24 <sup>th</sup> , 2015	Proposal on supporting RMB 20 million Yuan to China Auto Industry Joint Innovation Foundation	All the proposals have been approved	Aug. 25 <sup>th</sup> , 2015	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2015 Third Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2015-67)
2015 Fourth Interim Shareholders Meeting	Nov. 24 <sup>th</sup> , 2015	1、 Proposal on Recruitment of 2015 Annual Financial Report Auditor 2、 Proposal on Recruitment of 2015 Annual Internal Control Report Auditor 3、 Proposal on Global R&D Center Construction Project (first phase)	All the proposals have been approved	Nov. 25 <sup>th</sup> , 2015	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2015 Fourth Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2015-82)

## 2、 Preferred shareholders' request to hold the interim shareholders meeting with restoration of voting rights

Applicable  Non-applicable

## V. Independent directors perform their duties during the reporting period.

### 1、 Independent directors attend board of directors and the shareholders meeting

Independent directors attend board of directors and the shareholders meeting						
Names of independent directors	Times of attending the board of directors during 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	14	1	13	0	0	N
Dong Yang	14	1	8	0	5	Y
Chen Zhong	14	1	13	0	0	N
Wang Zhixiong	14	1	13	0	0	N
Peng Shaobing	14	0	4	0	10	Y
Times for independent directors attending the shareholders meeting		5				

### The explanation on absence from two consecutive board of directors

On July 4, 2015 Mr. Peng Shaobing voluntarily resigned from the position of independent directors. Since the resignation of Mr. Peng Shaobing will lead to the proportion of the independent director lower than the statutory requirements, in accordance with the provisions of the CSRC "Guidance on the Establishment of Independent Director System in the Listing Company" and the "Articles of Association", Mr Peng Shaobing 's resignation report will be effective after the election of the subsequent independent directors in the general meeting of shareholders to fill the vacancy.

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

## **2、 Independent directors express disagreement to company related matters.**

**Whether independent directors express disagreement to company related matters.**

Yes  No

Independent directors did not express disagreement to company related matters during the report period.

## **3、 Other explanation on the fulfillment of responsibility of independent directors.**

**Whether the suggestions of Independent directors are adopted or not**

Yes  No

**Explanation on whether the suggestions of Independent directors are adopted or not**

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

## **VI. Duty performance of specialized committees of the board of directors during the report period**

Audit committee of board of directors consists of 5 people, 3 of which are independent directors. The chairman of the committee is Mr. Peng Shaobing, who is an independent director and accounting major. During the report period, the audit committee held 4 meetings and performed the following duties:

1、 Carefully review 2014 annual financial accounting report and 2015 action plan of audit supervision department compiled by the company, and agree to the above matters;

2、 After the Ernst & Young Hua Ming issued 2014 annual audit report, the audit committee reviewed the 2014 annual financial statements (AUDIT) and major adjustments related to accounting firms, concluded the audit work of the Ernst & Young Hua Ming. The audit committee considered that Ernst & Young Hua Ming had professional competence, work diligently, maintained their independence in audit, and completed 2014 annual audit task on time. The audit committee voted and made resolutions on company's annual financial report, and agreed to submit the 2014 financial report to the board of directors for approval.

3、 Review the proposal on Recruitment of 2015 Annual Financial Report Auditor and Recruitment of 2015 Annual Internal Control Report Auditor, and agree to submit the proposal to the board of directors for approval of continuing to hire Ernst & Young Hua Ming as the company's 2015 annual financial report auditor and 2015

Annual internal control report auditor.

4、Carefully review the company's 2015 annual audit plan and related materials, and approve the audit plan and audit requirements of 2015 annual financial report proposed by the Ernst & Young Hua Ming.

## VII. The work of the board of supervisors

**The board of supervisors found whether the company was at risk or not in the supervision during the report period**

Yes  No

The board of supervisors has no disagreement on the supervision during the report period.

## VIII. The evaluation and incentive of senior management

### 1、Evaluation Mechanism

According to the company's performance evaluation management system, the president and other senior management personnel are evaluated by board of directors. Evaluation is taken regularly and frequently, qualitatively and quantitatively.

### 2、Incentive Mechanism

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

### 3、Constraint Mechanism

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

## IX. Internal Control

### 1、Significant Deficiency of Internal Control found during the report period

Yes  No

### 2、Self-assessment report of internal control

Disclosure date of self-assessment report of internal control	Apr. 19 <sup>th</sup> , 2016
Disclosure index of self-assessment report of internal control	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
proportion of total asset in the assessment accounting for the total asset in the financial statement	100.00%
proportion of revenue in the assessment	100.00%

accounting for the revenue in the financial statement		
Deficiency Definition Standard		
Type	Financial Report	Non Financial Report
qualitative standard	1. Fraud behavior of the directors, supervisors and senior management 2. The company has corrected the published financial report, the significant wrong report due to fraud and mistakes, the significant mistakes in the financial report found by certified public accountants, but not found by the company's internal control 3. The supervision of audit committee on the company's external financial report and internal control of financial report is not effective.	1. Lack democratic decision-making procedure or violation of democratic decision-making procedure 2. Violate national laws and regulations and get punished 3. Great loss of middle and senior management and senior technical personnel 4. Frequent media negative news with a large range 5. Significant business lacks regulation control or regulation system becomes ineffective 6. The significant deficiencies of internal control is not corrected
quantitative standard	The mistake amount in financial report should be within 4% of the total profit	The mistake amount in financial report should be within 4% of the total profit

## X. Internal control audit report

Applicable Inapplicable

deliberations in the internal control audit report	
The audit opinion of the internal control audit report compiled by Ernst & Young Hua Ming Accounting Firm: Chongqing Changan Automobile Co., Ltd keeps the effective financial report internal control on significant aspects from Dec.31 <sup>st</sup> ,2015, according to "Basic Norms of Enterprise Internal Control" and other related regulations.	
Disclosure date of audit report of internal control	Apr.19, 2016
Disclosure index of audit report of internal control	Internal control audit report will be published on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on Apr.19, 2016
type of opinion on internal control audit report	standard and unqualified opinion
Whether there is huge deficiency in the non-financial report	No

**Whether the accounting firm issued non-standard internal control audit report or not?**

Yes  No

**Whether the internal control audit report issued by the Accounting Firm agreed with the self-assessment report of the board of directors or not?**

Yes  No

## **Chapter 9 Auditor's Report**

Ernst & Young Hua Ming Shen Zi (2016) No 60662431\_D01

### **To the shareholders of Chongqing Changan Automobile Company Limited**

We have audited the accompanying financial statements of Chongqing Changan Automobile Company Limited, which comprise the consolidated and the company balance sheet as at 31 December 2015, and the consolidated and the company income statements, the statements of changes in equity and the cash flow statements for the year then ended and notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2016) No 60662431\_Do1

### Opinion

In our opinion, the accompanying consolidated and the company financial statements present fairly, in all material respects, the consolidated and the company's financial position of Chongqing Changan Automobile Company Limited as at 31 December 2015, 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

Chinese Certified Public Accountant

Beijing, the People's Republic of China

18 April 2016

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED BALANCE SHEET**  
**31 December 2015**  
**(Expressed in Renminbi Yuan)**

	<u>Notes V</u>	<u>2015</u>	<u>2014</u>
<b>Current assets</b>			
Cash	1	18,035,109,674.21	9,693,083,497.78
Notes receivable	2	22,683,096,211.46	17,780,161,662.94
Accounts receivable	3	875,479,556.55	758,876,190.82
Prepayments	4	852,071,794.54	839,752,551.46
Interest receivable	5	15,295,866.67	22,083,194.44
Dividends receivable	6	23,684,883.31	-
Other receivables	7	1,001,485,245.40	260,457,285.50
Inventories	8	8,129,075,131.92	6,572,186,481.51
Other current assets	9	<u>8,909,736.44</u>	<u>3,370,219.83</u>
<b>Total current assets</b>		<u>51,624,208,100.50</u>	<u>35,929,971,084.28</u>
<b>Non-current assets</b>			
Available-for-sale financial assets	10	530,811,274.00	544,456,774.00
Long-term equity investments	11	14,906,500,436.49	12,623,989,600.46
Investment property	12	8,009,695.96	9,460,145.04
Fixed assets	13	13,910,237,530.81	14,565,579,796.38
Construction in progress	14	3,063,874,006.92	1,273,996,965.24
Project materials		96,690.75	96,690.75
Fixed assets disposal		12,412.53	12,412.53
Intangible assets	15	2,843,331,742.67	2,878,965,225.15
Development expenditure	16	1,093,462,382.64	627,845,455.00
Goodwill	17	9,804,394.00	9,804,394.00
Long-term deferred expenses	18	8,028,811.27	1,687,863.32
Deferred tax assets	19	1,415,611,191.12	1,160,584,772.58
Other non-current assets	21	<u>-</u>	<u>60,901,712.09</u>
<b>Total non-current assets</b>		<u>37,789,780,569.16</u>	<u>33,757,381,806.54</u>
<b>TOTAL ASSETS</b>		<u>89,413,988,669.66</u>	<u>69,687,352,890.82</u>

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED BALANCE SHEET (continued)**  
**31 December 2015**  
**(Expressed in Renminbi Yuan)**

	<u>Notes V</u>	<u>2015</u>	<u>2014</u>
<b>Current liabilities</b>			
Short-term loans	22	50,000,000.00	90,000,000.00
Notes payable	23	18,662,900,601.34	13,108,623,397.32
Accounts payable	24	14,973,826,566.55	13,038,793,688.31
Advances from customers	25	7,326,612,631.20	5,802,717,284.79
Payroll payable	26	1,499,613,879.78	1,022,369,664.80
Taxes payable	27	356,749,196.49	36,024,006.54
Interest payables	28	73,458,000.00	73,458,000.00
Dividend payables	29	79,742.80	79,742.80
Other payables	30	1,762,874,858.05	2,007,416,635.58
Contingent liabilities	31	1,641,676,220.15	1,221,114,880.50
Other current liabilities	32	<u>3,930,898,961.15</u>	<u>2,921,898,971.68</u>
<b>Total current liabilities</b>		<u>50,278,690,657.51</u>	<u>39,322,496,272.32</u>
<b>Non-current liabilities</b>			
Bonds payable	33	1,975,102,599.85	1,971,184,679.89
Long term payroll payable	34	106,622,000.00	48,317,000.00
Special payable	35	164,121,780.05	146,635,935.13
Other non-current liabilities	36	2,666,543,408.82	2,687,392,181.26
Deferred tax liabilities	19	<u>49,285,500.00</u>	<u>55,915,125.00</u>
<b>Total non-current liabilities</b>		<u>4,961,675,288.72</u>	<u>4,909,444,921.28</u>
<b>Total liabilities</b>		<u>55,240,365,946.23</u>	<u>44,231,941,193.60</u>
<b>Owners' equity</b>			
Share capital	37	4,662,886,108.00	4,662,886,108.00
Capital reserves	38	3,227,489,320.83	3,227,489,320.83
Other Comprehensive Income	39	242,110,844.54	292,013,397.24
Special reserves	40	22,036,479.54	7,864,849.94
Surplus reserves	41	2,331,443,054.00	2,331,443,054.00
Retained earnings	42	<u>23,899,223,263.45</u>	<u>15,115,601,819.79</u>
Equity attributable to owners		34,385,189,070.36	25,637,298,549.80
Minority interests		<u>(211,566,346.93)</u>	<u>(181,886,852.58)</u>
<b>Total equity</b>		<u>34,173,622,723.43</u>	<u>25,455,411,697.22</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<u>89,413,988,669.66</u>	<u>69,687,352,890.82</u>

The financial statements on pages 3 to 17 have been signed by:

Legal Representative: \_\_\_\_\_ Principal in Charge of Accountancy: \_\_\_\_\_ Chief Accountant: \_\_\_\_\_



Chongqing Changan Automobile Company Limited  
**CONSOLIDATED INCOME STATEMENT**  
Year ended 31 December 2015  
(Expressed in Renminbi Yuan)

	Notes V	2015	2014
<b>Operating revenue</b>	43	<u>66,771,580,527.66</u>	<u>52,913,332,100.83</u>
Less: Operating cost	43	53,406,710,707.60	43,265,825,863.87
Business tax and surcharges	44	2,941,577,703.72	2,064,344,726.91
Operating expenses	45	4,954,522,137.85	4,357,168,648.54
General and administrative expenses	46	4,899,212,097.06	3,741,914,875.84
Financial expenses	47	(150,805,630.19)	66,074,040.06
Impairment loss on assets	48	630,316,436.27	343,605,049.25
Add: Investment income	49	9,497,409,092.94	8,102,117,000.24
Including: Investment income from associates and joint venture		<u>9,439,864,877.63</u>	<u>7,991,213,934.13</u>
<b>Operating profit</b>		<b>9,587,456,168.29</b>	<b>7,176,515,896.60</b>
Add: Non-operating income	50	514,920,557.97	401,670,177.11
Including: gain on disposal of non-current assets		1,709,968.83	4,835,757.23
Less: Non-operating expenses	51	90,491,722.00	39,356,429.47
Including: loss on disposal of non-current assets		<u>36,024,036.17</u>	<u>22,128,955.42</u>
<b>Total profit</b>		<b>10,011,885,004.26</b>	<b>7,538,829,644.24</b>
Less: Income tax expense	53	<u>89,331,468.18</u>	<u>20,850,708.62</u>
<b>Net profit</b>		<b><u>9,922,553,536.08</u></b>	<b><u>7,517,978,935.62</u></b>
Including: The net profit of the combined parties before business combination involving entities under common control		<u>-</u>	<u>(43,390,581.51)</u>
Net profit attributable to owners		<u>9,952,714,168.09</u>	<u>7,561,081,585.81</u>
Minority interests		<u>(30,160,632.01)</u>	<u>(43,102,650.19)</u>

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED INCOME STATEMENT (continued)**  
**Year ended 31 December 2015**  
**(Expressed in Renminbi Yuan)**

	Notes V	2015	2014
<b>Other comprehensive income, net of tax</b>			
Total comprehensive income attributable to owners, net of tax	39		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Change in net liability or asset from defined benefit plan		2,956,000.00	556,000.00
Other Comprehensive income not to be recalssfied to profit or loss under equity method		<u>(966,718.09)</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value from available-for-sale financial assest		(37,567,875.00)	129,972,491.77
Foreign currency reserve		(14,323,959.61)	(10,504,456.91)
Total comprehensive income attributable to minority interests, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<b><u>9,872,650,983.38</u></b>	<b><u>7,638,002,970.48</u></b>
Total comprehensive income attributable to owners		<u>9,902,811,615.39</u>	<u>7,681,105,620.67</u>
Total comprehensive income attributable to minority interest		<u>(30,160,632.01)</u>	<u>(43,102,650.19)</u>
<b>Earnings per share</b>	54		
Basic earnings per share		<u>2.13</u>	<u>1.62</u>
Diluted earnings per share		<u>Not Applicable</u>	<u>Not Applicable</u>

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
Year ended 31 December 2015  
(Expressed in Renminbi Yuan)

	Equity attributable to owners				Surplus reserves	Retained earnings	Subtotal	Minority interest	Total equity
	Share capital	Capital reserves	Other comprehensive income	Special reserves					
At 31 December 2014	4,662,886,108.00	3,227,489,320.83	292,013,397.24	7,864,849.94	2,331,443,054.00	15,115,601,819.79	25,637,298,549.80	(181,886,852.58)	25,455,411,697.22
Changes during the year									
Total comprehensive income	-	-	(49,902,552.70)	-	-	9,952,714,168.09	9,902,811,615.39	(30,160,632.01)	9,872,650,983.38
Distribution of profit									
1. Distribution to owners	-	-	-	-	-	(1,169,092,724.43)	(1,169,092,724.43)	-	(1,169,092,724.43)
Special reserves									
1. Provided	-	-	-	69,992,434.73	-	-	69,992,434.73	1,174,225.33	71,166,660.06
2. Utilized	-	-	-	(58,059,866.21)	-	-	(58,059,866.21)	(693,087.67)	(58,752,953.88)
3. Effective portion of changes in special reserves from joint venture	-	-	-	2,239,061.08	-	-	2,239,061.08	-	2,239,061.08
At 31 December 2015	<u>4,662,886,108.00</u>	<u>3,227,489,320.83</u>	<u>242,110,844.54</u>	<u>22,036,479.54</u>	<u>2,331,443,054.00</u>	<u>23,899,223,263.45</u>	<u>34,385,189,070.36</u>	<u>(211,566,346.93)</u>	<u>34,173,622,723.43</u>

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

	Equity attributable to owners						Minority interest	Total equity	
	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings			
At 1 January 2014	4,662,886,108.00	3,667,206,123.77	171,989,362.38	1,670,967.02	1,816,272,976.53	8,537,087,238.91	18,857,112,774.61	(138,401,842.18)	18,718,710,932.43
Changes during the year									
Total comprehensive income	-	-	120,024,034.86	-	-	7,561,081,585.81	7,681,105,620.67	(43,102,650.19)	7,638,002,970.48
Input by investors and decrease in capital									
1.Business combination involving entities under common control	-	(439,980,000.00)	-	-	-	-	(439,980,000.00)	-	(439,980,000.00)
2.Other	-	263,199.06	-	-	-	-	263,199.06	(628,522.01)	(365,322.95)
Distribution of profit									
1.Pick-up of surplus reserves	-	-	-	-	515,170,077.47	(515,170,077.47)	-	-	-
2.Distribution to owners	-	-	-	-	-	(467,396,927.46)	(467,396,927.46)	-	(467,396,927.46)
Special reserves									
1.Provided	-	-	-	32,171,314.11	-	-	32,171,314.11	1,040,952.56	33,212,266.67
2.Utilized	-	-	-	(29,105,295.69)	-	-	(29,105,295.69)	(794,790.76)	(29,900,086.45)
3.Effective portion of changes in special reserves from joint venture	-	-	-	3,127,864.50	-	-	3,127,864.50	-	3,127,864.50
At 31 December 2014	4,662,886,108.00	3,227,489,320.83	292,013,397.24	7,864,849.94	2,331,443,054.00	15,115,601,819.79	25,637,298,549.80	(181,886,852.58)	25,455,411,697.22

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED CASH FLOW STATEMENT**  
Year ended 31 December 2015  
(Expressed in Renminbi Yuan)

	Notes V	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from sale of goods or rendering of services		67,227,118,483.19	47,070,019,938.58
Refunds of taxes		132,443,967.23	186,933,943.35
Cash received relating to other operating activities	55	<u>880,908,236.41</u>	<u>340,831,441.25</u>
<b>Subtotal of cash inflows</b>		<u>68,240,470,686.83</u>	<u>47,597,785,323.18</u>
Cash paid for goods and services		47,149,288,245.62	31,591,516,401.86
Cash paid to and on behalf of employees		4,793,792,121.63	3,910,159,904.05
Cash paid for all types of taxes		5,548,989,133.66	4,114,101,735.03
Cash paid relating to other operating activities	55	<u>5,333,510,416.42</u>	<u>4,202,085,507.67</u>
<b>Subtotal of cash outflows</b>		<u>62,825,579,917.33</u>	<u>43,817,863,548.61</u>
<b>Net cash flows from operating activities</b>	56	<u>5,414,890,769.50</u>	<u>3,779,921,774.57</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash received from disposal of investment		-	109,928,689.99
Cash received from return on investment		8,357,544,215.31	7,734,539,013.46
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,278,718.52	4,692,004.06
Cash received relating to other investing activities	55	<u>112,430,000.00</u>	<u>66,636,035.28</u>
<b>Subtotal of cash inflows</b>		<u>8,471,252,933.83</u>	<u>7,915,795,742.79</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		3,017,850,561.90	2,215,608,713.93
Cash paid for acquisition of investments		1,185,552,000.00	40,000,000.00
Cash paid for acquisition of subsidiary and other joint venture		-	439,980,000.00
Cash paid relating to other investing activities	55	<u>88,000.38</u>	<u>626,230.62</u>
<b>Subtotal of cash outflows</b>		<u>4,203,490,562.28</u>	<u>2,696,214,944.55</u>
<b>Net cash flows from investing activities</b>		<u>4,267,762,371.55</u>	<u>5,219,580,798.24</u>

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED CASH FLOW STATEMENT (continued)**  
Year ended 31 December 2015  
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Cash received from borrowings		60,000,000.00	90,000,000.00
Cash received relating to other financing activities	55	<u>48,806,228.67</u>	<u>374,847,270.36</u>
<b>Sub-total of cash inflows</b>		<u>108,806,228.67</u>	<u>464,847,270.36</u>
Cash repayments of borrowings		100,000,000.00	3,288,000,000.00
Cash paid for distribution of dividends or profits and interest expenses		1,283,023,462.46	659,806,255.03
Cash paid relating to other financing activities	55	<u>45,238,112.37</u>	<u>95,029,974.54</u>
<b>Sub-total of cash outflows</b>		<u>1,428,261,574.83</u>	<u>4,042,836,229.57</u>
<b>Net cash flows from financing activities</b>		<u>(1,319,455,346.16)</u>	<u>(3,577,988,959.21)</u>
<b>EFFECT OF CHANGES IN EXCHANGE RATE ON CASH</b>			
		<u>(130,371.38)</u>	<u>(1,601,557.45)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		8,363,067,423.51	5,419,912,056.15
Add: Opening balance of cash and cash equivalents		<u>9,362,853,917.71</u>	<u>3,942,941,861.56</u>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVLANT</b>	56	<u>17,725,921,341.22</u>	<u>9,362,853,917.71</u>

Chongqing Changan Automobile Company Limited  
**BALANCE SHEET**  
**31 December 2015**  
**(Expressed in Renminbi Yuan)**

	<u>Notes XII</u>	<u>2015</u>	<u>2014</u>
<b>Current assets</b>			
Cash		17,223,403,333.90	8,828,152,864.35
Notes receivable		22,362,236,477.47	17,437,167,211.16
Accounts receivable	1	3,395,349,268.28	2,761,909,831.22
Prepayments		671,459,087.17	718,818,105.48
Interest receivable		15,295,866.67	22,083,194.44
Dividend receivable		23,684,883.31	-
Other receivables	2	1,020,947,609.26	668,159,856.84
Inventories		<u>7,034,843,877.19</u>	<u>5,742,492,948.04</u>
<b>Total current assets</b>		<u>51,747,220,403.25</u>	<u>36,178,784,011.53</u>
<b>Non-current assets</b>			
Available-for-sale financial assets		530,811,274.00	544,456,774.00
Long-term equity investments	3	16,234,640,261.85	13,961,764,958.78
Fixed assets		11,439,456,287.51	12,096,357,952.31
Construction in progress		2,694,046,285.96	1,104,857,686.48
Project materials		96,690.75	96,690.75
Intangible assets		2,549,877,967.28	2,609,607,273.08
Development expenditure		973,680,610.53	553,114,237.90
Long-term deferred expenses		5,734,664.00	360,160.00
Deferred tax assets		1,311,976,033.85	1,074,871,906.67
Other non-current assets		<u>184,595,895.00</u>	<u>60,901,712.09</u>
<b>Total non-current assets</b>		<u>35,924,915,970.73</u>	<u>32,006,389,352.06</u>
<b>TOTAL ASSETS</b>		<u>87,672,136,373.98</u>	<u>68,185,173,363.59</u>

Chongqing Changan Automobile Company Limited  
BALANCE SHEET (continued)  
31 December 2015  
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2015</u>	<u>2014</u>
<b>Current liabilities</b>			
Notes payable		17,867,862,639.24	12,543,099,927.12
Accounts payable		12,261,927,977.59	10,740,190,881.58
Advances from customers		7,244,681,597.34	5,759,636,471.07
Payroll payable		1,340,616,604.42	880,808,485.74
Taxes payable		685,518,624.02	377,767,827.46
Interest payable		73,458,000.00	73,458,000.00
Other payables		1,715,127,488.12	1,689,613,940.30
Contingent liabilities		1,610,185,432.44	1,203,676,749.38
Other current liabilities		<u>3,751,184,504.59</u>	<u>2,699,580,446.95</u>
<b>Total current liabilities</b>		<u>46,550,562,867.76</u>	<u>35,967,832,729.60</u>
<b>Non-current liabilities</b>			
Bonds payable		1,975,102,599.85	1,971,184,679.89
Long term payroll payable		87,565,000.00	27,778,000.00
Special payable		103,856,111.50	76,263,426.13
Other non-current liabilities		2,212,002,396.55	2,195,144,515.81
Deferred tax liabilities		<u>49,285,500.00</u>	<u>55,915,125.00</u>
<b>Total non-current liabilities</b>		<u>4,427,811,607.90</u>	<u>4,326,285,746.83</u>
<b>Total liabilities</b>		<u>50,978,374,475.66</u>	<u>40,294,118,476.43</u>
<b>Owner's equity</b>			
Share capital		4,662,886,108.00	4,662,886,108.00
Capital reserves		2,831,662,835.16	2,831,662,835.16
Other comprehensive income		281,190,781.91	317,440,375.00
Special reserves		12,723,372.00	3,127,864.50
Surplus reserves		2,331,443,054.00	2,331,443,054.00
Retained earnings		<u>26,573,855,747.25</u>	<u>17,744,494,650.50</u>
<b>Total owner's equity</b>		<u>36,693,761,898.32</u>	<u>27,891,054,887.16</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<u><u>87,672,136,373.98</u></u>	<u><u>68,185,173,363.59</u></u>



Chongqing Changan Automobile Company Limited  
**INCOME STATEMENT**  
Year ended 31 December 2015  
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2015</u>	<u>2014</u>
Operating revenue	4	<u>64,862,129,116.91</u>	<u>52,494,653,749.04</u>
Less: Operating cost	4	52,616,129,433.68	43,446,279,325.62
Business tax and surcharges		2,716,124,679.99	1,834,745,421.68
Operating expenses		4,513,587,958.53	3,932,029,859.75
General and administrative expenses		4,344,973,656.07	3,249,998,175.37
Financial expenses		(155,764,882.94)	49,713,585.22
Impairment loss on assets		540,779,680.25	245,849,737.11
Add: Investment income	5	9,499,248,778.19	8,029,395,216.04
<i>Including: Investment income from associates and from joint venture</i>		<u>9,439,864,877.63</u>	<u>7,991,213,934.13</u>
<b>Operating profit</b>		<b>9,785,547,369.52</b>	<b>7,765,432,860.33</b>
Add: Non-operating income		382,321,409.12	363,316,432.64
<i>Including: income on disposal of non-current assets</i>		1,249,832.64	67,589,119.50
Less: Non-operating expenses		82,220,652.86	92,611,463.33
<i>Including: loss on disposal of non-current assets</i>		<u>33,050,453.63</u>	<u>84,531,649.99</u>
<b>Total profit</b>		<b>10,085,648,125.78</b>	<b>8,036,137,829.64</b>
Less: Income tax expense		<u>87,194,304.60</u>	<u>(45,795,843.15)</u>
<b>Net profit</b>		<b><u>9,998,453,821.18</u></b>	<b><u>8,081,933,672.79</u></b>
<b>Other comprehensive income, net of tax</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Change in net liability or asset from defined benefit plan		2,285,000.00	588,000.00
Other Comprehensive income not to be reclassified to profit or loss under equity method		<u>(966,718.09)</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value from available-for-sale financial asset		<u>(37,567,875.00)</u>	<u>186,481,500.00</u>
Total comprehensive income attributable to minority interests, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<b><u>9,962,204,228.09</u></b>	<b><u>8,269,003,172.79</u></b>

Chongqing Changan Automobile Company Limited  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
Year ended 31 December 2015  
(Expressed in Renminbi Yuan)

	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
At 31 December 2014	4,662,886,108.00	2,831,662,835.16	317,440,375.00	3,127,864.50	2,331,443,054.00	17,744,494,650.50	27,891,054,887.16
Changes during the year							
Total comprehensive income	-	-	(36,249,593.09)	-	-	9,998,453,821.18	9,962,204,228.09
Distribution of profit							
1.The distribution to owners	-	-	-	-	-	(1,169,092,724.43)	(1,169,092,724.43)
Special reserves							
1.Provided	-	-	-	57,322,438.61	-	-	57,322,438.61
2.Utilized	-	-	-	(49,965,992.19)	-	-	(49,965,992.19)
3.Effective portion of changes in special reserves from joint venture	-	-	-	2,239,061.08	-	-	2,239,061.08
At 31 December 2015	<u>4,662,886,108.00</u>	<u>2,831,662,835.16</u>	<u>281,190,781.91</u>	<u>12,723,372.00</u>	<u>2,331,443,054.00</u>	<u>26,573,855,747.25</u>	<u>36,693,761,898.32</u>

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

Share capital	Capital reserves	Other	Special reserves comprehensive income	Surplus reserves	Retained earnings	Total owner's equity	
At 31 December 2014	4,662,886,108.00	3,366,723,267.88	-	-	1,816,272,976.53	10,645,127,982.64	20,491,010,335.05
Add: Change in accounting policy	-	(130,370,875.00)	130,370,875.00	-	-	-	-
At 1 January 2014	4,662,886,108.00	3,236,352,392.88	130,370,875.00	-	1,816,272,976.53	10,645,127,982.64	20,491,010,335.05
Changes during the year							
Total comprehensive income	-	-	187,069,500.00	-	-	8,081,933,672.79	8,269,003,172.79
Input by investors and decrease in capital							
1.Business combination involving entities under common control	-	(404,612,234.77)	-	-	-	-	(404,612,234.77)
2.Other	-	(77,322.95)	-	-	-	-	(77,322.95)
Distribution of profit							
1.Pick-up of surplus reserve	-	-	-	-	515,170,077.47	(515,170,077.47)	-
2.The distribution to owners	-	-	-	-	-	(467,396,927.46)	(467,396,927.46)
Special reserves							
1.Provided	-	-	-	20,569,000.00	-	-	20,569,000.00
2.Utilized	-	-	-	(20,569,000.00)	-	-	(20,569,000.00)
3.Effective portion of changes in special reserves from joint venture	-	-	-	3,127,864.50	-	-	3,127,864.50
At 31 December 2015	4,662,886,108.00	2,831,662,835.16	317,440,375.00	3,127,864.50	2,331,443,054.00	17,744,494,650.50	27,891,054,887.16

Chongqing Changan Automobile Company Limited  
**CASH FLOW STATEMENT**  
Year ended 31 December 2015  
(Expressed in Renminbi Yuan)

	Notes V	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from sale of goods or rendering of services		63,953,693,285.60	44,539,407,008.87
Refunds of taxes		-	50,000,000.00
Cash received relating to other operating activities		<u>996,275,037.87</u>	<u>325,468,112.96</u>
<b>Subtotal of cash inflows</b>		<u>64,949,968,323.47</u>	<u>44,914,875,121.83</u>
Cash paid for goods and services		45,915,351,745.05	30,739,741,685.24
Cash paid to and on behalf of employees		3,823,164,575.49	3,146,073,793.80
Cash paid for all types of taxes		5,027,223,259.49	3,638,206,116.33
Cash paid relating to other operating activities		<u>5,019,252,596.31</u>	<u>3,866,363,198.70</u>
<b>Subtotal of cash outflows</b>		<u>59,784,992,176.34</u>	<u>41,390,384,794.07</u>
<b>Net cash flows from operating activities</b>		<u>5,164,976,147.13</u>	<u>3,524,490,327.76</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash received from disposal of investment		-	28,459,829.00
Cash received from return on investment		8,359,383,900.56	7,739,418,268.79
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		70,308,457.82	1,541,246.50
Cash received relating to other investing activities		<u>107,130,000.00</u>	<u>288,797,852.76</u>
<b>Subtotal of cash inflows</b>		<u>8,536,822,358.38</u>	<u>8,058,217,197.05</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,494,275,759.38	1,903,868,435.17
Cash paid for acquisition of investments		1,370,147,895.00	40,288,000.00
Cash paid for acquisition of subsidiary and other joint venture		-	443,384,180.36
Cash paid relating to other investing activities		<u>166,088,000.38</u>	<u>25,406,487.47</u>
<b>Subtotal of cash outflows</b>		<u>4,030,511,654.76</u>	<u>2,412,947,103.00</u>
<b>Net cash flows from investing activities</b>		<u>4,506,310,703.62</u>	<u>5,645,270,094.05</u>

Chongqing Changan Automobile Company Limited  
**CASH FLOW STATEMENT (continued)**  
Year ended 31 December 2015  
(Expressed in Renminbi Yuan)

	<u>Notes XII</u> <u>2014</u>	<u>2015</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received relating to other financing activities	-	<u>4,028.93</u>
<b>Sub-total of cash inflows</b>	-	<u>4,028.93</u>
Cash repayments of borrowings	-	2,990,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	1,276,036,381.20	642,196,270.39
<b>Sub-total of cash outflows</b>	<u>1,276,036,381.20</u>	<u>3,632,196,270.39</u>
<b>Net cash flows from financing activities</b>	<u>(1,276,036,381.20)</u>	<u>(3,632,192,241.46)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	8,395,250,469.55	5,537,568,180.35
Add: Cash and cash equivalents at beginning of year	<u>8,828,152,864.35</u>	<u>3,290,584,684.00</u>
<b>CASH AND CASH EQUIVLANT AT END OF YEAR</b>	<u><u>17,223,403,333.90</u></u>	<u><u>8,828,152,864.35</u></u>

## I. CORPORATE INFORMATION

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

With the approval of China Securities Regulatory Commission, the company initially floated on share market on 19 May 1997 by issuing 120,000,000 common shares(A share) to the public. The offering increased the total share capital to RMB 876,190,000.

On 26 June 1998, the Company issued 4 shares for each 10 shares to existing shareholders of the original 876,190,000 shares. The issuance was made from capital reserve and increased the total share capital to RMB 1,226,666,000.

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

On 26 August 2004, with the approval of China Securities Regulatory Commission, the Company offered 148,850,000 common shares (A share) to the market, which increased the total share capital to RMB 1,620,849,200.

In December 2005, China South Industries Group Corporation (hereafter referred to as the "South Group"), the ultimate parent company, used the common share (850,399,200 shares) owned by its subsidiary, Changan Group, as part of the investment to establish China South Industries Motor Company (hereafter referred to as "South Industries Motor"). The share occupied 52.466% of the Company's total share capital. Therefore, South industries Motor became the parent company of the Company. On 30 March 2006, the transfer of share was registered by Shenzhen branch of China Securities Depository and Clearing Corporation limited.

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

## I CORPORATE INFORMATION (continued)

On 15 May 2007, the Company issued 2 bonus shares for each 10 shares to existing shareholders, which increased the total share capital from RMB 1,620,849,200 to RMB 1,945,019,040.

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

On 3 March 2009, the secondary temporary shareholder meeting was held. The board resolution about 'the reacquisition of foreign capital stock listed in China' was approved in the meeting. For the buyback period ended on 3 March 2010, the company repurchased 8,365,233 shares in total, equal to 0.3584% of total capital.

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

With the approval of China Securities Regulatory Commission on 14 January 2011, the Company issued 360,166,022 common shares (A share), which increased the total share capital to RMB 2,685,823,637. After the completion of the issuance, China Changan holds 1,163,787,489 shares of the Company's common stock, and the held equity interest decreased to 43.33%.

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

On 21 December 2011, the first temporary shareholder meeting was held. The board resolution about 'the reacquisition of foreign capital stock listed in China' was approved in the meeting. For the buyback period ended on 20 March 2012, the company repurchased 171,596,438 shares in total, equal to 3.55% of total capital. On 30 March 2012, the company cancelled the share and the share capital decreased to RMB 4,662,886,108.

During 2013 and 2014, China Changan, the parent company of the Company, continuously sold 181,260,000 and 89,962,264 shares in total in secondary market. As at 31 December 2014, China Changan holds 1,823,595,216 shares of the Company's ordinary shares, with shares proportion decreasing to 39.11%.

## **I CORPORATE INFORMATION (continued)**

On 15 October 2015, the Company renewed Business License for Enterprise's Legal Person with the united social code: 9150000020286320X6.

As at 31 December 2015, the Company's parent company and ultimate controlling company is China Changan and South Group respectively.

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

According to the Articles of Association, the financial statements, which has been approved by the board of directors on 18 April 2016, was submitted to general meeting of shareholders for approval.

The scope of consolidation in the consolidated financial statement is determined based on control. There is no change in the consolidation scope of 2015.

## **II BASIS OF PREPERATION**

### **1. Basis of preperation**

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

The financial statements are presented on a going concern basis.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, the corresponding provisions should be made accordingly. The assets are recorded at assessed value by State-owned Assets Supervision and Administration Commission of the State Council, which are invested into the Group in the reforming period.



### III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

According to the actual production and operation characteristics, the group formulated the specific accounting policies and accounting estimates, mainly reflected in provision of accounts receivables (note III (10), inventory valuation (Note 3 (11), depreciation of fixed assets, intangible assets amortization (Note 3 (14) (17)), capitalization of research and development expenditures (Note 3 (18) and revenue recognition(Note 3 (21)).

#### 1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully, the financial position of the Company as at 31 December 2015 and the financial results and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

#### 2. Accounting year

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

#### 3. Functional currency

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

#### 4. Business combination

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

##### *Business combination involving entities under common control*

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

#### 4. Business combination (continued)

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

##### *Business combination involving entities not under common control*

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

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

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

## 5. Consolidated financial statements

The scope of consolidation of consolidated financial statements is determined based on control, and includes the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an enterprise or entity that is controlled by the Group (including an enterprise, separable part of the investee and a structured entity controlled by the Company).

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

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

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

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

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

## 6 Joint venture arrangement classification and joint operation

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

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

## 7. Cash and cash equivalents

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

## 8. Foreign currency translation

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

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

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

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

## 9. Financial instruments

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

### Recognition and derecognition

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

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets), be written off from the account and balance sheet , when the following conditions are met:

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

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

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

### Classification and measurement of financial assets

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

## 9. Financial instruments (continued)

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

### *Financial assets at fair value through profit or loss*

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

### *Held-to-maturity investments*

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

### *Loans and receivables*

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

### *Available-for-sale financial assets*

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

## 9. Financial instruments (continued)

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

### Classification and measurement of financial liabilities

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

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

#### *Financial liabilities at fair value through profit or loss*

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

#### *Other financial liabilities*

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

### Offsetting of financial instrumentsts

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

## 9. Financial instruments (continued)

### 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.

#### Impairment of financial assets (continued)

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.



**9. Financial instruments (continued)**

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

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

**Financial assets carried at cost**

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

**Transfer of financial assets**

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

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

**10. Accounts receivable**

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

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

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

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

Group 1, the provision analyzed according to aging analysis:

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

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

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

## 11. Inventories

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

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.

The Group applies a perpetual counting method of inventory.

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.

## 12. Long-term equity investments

Long-term equity investments include investments in subsidiaries, joint ventures and associates.

The long-term investments are initially recorded at costs on acquisition. Long-term investments acquired from business combination under common control shall be initially measured at the carrying value of the held interest of the party being acquired; The difference between the initial measured amounts and the book value of consideration, adjust the capital reserves (if the capital reserve is insufficient to be offset, retained earnings should be adjusted); Long-term investments acquired from business combination not under common control shall be initially measured at the cost (or, the sum of the cost and the carrying value of the previously held equity interest in the acquire for the business combination achieved by stages), which include the fair value of the consideration paid, the liabilities beard and the fair value of issued equity instrument; the other comprehensive income produced from the investment before the acquisition should be transferred into the current year investment income on disposal.

## 12. Long-term equity investments (continued)

Long-term investments acquired not from business combination are initially measured at 1) the consideration together with the cost necessary incurred; 2) the fair value of the equity instruments; and 3) the consideration agreed in the investment agreement by the investors, otherwise the agreed consideration were not fair.

The Company adopted cost method to account for long-term investments in the subsidiaries in the separate financial statements of the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

## 12. Long-term equity investments (continued)

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

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

### 13. Investment property

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

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

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

### 14. Fixed 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.

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

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

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

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

#### **15. Construction in progress**

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

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

#### **16. Borrowing costs**

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

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

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

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

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

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

#### 16. Borrowing costs (continued)

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

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

#### 17. Intangible assets

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

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

The useful lives of the intangible assets are as follow:

Land use right	22 to 50 years
Software	2 years
Trademark	10 years
Non-patent technology	5 years



#### **17. Intangible assets (continued)**

Land use rights that are purchased or acquired through the payment of land use fees are accounted for as intangible assets. With respect to self-developed properties, the corresponding land use right and buildings should be recorded as intangible and fixed assets separately. As to the purchased properties, if the reasonable allocation of outlays cannot be made between land and buildings, all assets purchased will be recorded as fixed assets. The cost of a finite useful life intangible asset is amortized using the straight-line method during the estimated useful life. For an intangible asset with a finite useful life, the Group reviews the estimated useful life and amortization method at least at the end of each year and adjusts if necessary.

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

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

#### **18. Research and development expenditures**

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

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

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

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

#### **19. Long-term deferred expenses**

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

#### **20. Contingent liabilities**

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

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

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

## 21. Revenue

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

### Revenue from the sale of goods

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

### Revenue from the rendering of services

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

### Interest income

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

### Royalty income

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

### Rental income

Rental income from operating leases is recognized by the lesser in the income statement on a straight-line basis over the lease term. The contingent rents shall be recorded in the profits and losses of the period in which they actually arise.

## 22. Government grants

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

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

The other government grant shall be recognized as the government grant related to gain. A grant relating to income, which as compensation for future costs, is recognized as deferred income initially, and as income when the related cost incurs. The grant as compensation for costs already incurred should be recognized as income for the current period. A grant relating to assets is recognized as deferred income initially, and as income evenly among the useful life of the related assets. The grant accounted for at nominal amount is recognized as income for the current period.

## 23. Leases

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

### The Group recording the operating lease as a lessee

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and either included in the cost of another related asset or charged to the income statement for the current period. The contingent rents shall be recorded in the profits and losses of the period in which they actually arise.

### 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. The contingent rents shall be recorded in the profits and losses of the period in which they actually arise.

## 24. Employee benefits

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

#### **24. Employee benefits(continued)**

employee, the family member of deceased employee and other beneficiaries are also employee compensation.

##### Short-term employee salaries

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

##### Post-employment benefits (Defined contribution plans)

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

##### Post-employment benefits (Defined benefit plan)

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

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

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

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

##### Termination benefits

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

##### Other long-term employee benefits

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

## 25. Income 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.

## 25. Income taxes (continued)

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

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

## 26. Impairment of assets

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

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

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

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

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

## **26. Impairment of assets (continued)**

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

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

## **27. Profit distribution**

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

## **28. Safety fund**

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

## **29. Fair value measurement**

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



## 29. Fair value measurement (continued)

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

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

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

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

## 30. Significant accounting judgments and estimates

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

### Judgments

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

#### *Operating leases - as lessor*

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

### 30. Significant accounting judgments and estimates (continued)

#### Uncertainty of accounting estimates

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

##### *Impairment of available-for-sale*

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

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

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

##### *Bad debt provisions*

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

##### *Inventory impairment based on the net realizable value*

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

##### *Development expenditures*

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

### 30. Significant accounting judgments and estimates (continued)

#### *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. Factors that influence estimation of related warranty claim include: 1) renewal of laws and regulations; 2) quality promotion of Group products; 3) change of parts and labour cost. In general, the Group records warranty based on selling volume and estimated compensatory unit warranty cost, deduction multiagreed compensation from suppliers. As at balance sheet day, the Group launches retrospective analysis on warranty carrying amount in consideration of actual warranty payment during relative warranty period, and recent trends of product renovation and replacement, and further adjustment if necessary. Any increase or decrease in the provision would affect profit or loss in future years.

#### *Depreciation and amortization*

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

## IV TAXES

### 1. The major categories of taxes and surcharges

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

### 2. Tax benefits

In accordance to Circular for Further Implementation of Tax Incentives In the Development of Western Regions (Cai Shui [2011] No. 58) collectively issued by the ministry of Finance, the Customs General Administration and the National Taxation Bureau of PRC, from 1 January 2011 to 31 December 2020, enterprises located in the Western Region and engaged in encouraged business would be entitled to a preferential CIT rate of 15%. For the year ended 2015, the Company, Changan Special Sales and Chongqing Changan Automobile Supporting are qualified to the requirement and acquired permission of the preferential tax rate of 15% from Chongqing Jiangbei National Tax Bureau (refer to Jiang Fa Gai Ti [2015] No. 135).

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), and ratification of Hebei High-Tech Enterprise Recognition Office (Ji Gao Ban [2014] No. 7), the subsidiaries, Hebei Baoding Changan Bus Co., Ltd. and Hebei Changan Automobile Co., Ltd. were recognized as Hi-tech enterprises and subjected to the preferential tax rate of 15%.

## V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash

Item	2015	2014
Cash	43,967.74	29,174.13
Cash at bank	17,725,877,373.48	9,362,824,743.58
Other cash	309,188,332.99	330,229,580.07
Total	18,035,109,674.21	9,693,083,497.78

As at 31 December 2015, the book value of restricted cash and cash equivalents is RMB309,188,332.99 (As at 31 December 2014: RMB 330,229,580.07), which was mainly restricted for the issuance of acceptance bill.

As at 31 December 2015, the cash at bank oversea is equivalent to RMB115,606,099.08 (As at 31 December 2014: RMB48,914,915.75).

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

### 2. Notes receivable

#### (1) Classification of notes receivable

Type	2015	2014
Commercial acceptance bill	6,532,799,490.50	6,181,968,926.50
Bank acceptance bill	16,150,296,720.96	11,598,192,736.44
Total	22,683,096,211.46	17,780,161,662.94

#### (2) Pledged notes receivable

Type	2015	2014
Bank acceptance bill	140,256,135.43	315,248,201.14

As at 31 December 2015 and 2014, notes receivable with above carrying amount were pledged to issue notes payable.

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

Type	2015		2014	
	Derecognition	Un-derecognition	Derecognition	Un-derecognition
Commercial acceptance bill	45,000,000.00	-	148,639,535.00	-
Bank acceptance bill	2,103,475,070.03	-	6,471,261,656.66	-
Total	2,148,475,070.03	-	6,619,901,191.66	-

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**2. Notes receivable (continued)**

- (4) As at 31 December 2015, there are no notes transferred to accounts receivable due to the non-acceptance. (As at 31 December 2014: Nil)

**3. Accounts receivable**

- (1) Aging analysis of the accounts receivable as at 31 December 2015 is as follows:

Aging	2015	2014
Within 1 year	816,233,320.25	756,799,693.66
1 to 2 years	57,127,535.84	9,248,881.83
2 to 3 years	8,902,022.00	4,975,294.50
Over 3 years	58,075,538.38	54,774,092.14
Total	940,338,416.47	825,797,962.13
Provision	(64,858,859.92)	(66,921,771.31)
	875,479,556.55	758,876,190.82

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

	Beginning balance	Addition	Deduction		Ending balance
			Reversal	Write-off	
2015	66,921,771.31	4,235,654.20	6,053,510.23	245,055.36	64,858,859.92
2014	62,098,137.00	10,117,961.85	5,294,327.54	-	66,921,771.31

- (2) Analysis of accounts receivable by category as at 31 December 2015 is as follows:

Item	2015				2014			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	106,141,701.22	11.29	-	-	87,504,274.30	10.60	-	-
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	655,787,930.16	69.74	54,821,759.22	8.36	592,279,016.92	71.72	56,639,615.25	9.56
Group 2. Accounts receivable from related parties	168,371,684.39	17.90	-	-	135,732,514.85	16.44	-	-
Group subtotal	824,159,614.55	87.64	54,821,759.22	6.65	728,011,531.77	88.16	56,639,615.25	7.78
Individually insignificant items but analyzed individually for provision	10,037,100.70	1.07	10,037,100.70	100	10,282,156.06	1.24	10,282,156.06	100
<b>Total</b>	<b>940,338,416.47</b>	<b>100</b>	<b>64,858,859.92</b>	<b>6.90</b>	<b>825,797,962.13</b>	<b>100</b>	<b>66,921,771.31</b>	<b>8.10</b>

### 3. Accounts receivable (continued)

In groups, accounts receivable were analyzed for provision by aging:

Aging	2015			2014		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	535,515,703.25	81.66	-	346,507,993.68	58.50	-
6 to 12 months	20,626,137.08	3.15	1,031,306.85	183,980,746.33	31.07	9,199,037.32
Within 1 year subtotal	556,141,840.33	84.81	1,031,306.85	530,488,740.01	89.57	9,199,037.32
1 to 2 years	43,659,191.63	6.65	4,365,919.16	6,452,222.91	1.09	645,222.29
2 to 3 years	5,521,200.00	0.84	1,656,360.01	5,109,766.77	0.86	1,532,930.03
3 to 4 years	4,752,350.00	0.72	2,376,175.00	5,392,000.00	0.91	2,696,000.00
4 to 5 years	1,606,750.00	0.25	1,285,400.00	11,349,308.11	1.92	9,079,446.49
Over 5 years	44,106,598.20	6.73	44,106,598.20	33,486,979.12	5.65	33,486,979.12
<b>Total</b>	<b>655,787,930.16</b>	<b>100</b>	<b>54,821,759.22</b>	<b>592,279,016.92</b>	<b>100</b>	<b>56,639,615.25</b>

In groups, accounts receivable were analyzed for provision by other methods:

Group	2015		2014	
	Balance	Provision	Balance	Provision
Accounts receivable from related parities	168,371,684.39	-	135,732,514.85	-

As at 31 December 2015 and 2014, there are no individually significant items analyzed individually for provision.

- (3) In 2015, provision for accounts receivable amounted to RMB 4,235,654.20 has been accrued (2014: RMB10, 117,961.85). Provision for accounts receivable amounted to RMB6, 053,510.23 has been reversed (2014: 5,294,327.54).
- (4) As at 31 December 2015, Provision for accounts receivable amounted to RMB245, 055.36 has been write-off. (2014: Nil).
- (5) As at 31 December 2015, accouts receivable from Top 5 clients amounted to RMB 226,567,170.13, accounted for 24.09% of the total accounts receivable (2014: RMB 190,535,124.04, accounted for 23.07% of the total amount).
- (6) There is no accounts receivable derecognized due to transfer of financial assets during 2015 (2014: Nil).

#### 4. Prepayments

(1) Aging analysis of the prepayments is as follows:

Aging	2015		2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	845,113,206.61	99.19	823,600,044.91	98.08
1 to 2 years	5,057,781.43	0.59	12,594,729.34	1.50
2 to 3 years	1,215,374.60	0.14	3,511,694.49	0.42
Over 3 years	685,431.90	0.08	46,082.72	0.00
Total	852,071,794.54	100.00	839,752,551.46	100.00

(2) As at 31 December 2015, prepayments to Top 5 suppliers amounted to RMB 651,298,713.35, which accounted for 76.44% of the total prepayments (2014: RMB 693,294,668.24, which accounted for 82.56% of the total amount).

#### 5. Interest receivable

Item	2015	2014
Time Deposit	15,295,866.67	22,083,194.44

#### 6. Dividends receivable

Item	2015	2014
Changan Ford Mazda Engine Co., Ltd	23,684,883.31	-

#### 7. Other receivables

(1) Aging analysis of other receivables as at 31 December 2015 is as follows:

	2015	2014
Within 1 year	983,626,145.56	231,000,922.88
1 to 2 years	2,665,379.79	6,624,196.29
2 to 3 years	912,249.94	12,232,852.46
Over 3 years	18,542,901.26	14,969,794.22
Total	1,005,746,676.55	264,827,765.85
Provision	(4,261,431.15)	(4,370,480.35)
	1,001,485,245.40	260,457,285.50

Movements of provisions for other receivables are as follows:

	Beginning balance	Addition	Deduction		Ending balance
			Reversal	Write-off	
2015	4,370,480.35	117,953.66	222,002.86	5,000.00	4,261,431.15
2014	30,336,273.49	258,171.94	1,459,695.08	24,764,270.00	4,370,480.35



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7. Other receivables (continued)

(2) Analysis of other receivables by category as at 31 December 2015 is as follows:

Item	2015				2014			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	812,880,000.00	80.82	-	-	123,832,000.00	46.76	-	-
Other receivables analyzed as groups for provision								
Group 1. Other receivables analyzed for provision according to aging analysis	107,047,831.33	10.64	2,377,217.93	2.22	138,925,510.22	52.46	2,481,267.13	1.79
Group 2. Other receivables from related parties	83,934,632.00	8.35	-	-	181,042.41	0.07	-	-
Group subtotal	190,982,463.33	18.99	2,377,217.93	1.24	139,106,552.63	52.53	2,481,267.13	1.78
individually insignificant items but analyzed individually for provision	1,884,213.22	0.19	1,884,213.22	100	1,889,213.22	0.71	1,889,213.22	100
<b>Total</b>	<b>1,005,746,676.55</b>	<b>100</b>	<b>4,261,431.15</b>	<b>0.42</b>	<b>264,827,765.85</b>	<b>100</b>	<b>4,370,480.35</b>	<b>1.65</b>

In groups, other receivables were analyzed for provision by aging:

Aging	2015			2014		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	101,517,856.97	94.83	-	133,122,029.36	95.82	-
6 to 12 months	2,102,465.20	1.96	105,123.25	370,404.77	0.27	18,520.23
Within 1 year subtotal	103,620,322.17	96.79	105,123.25	133,492,434.13	96.09	18,520.23
1 to 2 years	980,114.30	0.92	98,011.43	1,876,797.77	1.35	187,679.78
2 to 3 years	99,781.94	0.09	29,934.58	1,407,927.71	1.01	422,378.31
3 to 4 years	297,156.91	0.28	148,578.46	372,323.61	0.27	186,161.81
4 to 5 years	274,429.01	0.26	219,543.21	547,500.00	0.39	438,000.00
Over 5 years	1,776,027.00	1.66	1,776,027.00	1,228,527.00	0.89	1,228,527.00
<b>Total</b>	<b>107,047,831.33</b>	<b>100</b>	<b>2,377,217.93</b>	<b>138,925,510.22</b>	<b>100</b>	<b>2,481,267.13</b>

As at 31 December 2015, there are no individually significant items analyzed individually for provision (2014: Nil).

(3) For the year ended 31 December 2015, provision for other receivables amounted to RMB117, 953.66 have been accrued (2014: RMB 258,171.94). Provision for other receivables amounted to RMB222, 002.86 has been reversed (2014: RMB1, 459,695.08).

**7. Other receivables (continued)**

(4) For the year ended 31 December 2015, provision for impairment of other receivables amounted to RMB 5,000.00 has been written off (2014: RMB 24,764,270.00).

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

Nature	2015	2014
Energy-saving and new energy subsidy	812,880,000.00	123,832,000.00
Petty Cash	40,094,907.47	50,696,835.12
Security Deposit	8,184,335.73	26,808,048.13
Export rebates	16,208,023.06	15,961,250.16
Others	124,117,979.14	43,159,152.09
<b>Total</b>	<b>1,001,485,245.40</b>	<b>260,457,285.50</b>

(6) As at 31 December 2015, top five debtors of other receivables are as follows:

Debtors	Amount	Nature	Aging	Proportion of total other receivables (%)	Provision
First	416,830,000.00	Energy-saving and new energy subsidy	Within one year	41.44	-
Second	396,050,000.00	New energy subsidy	Within one year	39.38	-
Third	80,000,000.00	Dispose of assets	Within one year	7.95	-
Fourth	8,897,507.26	Pretty Cash	Within one year	0.88	-
Fifth	4,259,166.10	Pretty Cash	Within one year	0.42	-
<b>Total</b>	<b>906,036,673.36</b>			<b>90.07</b>	<b>-</b>

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

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

(7) As at 31 December 2015, there is no government grant in due recorded in other receivables (2014: Nil).

(8) For the year ended 2015, there is no accounts receivable derecognized due to transfer of financial assets. (2014: Nil).

## 8. Inventories

### (1) Classification of inventories

Item	2015			2014		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	540,301,100.91	112,671,279.09	427,629,821.82	479,605,856.33	43,047,494.14	436,558,362.19
Material in transit	55,664,733.61	-	55,664,733.61	48,741,864.29	-	48,741,864.29
Work in progress	468,242,137.94	33,014,300.12	435,227,837.82	666,159,202.60	72,883,429.99	593,275,772.61
Finish goods	7,165,061,259.82	140,838,362.77	7,024,222,897.05	5,378,816,735.63	38,664,885.02	5,340,151,850.61
Consigned processing material	48,430,606.84	-	48,430,606.84	2,157,864.35	-	2,157,864.35
Consumables	137,899,234.78	-	137,899,234.78	151,300,767.46	-	151,300,767.46
Total	8,415,599,073.90	286,523,941.98	8,129,075,131.92	6,726,782,290.66	154,595,809.15	6,572,186,481.51

### (2) Provision for inventories

#### 2015

Type	Beginning balance	Provision	Deduction	Ending balance
			Reversal Or Written off	
Raw materials	43,047,494.14	88,029,180.46	18,405,395.51	112,671,279.09
Work in progress	72,883,429.99	11,771,059.78	51,640,189.65	33,014,300.12
Finish goods	38,664,885.02	137,496,279.09	35,322,801.34	140,838,362.77
Total	154,595,809.15	237,296,519.33	105,368,386.50	286,523,941.98

#### 2014

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

### (3) Note for inventory provision

The Group assesses whether the cost of inventory is higher than the net realizable value and makes provision of the difference. Net realizable value is the estimated by selling price in the ordinary course of business deduct estimated costs in further production to sell and estimated necessary distribution expense and tax expense. The reversal of inventory provisions are due to price reboundance of previous impaired inventories by net realizable value test, while written off of inventory provisions are due to selling off of previous impaired inventories in current year.

## 8. Inventories (continued)

Note for the inventory

As at 31 December 2015, 80,122 finished 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: 5,779 cars in Huaxia Bank; 13,175 cars in China Citic Bank; 12,527 cars in China Everbright Bank; 10,675 cars in Bank of Communications Co., Ltd.; 32,402 cars in China South Industry Group Finance Co., Ltd; 1,955 cars in China Merchants Bank; and 3,609 cars in Industrial Bank Co., Ltd.

As at 31 December 2014, 62,395 finished cars are transported to the dealers. According to the protocol signed among the Group, the bank and the dealer, corresponding car certificates are pledged in the bank, including: 7,189 cars in Huaxia Bank; 12,257 cars in China Citic Bank; 8,923 cars in China Everbright Bank; 3,640 cars in Bank of Communications Co., Ltd.; and 30,386 cars in China South Industry Group Finance Co., Ltd.

## 9. Other current assets

Item	2015	2014
Accrual input tax	7,802,783.59	2,835,337.83
Others	1,106,952.85	534,882.00
<b>Total</b>	<b>8,909,736.44</b>	<b>3,370,219.83</b>

## 10. Available-for-sale financial assets

Item	2015			2014		
	Book value	Provision	Net value	Book value	Provision	Net value
Available-for-sale equity instrument						
Measured at fair value	378,570,000.00	27,120,000.00	351,450,000.00	422,767,500.00	27,120,000.00	395,647,500.00
Measured at historical cost	179,361,274.00	-	179,361,274.00	148,809,274.00	-	148,809,274.00
<b>Total</b>	<b>557,931,274.00</b>	<b>27,120,000.00</b>	<b>530,811,274.00</b>	<b>571,576,774.00</b>	<b>27,120,000.00</b>	<b>544,456,774.00</b>

As at 31 December 2015, The available-for-sale equity securities instrument measured at fair value is 35.50 million ordinary shares of Southwest Securities Co., Ltd. (31 December 2014 17.75 million ordinary shares of Southwest Securities Co., ).

In the year of 2015, on basis of existing share capital as of 30 June 2015, Southwest Securities transferred capital surplus reserve to new share capital by 10 shares to every 10 shares, increasing the Group's unlimited common stock of Southwest Securities to 35.50 million shares.

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**10. Available-for-sale financial assets (continued)**

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

Item	2015	2014
Cost of equity instrument	50,000,000.00	50,000,000.00
Fair value	351,450,000.00	395,647,500.00
Accumulated amount of change in fair value recorded in other comprehensive income	328,570,000.00	372,767,500.00
Provision	27,120,000.00	27,120,000.00

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

2015

Item	Book value				Provision				Shareholding Ratio (%)	Cash dividend in current year
	Beginning balance	Addition	Disposal	Ending balance	Beginning balance	Addition	Disposal	Ending balance		
China South Industry Group Finance Co., Ltd.	80,000,000.00	-	-	80,000,000.00	-	-	-	-	5.33	52,219,215.31
Chongqing Ante trading Co., Ltd.	3,000,000.00	-	-	3,000,000.00	-	-	-	-	10.00	-
Sichuan Glass Co., Ltd.	1,809,274.00	-	-	1,809,274.00	-	-	-	-	0.64	-
Zhong Fa Lian Investment Co., Ltd.	21,000,000.00	-	-	21,000,000.00	-	-	-	-	10.00	-
CAERI(Beijing) automobile Lightweight Technology Research Institution Co., Ltd.	3,000,000.00	-	-	3,000,000.00	-	-	-	-	6.89	-
Guoqi Automobile Power Cell Research Co., Ltd.	40,000,000.00	-	-	40,000,000.00	-	-	-	-	7.41	-
United Prosperity Investment (ShenZhen) Co., Ltd.	-	30,552,000	-	30,552,000.00	-	-	-	-	5.00	-
Total	148,809,274.00	30,552,000	-	179,361,274.00	-	-	-	-	-	52,219,215.31

2014

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

Provision for available-for-sale financial assets	2015	2014
Balance at beginning and ending of the year	27,120,000.00	27,120,000.00

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**11. Long-term equity investments**

2015

Investee	Beginning balance	Addition	Deduction	Investment income under equity method	Other comprehensive income	Other equity variation	Cash dividends declared	Provision	Book value ending balance	Provision ending balance
<b>Joint Venture</b>										
Chongqing Changan Suzuki Automobile Co., Ltd.	1,408,273,674.47	-	-	(197,896,284.99)	-	1,504,417.96	-	-	1,211,881,807.44	-
Jiangling Holding Co., Ltd.	2,334,057,207.68	-	-	374,818,810.93	(966,718.09)	734,643.12	-	-	2,708,643,943.64	-
Changan Ford Automobile Co., Ltd.	4,617,363,993.97	-	-	8,687,052,398.21	-	-	(7,800,000,000.00)	-	5,504,416,392.18	-
Changan Mazda Automobile Co., Ltd.	1,672,590,730.82	-	-	825,535,684.82	-	-	(500,000,000.00)	-	1,998,126,415.64	-
Changan Ford Mazda Engine Co., Ltd.	720,178,224.15	-	-	85,303,345.52	-	-	(23,684,883.31)	-	781,796,686.36	-
Changan PSA Automobiles Co., Ltd.	1,795,746,892.81	-	-	(332,842,518.18)	-	-	-	-	1,462,904,374.63	-
<b>Associates</b>										
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	9,220,184.59	-	-	(1,708,753.82)	-	-	-	-	7,511,430.77	-
Chongqing Changan Kuayue Automobile Co., Ltd.	66,558,691.97	-	-	9,660,693.86	-	-	-	-	76,219,385.83	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd. (note)	-	-	-	-	-	-	-	-	-	-
Beijing Fang'an taxi Co., Ltd. (note)	-	-	-	-	-	-	-	-	-	-
Chongqing Auto Finance Co., Ltd.	-	1,155,000,000.00	-	-	-	-	-	-	1,155,000,000.00	-
<b>Total</b>	<b>12,623,989,600.46</b>	<b>1,155,000,000.00</b>	<b>-</b>	<b>9,449,923,376.35</b>	<b>(966,718.09)</b>	<b>2,239,061.08</b>	<b>(8,323,684,883.31)</b>	<b>-</b>	<b>14,906,500,436.49</b>	<b>-</b>

Note: As at 31 December 2015, the Group is not responsible for extral loss from Chongqing Changan Kuayue Automobile Sales Co., Ltd. and Beijing Fang'an taxi Co., Ltd.. Therefore, when these two associates occurred excess losses, the Group just reduced its correspondent long-term equity investment to zero, and did not recognize contingent liabilities accordingly.

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**11. Long-term equity investments**

2014

Investee	Beginning balance	Addition	Deduction	Investment income under equity method	Other comprehensive income	Other equity variation	Cash dividends declared	Provision	Book value ending balance	Provision ending balance
<b>Joint Venture</b>										
Chongqing Changan Suzuki Automobile Co., Ltd.	1,422,871,007.19	-	(28,024,712.81)	10,299,515.59	-	3,127,864.50	-	-	1,408,273,674.47	-
Jiangling Holding Co., Ltd.	1,970,068,511.81	-	-	363,988,695.87	-	-	-	-	2,334,057,207.68	-
Changan Ford Automobile Co., Ltd.	5,168,880,471.54	-	-	7,148,483,522.43	-	-	(7,700,000,000.00)	-	4,617,363,993.97	-
Changan Mazda Automobile Co., Ltd.	1,165,287,267.32	-	-	507,303,463.50	-	-	-	-	1,672,590,730.82	-
Changan Ford Mazda Engine Co., Ltd.	599,468,669.92	-	-	120,709,554.23	-	-	-	-	720,178,224.15	-
Changan PSA Automobiles Co., Ltd.	1,957,257,672.14	-	-	(161,510,779.33)	-	-	-	-	1,795,746,892.81	-
<b>Associates</b>										
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	8,772,039.08	-	-	448,145.51	-	-	-	-	9,220,184.59	-
Chongqing Changan Kuayue Automobile Co., Ltd.	64,068,246.00	-	-	2,490,445.97	-	-	-	-	66,558,691.97	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd. (note)	-	-	-	-	-	-	-	-	-	-
Beijing Fang'an taxi Co., Ltd. (note)	998,629.64	-	-	(998,629.64)	-	-	-	-	-	-
<b>Total</b>	<b>12,357,672,514.64</b>	<b>-</b>	<b>(28,024,712.81)</b>	<b>7,991,213,934.13</b>	<b>-</b>	<b>3,127,864.50</b>	<b>(7,700,000,000.00)</b>	<b>-</b>	<b>12,623,989,600.46</b>	<b>-</b>

## 12. Investment property

Cost Model

2015

Item	Buildings	
	2015	2014
<b>Original cost</b>		
Beginning	11,819,701.24	11,511,221.65
Transferred from CIP	-	308,479.59
Transferred to others	1,769,601.24	-
Ending	10,050,100.00	11,819,701.24
<b>Accumulated depreciation and amortization</b>		
Beginning	2,359,556.20	2,020,594.52
Accrual	226,711.56	338,961.68
Transferred to others	545,863.72	-
Ending	2,040,404.04	2,359,556.20
<b>Impairment Provision</b>		
Beginning and Ending	-	-
<b>Carrying amount</b>		
Ending	8,009,695.96	9,460,145.04
Beginning	9,460,145.04	9,490,627.13

As at 31 December 2015, there is no investment property without property certificate (As at 31 December 2014: Nil).

In the year of 2015, the investment property held by the subsidiary, Hebei Baoding Changan Bus Co., Ltd., has been transferred to owner-occupied property due to expiry of lease contract.



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**13. Fixed assets**

(1) Details of fixed assets

2015

Item	Buildings	Machinery	Vehicles	Other Equipments	Total
Original cost					
Beginning	5,720,929,022.47	12,456,413,124.25	105,085,124.78	3,754,783,606.38	22,037,210,877.88
Purchase	81,808,296.79	117,128,705.40	817,554.20	10,718,665.95	210,473,222.34
Transfer from Construction in progress	236,675,656.74	808,105,141.71	6,346,313.77	269,506,388.83	1,320,633,501.05
Transfer from Investment property	1,769,601.24	-	-	-	1,769,601.24
Disposal	15,834,339.33	462,920,856.44	9,641,852.13	63,957,371.03	552,354,418.93
Ending	6,025,354,237.91	12,918,726,114.92	102,607,140.62	3,971,054,290.13	23,017,735,783.58
Accumulated depreciation					
Beginning	869,654,467.05	4,499,116,329.67	43,232,776.35	1,463,102,408.02	6,875,102,981.09
Accrual	229,475,954.02	1,042,676,250.10	11,754,212.68	335,127,515.28	1,619,033,932.08
Transfer from Investment property	545,863.72	-	-	-	545,863.72
Disposal	3,344,734.59	148,669,976.61	7,375,385.46	40,795,181.22	200,182,277.88
Ending	1,096,331,550.20	5,393,122,603.16	47,611,603.57	1,757,434,742.08	8,294,500,499.01
Impairment provision					
Beginning	4,998,917.25	546,083,399.27	111,955.65	45,333,828.24	596,528,100.41
Accrual	79,803,326.20	297,876,350.68	8,948,638.94	10,929,580.39	397,557,896.21
Disposal	523,175.53	176,776,467.45	49,059.86	3,739,540.02	181,088,242.86
Ending	84,279,067.92	667,183,282.50	9,011,534.73	52,523,868.61	812,997,753.76
Carrying amount					
Ending	4,844,740,619.79	6,858,420,229.26	45,984,002.32	2,161,092,679.44	13,910,237,530.81
Beginning	4,846,278,638.17	7,411,213,395.31	61,740,392.78	2,246,347,370.12	14,565,579,796.38

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**13. Fixed assets (Continued)**

(1) Details of fixed assets (Continued)

2014

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

(2) Fixed assets that are temporarily unused

2015

Item	Original cost	Accumulated depreciation	Impairment provision	Carrying amount
Buildings	76,173,039.74	26,050,123.71	26,369,104.88	23,753,811.15
Machinery	759,630,049.43	421,391,601.73	336,485,331.27	1,753,116.43
Vehicles	11,119,022.00	2,245,415.51	8,873,188.05	418.44
Other Equipments	70,845,194.36	33,072,928.44	37,461,079.13	311,186.79
Total	917,767,305.53	482,760,069.39	409,188,703.33	25,818,532.81

2014

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

(3) As at 31 December 2015, there is no fixed assets which are rented in under finance leases, rented out under operating leases, or held for sale (As at 31 December 2014: Nil).

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**13. Fixed assets (continued)**

(4) Fixed assets without property certificate as at 31 December 2015 are as follow:

Item	Carrying amount	Reason for incomplete certificate of title
Assemble plant	136,097,970.93	In process
Other plant	95,451,396.94	In process
Painting plant	88,284,174.22	In process
Factory road	81,054,902.18	In process
Yu Zui Auto City	80,811,204.90	Project not settled
Welding plant I	59,150,490.59	In process
Office building	57,090,295.07	In process
Stamping plant	56,784,355.59	In process
Other facilities	48,874,207.34	In process
EACasting workshop Phase I	43,390,685.16	In process
Test road	37,260,363.34	In process
Car park	37,227,683.39	In process
Second plant and public building	33,934,219.30	In process
Engine workshop	33,848,147.03	In process
Comercial vehicle workshop	31,741,927.93	In process
Technology center workshop	16,688,009.79	In process
Buildings in testing projects of Dianjiang	10,971,489.07	In process
Warehouse	9,286,437.24	In process
Staff cafeteria	8,903,706.51	In process

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**14. Construction in progress**

(1) Details of construction in progress

Item	2015			2014		
	Balance	Provision	Carrying amount	Balance	Provision	Carrying amount
Mini-bus production equipment	90,984,573.86	-	90,984,573.86	51,532,611.69	-	51,532,611.69
Yuzui motor city project	758,263,413.23	-	758,263,413.23	56,137,499.36	-	56,137,499.36
Car production equipment	42,051,572.59	-	42,051,572.59	21,154,399.12	-	21,154,399.12
Engine plant	1,324,035,600.35	-	1,324,035,600.35	390,640,806.71	-	390,640,806.71
Vehicle research institution	59,928,820.28	-	59,928,820.28	27,883,151.96	-	27,883,151.96
Vehicle moulds	250,678,762.19	-	250,678,762.19	264,739,352.30	-	264,739,352.30
Light vehicle technical transformation project of Baoding Changan bus	48,649,227.54	-	48,649,227.54	29,974,950.86	-	29,974,950.86
Plant for vehicle test project	45,137,091.95	-	45,137,091.95	76,854.40	-	76,854.40
Beijing vehicle construction project	85,977,811.61	-	85,977,811.61	232,656,244.67	-	232,656,244.67
Production Line for 100,000 capacity	-	-	-	10,458,678.57	10,458,678.57	-
Engine Base of Nanjing	3,543,517.10	-	3,543,517.10	24,147,569.91	-	24,147,569.91
Yuzui Refitting factory	25,998,204.34	-	25,998,204.34	20,399,257.73	-	20,399,257.73
Car production Project Of Hefei Changan	162,436,108.67	-	162,436,108.67	15,630,398.56	-	15,630,398.56
Nanjing Welding Technological transformation project	44,360,154.14	-	44,360,154.14	23,004,985.36	-	23,004,985.36
Others	121,829,149.07	-	121,829,149.07	116,018,882.61	-	116,018,882.61
<b>Total</b>	<b>3,063,874,006.92</b>	<b>-</b>	<b>3,063,874,006.92</b>	<b>1,284,455,643.81</b>	<b>10,458,678.57</b>	<b>1,273,996,965.24</b>

Chongqing Changan Automobile Company Limited  
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14. Construction in progress (continued)

(2) Significant movements of construction in progress in 2015

Project	Budget (RMB0,000)	Beginning balance (Restated)	Addition	Transfer to fixed assets	Other deduction	The project investments' proportion of budget	Progress of construction	Accumulated capitalized interest	Including: Current capitalized interest	Current capitalization rate	Source of funds	Ending balance
Mini-bus production equipment	354,098.00	51,532,611.69	128,221,677.95	88,769,715.78	-	41%	41%	412,957.05	-	-	Raised	90,984,573.86
Yuzui motor city project	426,656.00	56,137,499.36	783,935,378.77	81,809,464.90	-	52%	52%	-	-	-	Raised	758,263,413.23
Car production equipment	119,196.00	21,154,399.12	77,695,238.73	56,798,065.26	-	71%	71%	505,924.12	-	-	Raised	42,051,572.59
Engine plant	574,945.00	390,640,806.71	1,057,159,126.46	123,764,332.82	-	79%	79%	12,926,342.81	-	-	Raised	1,324,035,600.35
Vehicle research institution	240,676.00	27,883,152.26	57,649,941.36	25,604,273.34	-	36%	36%	863,669.92	-	-	Raised	59,928,820.28
Vehicle moulds	143,000.00	264,739,352.00	108,223,646.46	122,284,236.27	-	75%	75%	3,397,900.43	-	-	Raised	250,678,762.19
Light vehicle technical transformation project of Baoding Changan Bus	36,838.15	29,974,950.86	67,980,073.31	49,305,796.63	-	85%	85%	-	-	-	Raised	48,649,227.54
Plant for vehicle test project	157,122.00	76,854.40	54,900,409.04	9,840,171.49	-	82%	82%	-	-	-	Raised	45,137,091.95
Beijing vehicle construction project	799,629.53	232,656,244.67	401,185,577.14	547,864,010.20	-	40%	40%	-	-	-	Raised	85,977,811.61
Engine Base of Nanjing	17,750.00	24,147,569.91	34,753,065.04	55,357,117.85	-	35%	35%	-	-	-	Raised	3,543,517.10
Yuzui Refitting factory	29,977.00	20,399,257.73	14,083,254.63	8,484,308.02	-	21%	21%	-	-	-	Raised	25,998,204.34
Car production project of Hefei Changan	94,001.00	15,630,398.56	154,445,026.33	7,639,316.22	-	18%	18%	-	-	-	Raised	162,436,108.67
Nanjing Welding Technological transformation project	6,000.00	23,004,985.36	27,687,982.47	6,332,813.69	-	74%	74%	-	-	-	-	44,360,154.14
Others	-	116,018,882.61	142,590,145.04	136,779,878.58	-	-	-	27,646,324.37	-	-	Raised	121,829,149.07
<b>Total</b>		<b>1,273,996,965.24</b>	<b>3,110,510,542.73</b>	<b>1,320,633,501.05</b>	<b>-</b>			<b>45,753,118.70</b>	<b>-</b>	<b>-</b>		<b>3,063,874,006.92</b>

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14. Construction in progress (continued)

(2) Significant movements of construction in progress in 2014:

Project	Budget (RMB0,000)	Beginning balance	Addition	Transfer to fixed assets	Other deduction	The project investments' proportion of budget	Progress of construction	Accumulated capitalized interest	Including: Current capitalized interest	Current capitalization rate	Source of funds	Ending balance
Mini-bus production equipment	133,127.00	50,083,620.26	63,899,939.33	62,416,985.62	33,962.28	86%	86%	412,957.05	-	-	Raised	51,532,611.69
Yuzui motor city project	228,863.00	3,340,635.09	65,985,148.78	13,188,284.51	-	63%	63%	-	-	-	Raised	56,137,499.36
Car production equipment	173,359.00	42,419,237.65	170,345,859.68	194,610,698.21	-	44%	44%	505,924.12	-	-	Raised	21,154,399.12
Engine plant	561,556.20	90,556,793.45	406,723,165.96	106,551,836.05	87,316.65	62%	62%	12,926,342.81	-	-	Raised	390,640,806.71
Vehicle research institution	73,417.00	69,250,097.06	59,081,623.04	100,182,532.48	266,035.36	95%	95%	863,669.92	-	-	Raised	27,883,152.26
Vehicle moulds	150,727.81	356,844,644.42	108,065,995.25	200,171,287.67	-	76%	82%	3,397,900.43	-	-	Raised	264,739,352.00
Light vehicle technical transformation project of Baoding Changan Bus	27,596.15	56,020,860.61	51,541,526.19	77,587,435.94	-	80%	80%	-	-	-	Raised	29,974,950.86
Plant for vehicle test project	148,556.00	541,058,623.64	197,142,374.96	737,934,680.06	189,464.14	83%	83%	-	-	-	Raised	76,854.40
Beijing vehicle construction project	257,468.00	40,243,489.44	270,767,602.21	78,354,846.98	-	92%	91%	-	-	-	Raised	232,656,244.67
Engine Base of Nanjing	17,750.00	3,113,926.18	22,404,714.10	1,371,070.37	-	15%	15%	-	-	-	Raised	24,147,569.91
Yuzui Refitting factory	29,977.00	6,716,923.97	13,682,333.76	-	-	16%	16%	-	-	-	Raised	20,399,257.73
Car production project of Hefei Changan	34,660.00	-	72,447,820.97	52,483,463.77	4,333,958.64	2%	2%	-	-	-	Raised	15,630,398.56
Others	-	69,124,905.28	192,054,961.68	122,137,793.82	18,205.17	-	-	27,646,324.37	117,119.22	5.54%	Raised and loans	139,023,867.97
<b>Total</b>		<b>1,328,773,757.05</b>	<b>1,694,143,065.91</b>	<b>1,743,990,915.48</b>	<b>4,928,942.24</b>			<b>45,753,118.7</b>	<b>117,119.22</b>			<b>1,273,996,965.24</b>

**14. Construction in progress (continued)**

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

<b>Reform of production line with 100,000 capacity of Hefei Changan in previous years</b>	<b>2015</b>	<b>2014</b>
Beginning Balance	10,458,678.57	10,458,678.57
Addition	-	-
Deduction	10,458,678.57	-
Ending Balance	-	10,458,678.57

In the year of 2015, reform project of production line with 100,000 capacity of Hefei Changan were terminated due to adjustment of the company's strategy, therefore provision of the project was written off.

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15. Intangible assets

Details of intangible assets

2015

Item	Land use rights	Software use rights	Trademark use rights	Non-patent technology	Total
Original cost					
Beginning	1,911,997,610.93	312,758,164.35	211,784,400.00	1,855,742,158.83	4,292,282,334.11
Purchase	225,764,753.00	58,723,774.65	-	1,087,360.41	285,575,888.06
Internal research and development	-	-	-	117,658,433.09	117,658,433.09
Disposal	-	500,408.12	-	-	500,408.12
Ending	2,137,762,363.93	370,981,530.88	211,784,400.00	1,974,487,952.33	4,695,016,247.14
Accumulated amortization					
Beginning	145,348,478.79	245,424,542.70	99,923,437.58	825,124,184.29	1,315,820,643.36
Accrual	41,492,871.37	66,985,348.68	18,524,268.90	291,477,042.06	418,479,531.01
Disposal	-	451,693.13	-	-	451,693.13
Ending	186,841,350.16	311,958,198.25	118,447,706.48	1,116,601,226.35	1,733,848,481.24
Impairment provision					
Beginning	-	21,319,804.81	-	76,176,660.79	97,496,465.60
Accrual	-	-	-	20,339,557.63	20,339,557.63
Ending	-	21,319,804.81	-	96,516,218.42	117,836,023.23
Carrying amount					
Ending	1,950,921,013.77	37,703,527.82	93,336,693.52	761,370,507.56	2,843,331,742.67
Beginning	1,766,649,132.14	46,013,816.84	111,860,962.42	954,441,313.75	2,878,965,225.15

2014

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



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Beginning	1,241,722,160.69	74,416,724.21	131,815,175.71	628,266,421.93	2,076,220,482.54
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As at 31 December 2015, the intangible assets from internal research and development account for 26.78% of total intangible assets (as at 31 December 2014: 33.15%).

As at 31 December 2015, there is no intangible assets whose certificate of title is not completed (As at 31 December 2014: Nil).

## 16. Development expenditure

2015

Item	Beginning balance	Addition	Deduction		Ending balance
		Internal research and development	Recognized as intangible assets	Charged to income Statement of the current year	
Automobile Development	627,845,455.00	649,260,824.50	117,658,433.09	65,985,463.77	1,093,462,382.64

2014

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

## 17. Goodwill

2015 and 2014

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

### 17. Goodwill (Continued)

Movement of provision for goodwill is as follow:

2015 and 2014

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

Due to the accumulated losses of Nanjing Changan Automobile Co., Ltd., provision for related goodwill has been fully accrued amounted to RMB73,465,335.00.

### 18. Long-term deferred expenses

2015

Item	Beginning balance	Addition	Amortization	Ending balance
Long-term deferred expenses	1,687,863.32	6,909,549.00	568,601.05	8,028,811.27

2014

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

### 19. Deferred tax assets and liabilities

Item	2015		2014	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets provision	1,098,129,857.31	164,719,478.60	750,544,057.27	112,581,608.59
Accrued expenses and contingent liabilities	4,904,795,207.30	735,719,281.09	3,603,789,292.79	540,568,393.92
Unpaid tech development expense and advertisement expense	307,647,899.20	46,147,184.88	132,275,013.20	19,841,251.98
Deferred income	2,431,191,639.76	364,678,745.96	2,380,309,239.59	357,046,385.94
Unpaid salary and bonus and others	695,643,337.25	104,346,500.59	851,526,238.10	130,547,132.15
Total	9,437,407,940.82	1,415,611,191.12	7,718,443,840.95	1,160,584,772.58

### 19. Deferred tax assets and liabilities (continued)

Item	2015		2014	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Available-for-sale financial assets on the changes in fair value recorded in capital reserve	328,570,000.00	49,285,500.00	372,767,500.00	55,915,125.00

Uncognized deductible temporary differences and losses of unrecognized are as follows:

Item	2015	2014
The deductible temporary difference	2,178,503,714.94	1,302,884,550.22
The deductible loss	2,193,071,173.16	1,948,632,303.10
Total	4,371,574,888.10	3,251,516,853.32

Maturity period for unrecognized deductible temporary differences and losses:

Year	2015	2014
2015	-	1,079,724,831.66
2016	2,238,639,425.96	331,487,480.08
2017	318,076,882.37	318,076,882.37
2018	523,032,727.65	523,032,727.65
2019	852,848,218.99	861,076,441.90
from 2020 onwards	438,977,633.13	138,118,489.66
Total	4,371,574,888.10	3,251,516,853.32

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

### 20. Provision for the impairment of assets

2015

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	74,292,251.66	4,353,607.86	6,275,513.09	250,055.36	69,120,291.07
II. Provision for inventory	154,595,809.15	237,296,519.33	22,955,631.67	82,412,754.83	286,523,941.98
III. Provision for fixed assets	596,528,100.41	397,557,896.21	-	181,088,242.86	812,997,753.76
IV. Provision for intangible assets	97,496,465.60	20,339,557.63	-	-	117,836,023.23
V. Provision for construction in progress	10,458,678.57	-	-	10,458,678.57	-
VI. Provision for goodwill	73,465,335.00	-	-	-	73,465,335.00
Total	1,003,836,640.39	659,547,581.03	29,231,144.76	274,209,731.62	1,359,943,345.04

## 20. Provision for the impairment of assets (contined)

Note: Accrued provision for fixed assets is mainly due to the abandoned factory and impairment of machinery and moulds for the discontinued productions this year.

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

Accrued provision for inventory is mainly due to the cost of some types of vehicles and engines is lower than the net realizable value.

2014

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

## 21. Other non-current assets

Item	2015	2014
Prepayment of land	-	60,901,712.09

## 22. Short-term loans

Classification of short-term loans :

Item	2015	2014
Mortgage loans	50,000,000.00	50,000,000.00
Credit loans	-	40,000,000.00
Total	50,000,000.00	90,000,000.00

As at 31 December 2015, the interest rate of the above loans was 5.35% (as at 31 December 2014: 5.90%-6.30%).

As at 31 December 2015, there is no overdue short-term (as at 31 December 2014: Nil).

For the year ended 31 December 2015, the Group obtained short-term loan of RMB50,000,000.00 and commercial acceptance bill of RMB50,000,000.00 from China South Industry Group Finance Co., Ltd. The credit was secured by the land use rights amounted to RMB5,394,177.78, buildings amounted to RMB28,828,344.87, and accounts receivable amounted to RMB459,208,818.75.

## 22. Short-term loans (continued)

For the year ended 31 December 2015, the Group obtained short-term loan of RMB50,000,000.00 and commercial acceptance bill of RMB50,000,000.00 from China South Industry Group Finance Co., Ltd. The credit was secured by the land use rights amounted to RMB5,544,016.02, buildings amounted to RMB30,278,453.44, and accounts receivable amounted to RMB188,803,148.85.

## 23. Notes payable

Item	2015	2014
Commercial acceptance bill	53,240,000.00	217,000,000.00
Bank acceptance bill	18,609,660,601.34	12,891,623,397.32
Total	18,662,900,601.34	13,108,623,397.32

As at 31 December 2015, there is no overdue unpaid notes payable (as at 31 December 2014: Nil)

## 24. Accounts payable

### (1) Accounts payable

Item	2015	2014
Accounts payable	14,973,826,566.55	13,038,793,688.31

(2) As at 31 December 2015, there is no significant accounts payable aged over one year.

## 25. Advances from customers

### (1) Advances from customers

Item	2015	2014
Advances from customers	7,326,612,631.20	5,802,717,284.79

(2) As at 31 December 2015, advances from customers of RMB140,824,174.58 aged over one year is mainly credit guarantee charged to dealers.

## 26. Payroll payable

2015

Item	Beginning	Addition	Deduction	Ending
Short term salary benefits	953,842,876.88	4,826,693,389.42	4,351,109,703.02	1,429,426,563.28
Defined contribution plans	62,967,787.92	424,274,503.64	421,293,975.06	65,948,316.50
Early retirement benefits	5,559,000.00	11,195,438.00	12,515,438.00	4,239,000.00
Total	1,022,369,664.80	5,262,163,331.06	4,784,919,116.08	1,499,613,879.78

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**26. Payroll payable (continued)**

2014

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

Short term salary benefits:

2015

Item	Beginning	Addition	Deduction	Ending
Salary, bonus, allowance and subsidy	692,255,777.18	3,908,889,433.90	3,494,608,788.72	1,106,536,422.36
Employee benefit	170,566,171.82	362,532,273.86	371,959,573.57	161,138,872.11
Social insurance	(7,196,563.33)	223,136,354.88	222,061,258.40	(6,121,466.85)
Medical insurance	(7,728,238.19)	197,660,046.81	197,025,449.46	(7,093,640.84)
Industrial injury insurance	(1,298,370.98)	14,471,859.72	14,017,554.64	(844,065.90)
Maternity insurance	1,830,045.84	11,004,448.35	11,018,254.30	1,816,239.89
Housing accumulation fund	87,857,996.99	238,104,385.29	209,523,116.89	116,439,265.39
Labor fund and employee education fund	10,359,494.22	94,030,941.49	52,956,965.44	51,433,470.27
Total	953,842,876.88	4,826,693,389.42	4,351,109,703.02	1,429,426,563.28

2014

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

## 26. Payroll payable (continued)

Defined contribution plans:

2015

Item	Beginning	Addition	Deduction	Ending
Basic retirement security	57,806,919.53	401,261,518.06	400,857,296.58	58,211,141.01
Unemployment insurance	5,160,868.39	23,012,985.58	20,436,678.48	7,737,175.49
Total	62,967,787.92	424,274,503.64	421,293,975.06	65,948,316.50

2014

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

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

## 27. Taxes payable

Item	2015	2014
Value-added tax	(360,750,164.89)	(539,064,710.78)
Consumption tax	311,777,113.20	401,279,837.43
Business tax	565,292.82	282,714.01
Corporate income tax	365,940,064.81	141,452,158.87
Individual Income tax	5,211,932.14	1,652,891.26
City maintenance and construction tax	16,162,814.08	11,004,722.20
Education surcharge	10,880,123.71	7,281,955.73
Others	6,962,020.62	12,134,437.82
Total	356,749,196.49	36,024,006.54

## 28. Interest payable

Item	2015	2014
Corporate bonds interest	73,458,000.00	73,458,000.00

## 29. Dividend payable

Item	2015	2014
Dividend payable – Hebei Changan minority interests	79,742.80	79,742.80

### 30. Other payables

#### (1) Details of other payables

Item	2015	2014
Dealer earnest money	90,495,974.80	80,536,502.50
Warranty	11,414,931.08	166,479,977.35
Repair fees	144,637,609.14	112,281,336.33
Sales rewards	25,811,691.00	-
Advertisement fees	311,636,628.96	371,576,347.22
Warehousing and transport fees	291,730,945.64	366,946,572.75
Integrated service charges and miscellaneous expenses	134,906,227.28	2,933,577.79
Project funds	628,894,264.49	864,715,976.54
Others	123,346,585.66	41,946,345.10
Total	1,762,874,858.05	2,007,416,635.58

As at 31 December 2015, RMB226,362,841.75 of other payables aged over one year were mainly security deposits from dealers and suppliers.

### 31. Contingent liabilities

#### 2015

Item	Beginning	Addition	Deduction	Ending
Warranty	1,221,114,880.50	948,932,623.12	528,371,283.47	1,641,676,220.15

#### 2014

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

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

### 32. Other current liabilities

Item	2015	2014
Accrued utilities	36,290,509.84	21,061,398.76
Accrued transportation fee	647,225,692.02	415,843,773.77
Accrued labor service fee	59,077,891.33	61,730,677.11
Accrued technology royalty	136,205,899.23	117,420,347.70
Accrued commercial discount payable	2,351,905,956.34	1,766,670,010.35
Accrued market development expense	259,403,771.61	172,731,573.72
Accrued extended warranty	344,231,967.52	315,400,000.00
Others	96,557,273.26	51,041,190.27
Total	3,930,898,961.15	2,921,898,971.68



### 33. Bonds payables

Item	2015	2014
Corporate bonds	1,975,102,599.85	1,971,184,679.89

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.

As at 31 December 2015, movement of bonds payables is as follows:

	Beginning	Accrued interest	Amortization	Paid interest	Ending
Bonds payable	1,971,184,679.89	104,940,000.00	3,917,919.96	104,940,000.00	1,975,102,599.85

As at 31 December 2014, movement of bonds payables is as follows:

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

### 34. Long-term payroll payable

Item	2015	2014
Net obligation of defined benefit plan	93,775,000.00	31,249,000.00
Early retirement	12,847,000.00	17,068,000.00
Total	106,622,000.00	48,317,000.00

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

The present value of the defined benefits plan is valued by expected cumulative welfare units determination, which was ensured by Mercer, a member of Actuarial Society of Hongkong as at 31 December 2015.

### 34. Long-term payroll payable (continued)

As at balance sheet day, key actuarial assumptions are as follows:

	2015	2014
Discount rate		
Retirement Staff	3.0%-3.3%	3.7%-3.8%
Early retirement staff	2.3%-2.6%	3.3%-3.5%
Retirement age		
Male	60	60
Female	50/55	50/55
Increase rate of key benefits		
Retired employees	0.0%-6.0%	0.0%-4.0%
Early-retired employees	0.0%-4.0%	0.0%-4.0%

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

The sensitive analyses of key assumption are as follows:

2015

	Increase %	Increase/(Decrease) in the obligation of defined benefits plan	Decrease %	Increase/(Decrease) in the obligation of defined benefits plan
Discount rate	0.05%	(5,841,000.00)	0.05%	5,999,000.00
Increase rate of key benefits	0.05%	5,903,000.00	0.05%	(4,818,000.00)
Mortality rate	5%	(2,034,000.00)	5%	2,036,000.00

2014

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

The sensitive analysis above is based on the deduction to reasonable change of key assumption as at the balance sheet date. Sensitive analysis is resulted from fluctuation of main assumptions with other assumptions unchanged. As all assumptions are not isolated from each other, sensitive analysis shall not represent actual result of obligation of defined benefits plan.

Related costs charged to income statement are as follows:

	2015	2014
Service costs- current period	57,000.00	45,000.00
Service costs- prior period	60,381,000.00	2,293,000.00
Net interest	-	-
Interest costs	4,478,000.00	1,306,000.00
Post employment benefits, net	64,916,000.00	3,644,000.00
Recorded in general administrative expenses	64,916,000.00	3,644,000.00

### 34. Long-term payroll payable (continued)

Movement of present value of defined benefits plan is as follows:

	Defined Benefit Plan Obligation	
	2015	2014
Beginning balance	31,249,000.00	26,909,000.00
Charged to income Statement of the current period		
Service costs- current period	57,000.00	45,000.00
Service costs- prior period	60,381,000.00	2,293,000.00
Interest expense, net	4,478,000.00	1,306,000.00
Actuarial losses charged to other comprehensive income	2,956,000.00	3,134,000.00
Benefits Payment	(5,346,000.00)	(2,438,000.00)
Ending balance	93,775,000.00	31,249,000.00

### 35. Special payables

2015

Item	Beginning	Addition	Deduction	Ending
Project 863	2,001,536.98	1,980,000.00	1,354,364.03	2,627,172.95
Test on key technology of hybrid electric vehicles	4,574,023.58	-	2,249,632.51	2,324,391.07
New vehicle product	5,927,576.20	800,000.00	64,503.73	6,663,072.47
Automobile product chain sharing platform	4,753,127.54	2,600,000.00	822,668.10	6,530,459.44
Gasoline Engine Development	5,422,741.44	480,000.00	3,868,907.18	2,033,834.26
Development and industrialization of the embedded software platform for automotive electronic controllers	263,547.70	-	-	263,547.70
Changan automobile E class Gasoline engine cylinder block, cylinder head production line project	60,460,522.64	-	102,905.00	60,357,617.64
Land relocation compensation	55,350,709.40	-	-	55,350,709.40
Project 973	161,820.82	-	-	161,820.82
Automotive order to delivery system project	475,689.00	2,700,000.00	-	3,175,689.00
Industrialization of patented technologies	1,346,080.00	9,065,000.00	1,740,547.41	8,670,532.59
Vehicle network intelligent information terminal middleware key technologies research and application	(56,906.30)	-	180,507.69	(237,413.99)
Development and industrialization of C206 pure electric cars	(8,034,846.50)	2,850,759.00	23,737,970.08	(28,922,057.58)
System development of electromagnetic compatibility of key accessories on electric cars	234,897.06	3,111,500.00	225,713.81	3,120,683.25
Intelligent manufacturing project	-	30,000,000.00	87,266.70	29,912,733.30
Others	13,755,415.57	6,026,177.66	7,692,605.50	12,088,987.73
Total	146,635,935.13	59,613,436.66	42,127,591.74	164,121,780.05

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**35. Special payables(Continued)**

2014

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

**36. Deferred income**

2015

Item	Beginning	Addition	Deduction	Ending
Government grants related to assets	2,687,392,181.26	112,341,999.62	137,556,924.92	2,662,177,255.96
Other	-	4,366,152.86	-	4,366,152.86
<b>Total</b>	<b>2,687,392,181.26</b>	<b>116,708,152.48</b>	<b>137,556,924.92</b>	<b>2,666,543,408.82</b>

2014

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

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**36. Deferred income(Continued)**

As at 31 December 2015, details of liabilities related to government grants are as follows:

Item	Beginning	Addition	Recorded to non-operating income	Ending	Relates to asset/gain
Subsidies for the automobile comprehensive testing ground project	571,317,416.66	-	27,015,500.00	544,301,916.66	Relates to asset
Funds for Yuzui motor city project	255,765,306.12	-	5,683,673.48	250,081,632.64	Relates to asset
Funds for Beijing Changan project	1,096,809,079.12	-	31,059,112.56	1,065,749,966.56	Relates to asset
Funds for technology innovation	16,150,000.00	-	-	16,150,000.00	Relates to asset
Funds for expansion of production capacity of auto mold	17,420,000.00	-	-	17,420,000.00	Relates to asset
Funds for H series engine	53,333,333.38	-	5,333,333.33	48,000,000.05	Relates to asset
Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line	140,551,527.80	-	15,965,833.32	124,585,694.48	Relates to asset
Expansion of production capacity project	56,192,938.84	-	4,686,606.83	51,506,332.01	Relates to asset
Subsidies for the construction of Hebei new plant	22,700,000.00	-	2,740,000.00	19,960,000.00	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	-	165,728.30	9,380,223.70	Relates to asset
Light vehicle technical transformation project of Baoding Changan Bus	150,500,647.00	5,000,000.00	6,700,000.00	148,800,647.00	Relates to asset
Subsidies for initial capital of new basebut and research and development	238,546,198.06	-	28,345,984.68	210,200,213.38	Relates to asset
Premium rebate from Dingzhou local bureau of finance	10,900,818.41	-	-	10,900,818.41	Relates to asset
Hebei M201 bus production plant project	3,861,111.11	-	333,333.33	3,527,777.78	Relates to asset
Productization of automobile lightweight components	23,697,013.51	-	8,418,370.67	15,278,642.84	Relates to asset
Development and industrial application of high-effective and clean turbocharged direct injection gasoline engine	10,022,200.00	1,750,000.00	424,325.85	11,347,874.15	Relates to asset
Development and industrial application of the intelligent vehicle terminal with Beidou compatible GPS	4,990,638.87	-	650,122.53	4,340,516.34	Relates to asset
Development of the key technology of the laser micro texture on the surface of energy-efficient and anti-friction internal combustion	88,000.38	(88,000.38)	-	-	Relates to asset
Engine production restructure program	-	100,000,000.00	-	100,000,000.00	Relates to asset
Changan Yuzui infrastructure subsidy	-	5,380,000.00	-	5,380,000.00	Relates to asset
Coal boiler retrofit project	-	300,000.00	35,000.04	264,999.96	Relates to asset
<b>Total</b>	<b>2,687,392,181.26</b>	<b>112,341,999.62</b>	<b>137,556,924.92</b>	<b>2,662,177,255.96</b>	

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**36. Deferred income (continued)**

As at 31 December 2014, details of liability related to government grants are as follows (Restated):

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

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**37. Share capital**

		31 December 2014	Movement					31 December 2015
			Issuance of shares	Stock dividend	Transfer of reserve to common shares	Repurchase	Others	
<b>I.</b>	<b>Restricted shares</b>							
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 domestic natural person	23,211	-	-	-	(4,311)	(4,311)	18,900
4	Foreign Shares	-	-	-	-	-	-	-
	Including:							
	Shares held by foreign legal persons	-	-	-	-	-	-	-
	Shares held by foreign natural persons	-	-	-	-	-	-	-
	Total of restricted shares	373,381,553	-	-	-	(4,311)	(4,311)	373,377,242
<b>II.</b>	<b>Unrestricted shares</b>							
1	RMB ordinary shares	3,387,518,413	-	-	-	4,311	4,311	3,387,522,724
2	Foreign-funded shares listed domestically	901,986,142	-	-	-	-	-	901,986,142
3	Foreign-funded shares listed overseas	-	-	-	-	-	-	-
4	Others	-	-	-	-	-	-	-
	Total of unrestricted shares	4,289,504,555	-	-	-	4,311	4,311	4,289,508,866
<b>III.</b>	<b>Total shares</b>	4,662,886,108	-	-	-	-	-	4,662,886,108

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**37. Share capital (continued)**

2014

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



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### 38. Capital reserves

2015

Item	Beginning	Addition	Deduction	Ending
Share premium	3,125,122,572.65	-	-	3,125,122,572.65
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Restricted capital reserve of equity investments	17,015,985.20	-	-	17,015,985.20
Others	40,853,863.98	-	-	40,853,863.98
Total	3,227,489,320.83	-	-	3,227,489,320.83

2014

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

### 39. Other comprehensive income

Accumulated other comprehensive income in balance sheet attributable to parent company is as follows:

	1 January 2014	Movement	31 December 2014	Movement	31 December 2015
Change in net liability or asset from defined benefit plan	-	556,000.00	556,000.00	2,956,000.00	3,512,000.00
Comprehensive income which can not be reclassified into profit and loss under equity method	-	-	-	(966,718.09)	(966,718.09)
Fair value change generated from available for sale financial assets	186,879,883.22	129,972,491.77	316,852,374.99	(37,567,875.00)	279,284,499.99
Foreign currency translation difference	(14,890,520.84)	(10,504,456.91)	(25,394,977.75)	(14,323,959.61)	(39,718,937.36)
Total	171,989,362.38	120,024,034.86	292,013,397.24	(49,902,552.70)	242,110,844.54

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**39. Other comprehensive income (continued)**

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

2015

	Amount before tax	Deduct: amounts transferred to income statement which were recognized in other comprehensive income in prior period	Deduct: Income tax	Amount attributable to owners	Amount attributable to minority interests
Other comprehensive income not to be reclassified to profit or loss in subsequent period					
Change in net liability or asset from defined benefit plan	2,956,000.00	-	-	2,956,000.00	-
Comprehensive income which can not be reclassified into profit and loss under equity method	(966,718.09)	-	-	(966,718.09)	-
<b>Subtotal</b>	<b>1,989,281.91</b>			<b>1,989,281.91</b>	
Other comprehensive income will be reclassified to profit or loss in subsequent period					-
Fair value change of available for sale financial assets	(44,197,500.00)	-	(6,629,625.00)	(37,567,875.00)	-
<b>Subtotal</b>	<b>(44,197,500.00)</b>		<b>(6,629,625.00)</b>	<b>(37,567,875.00)</b>	
Foreign currency translation difference	(14,323,959.61)	-	-	(14,323,959.61)	-
<b>Subtotal</b>	<b>(14,323,959.61)</b>			<b>(14,323,959.61)</b>	

2014

	Amount before tax	Deduct: amounts transferred to income statement which were recognized in other comprehensive income in prior period	Deduct: Income tax	Amount attributable to owners	Amount attributable to minority interests
Other comprehensive income not to be reclassified to profit or loss in subsequent period					
Change in net liability or asset from defined benefit plan	556,000.00		-	556,000.00	-
<b>Subtotal</b>	<b>556,000.00</b>			<b>556,000.00</b>	
Other comprehensive income will be reclassified to profit or loss in subsequent period					-
Fair value change of available for sale financial assets	218,813,296.00	(56,076,480.23)	(32,764,324.00)	129,972,491.77	-
<b>Subtotal</b>	<b>218,813,296.00</b>	<b>(56,076,480.23)</b>	<b>(32,764,324.00)</b>	<b>129,972,491.77</b>	
Foreign currency translation difference	(10,504,456.91)	-	-	(10,504,456.91)	-
<b>Subtotal</b>	<b>(10,504,456.91)</b>			<b>(10,504,456.91)</b>	

#### 40. Special reserves

2015

Item	Beginning	Addition	Deduction	Ending
Safety fund	7,864,849.94	72,231,495.81	58,059,866.21	22,036,479.54

2014

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

The Group accrued safety fund according to the provision (NO.[2012]16 <the Guidance of Safety Fund Accual and Usage>) issued by the Ministry of Finance and the State Administration of work safety on 14 February 2012.

#### 41. Surplus reserves

2015

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

2014

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

The Company appropriated statutory surplus reserves amounted to 10% of profit after tax. When statutory surplus reserves account for 50% of paid-in capital, no further surplus reserve will be appropriated.

#### 42. Retained earnings

Item	2015	2014
Retained earnings of prior year before adjustment	15,115,601,819.79	9,233,857,503.02
Adjustment	-	(696,770,264.11)
Retained earnings at beginning after adjustment	15,115,601,819.79	8,537,087,238.91
Add: Net profits attributable to parent company for the current year	9,952,714,168.09	7,561,081,585.81
Less: Appropriation to statutory surplus reserves	-	(515,170,077.47)
Ordinary share dividend of cash	(1,169,092,724.43)	(467,396,927.46)
Retained earnings at the end of year	23,899,223,263.45	15,115,601,819.79

Adjustment: since the combination under common control in 2014 causes change of consolidation scope, reducing retained earnings of the prior year by RMB696,770,264.11.

#### 42. Retained earnings (continued)

According to the resolution of the 4th meeting of the seventh session of the Board of Directors, the profit distribution plan of 2015 is as follows: on the base of the existing share capital of 4,662,886,108 shares, the Group will issue cash dividends of RMB6.40 per 10 shares, RMB 2,984,247,109.12 in total (tax included). This profit distribution plan should be approved by the annual general meeting.

#### 43. Operating revenue and cost

##### (1) Operating revenue and cost

Item	2015		2014	
	Revenue	Cost	Revenue	Cost
Main business	65,894,740,546.82	52,576,483,281.23	52,025,768,622.09	42,565,918,023.75
Other business	876,839,980.84	830,227,426.37	887,563,478.74	699,907,840.12
Total	66,771,580,527.66	53,406,710,707.60	52,913,332,100.83	43,265,825,863.87

##### (2) Operating revenue listed as follows:

Item	2015	2014
Sale of goods	66,522,990,662.22	52,702,266,463.64
Outsourcing processing	248,589,865.44	211,065,637.19
Total	66,771,580,527.66	52,913,332,100.83

#### 44. Business tax and surcharges

Item	2015	2014
Business tax	13,700,939.52	8,746,727.25
Consumption tax	2,496,226,010.97	1,710,437,955.34
City maintenance and construction tax	290,865,081.81	234,015,737.97
Educational surcharge	139,168,646.83	111,013,041.93
Others	1,617,024.59	131,264.42
Total	2,941,577,703.72	2,064,344,726.91

#### 45. Operating expenses

Item	2015	2014
Payroll and welfare	308,645,692.43	276,676,308.66
Promotion and advertisement fee	1,150,625,749.98	889,135,693.15
Transportation expenses	1,809,370,442.79	1,565,809,376.14
Travelling expenses	75,215,077.57	65,524,575.42
Package expenses	13,726,348.63	12,828,823.23
Administrative expenses	15,908,804.73	26,551,531.56
Selling service fee	919,754,386.93	802,898,985.34
Sales discount	608,531,843.69	616,631,764.26
Others	52,743,791.10	101,111,590.78
Total	4,954,522,137.85	4,357,168,648.54

#### 46. General and administrative expenses

Item	2015	2014
Payroll and welfare	1,716,675,340.42	1,243,198,304.73
Technology research expenses	1,948,582,554.29	1,401,539,716.34
Administrative expenses	232,094,422.96	196,013,864.34
Depreciation and amortization	521,120,709.41	469,240,599.55
Miscellaneous service charges	42,918,415.62	52,791,234.85
Tax fee	272,729,126.50	218,971,782.34
Traffic expenses	43,393,841.32	47,310,720.85
Travelling expenses	25,446,797.16	34,303,673.21
Entertainment expenses	4,434,941.85	8,634,317.42
Others	91,815,947.53	69,910,662.21
<b>Total</b>	<b>4,899,212,097.06</b>	<b>3,741,914,875.84</b>

#### 47. Financial expenses

Item	2015	2014
Interest expense	114,897,873.84	190,891,792.12
Less: interest income	295,583,607.61	152,526,950.60
capitalized interest	-	117,119.22
Foreign exchange gain or loss	6,262,874.12	12,797,381.77
Others	23,617,229.46	15,028,935.99
<b>Total</b>	<b>(150,805,630.19)</b>	<b>66,074,040.06</b>

#### 48. Impairment loss on assets

Item	2015	2014
1. Bad debt loss	(1,921,905.23)	3,622,111.17
2. Impairment of inventory	214,340,887.66	132,717,813.08
3. Impairment of fixed assets	397,557,896.21	185,945,320.19
4. Impairment of intangible assets	20,339,557.63	21,319,804.81
<b>Total</b>	<b>630,316,436.27</b>	<b>343,605,049.25</b>

#### 49. Investment income

Item	2015	2014
Long-term equity investment income under equity method	9,439,864,877.63	7,991,213,934.13
Investment income through disposal of long-term equity investment	-	499,938.17
Investment income during holding period from available-for-sale financial assets	57,544,215.31	34,539,013.46
Income from disposal of available-for-sale financial assets	-	75,864,114.48
<b>Total</b>	<b>9,497,409,092.94</b>	<b>8,102,117,000.24</b>

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**50. Non-operating income**

Item	2015	2014	Amount recognized in 2015 as non-recurring profit and loss
Gain on the disposal of fixed assets	1,709,968.83	4,835,757.23	1,709,968.83
Government grants	441,926,607.20	339,001,795.70	441,926,607.20
Others	71,283,981.94	57,832,624.18	71,283,981.94
<b>Total</b>	<b>514,920,557.97</b>	<b>401,670,177.11</b>	<b>514,920,557.97</b>

Government grants recognized as current income is as follows:

Item	2015	2014	Relates to asset/gain
Government grants for technology research expenses	132,080,000.00	100,000,000.00	Relates to gain
Enterprise development fund	69,490,000.00	-	Relates to gain
Funds for Beijing Changan project	31,059,112.56	31,059,112.56	Relates to asset
Subsidies for new base launching and R&D of Hefei	28,345,984.68	27,955,367.09	Relates to asset
Comprehensive testing field program	27,015,500.00	4,502,583.34	Relates to asset
Development fund for energy saving demonstration program	24,059,424.54	4,560,000.00	Relates to gain
Baoding Changan enterprise preferential policies reward fund	20,190,000.00	-	Relates to gain
Hefei Changan production reward	20,000,000.00	-	Relates to gain
Subsidies and rewards for career training	16,324,166.89	6,449,500.00	Relates to gain
Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line	15,965,833.32	15,965,833.32	Relates to asset
Expansion of production capacity project	14,380,154.22	6,215,637.84	Relates to asset
Hefei Changan new industrialization fund	10,000,000.00	-	Relates to gain
Light vehicle technical transformation project of Baoding Changan Bus	6,700,000.00	6,200,000.00	Relates to asset
Funds for Yuzui motor city project	5,683,673.48	5,683,673.47	Relates to asset
Funds for H series engine	5,333,333.33	5,333,333.30	Relates to asset
Hefei Changan high-growth premium enterprise reward	4,900,000.00	-	Relates to gain
Subsidies for the construction of Hebei new plant	2,740,000.00	2,740,000.00	Relates to asset
Production line remodeling project	333,333.33	138,888.89	Relates to asset
Tax refund for new products	-	50,000,000.00	Relates to gain
Tax refund	-	33,619,000.00	Relates to gain
R&D program for new energy auto	-	17,977,998.87	Relates to gain
Subsidies for new energy automobile	-	5,000,000.00	Relates to gain
Subsidies for troubled enterprise	-	3,750,300.00	Relates to gain
Subsidy of Import Discount Interest from MOF	-	2,668,485.00	Relates to gain
Loan discount for industrial project	-	2,410,000.00	Relates to gain
Reward for transformation of scientific and technological achievements for passenger cars	-	1,000,000.00	Relates to gain
Others	7,326,090.85	5,772,082.02	Relates to gain
<b>Total</b>	<b>441,926,607.20</b>	<b>339,001,795.70</b>	

#### 51. Non-operating expenses

Item	2015	2014	Amount recognized as non-recurring profit and loss
Loss on the disposal of fixed assets	36,024,036.17	22,128,955.42	36,024,036.17
Donation	9,817,950.00	3,329,731.68	9,817,950.00
Vehicle premium	4,719,040.00	4,041,120.00	4,719,040.00
Fines and penalties	28,355,830.87	20,000.00	28,355,830.87
Others	11,574,864.96	9,836,622.37	11,574,864.96
Total	90,491,722.00	39,356,429.47	90,491,722.00

#### 52. Expenses by nature

The Group's operating cost, distribution expense and general administrative expense classified by nature are as follows

	2015	2014
Raw materials consumed	49,245,949,071.69	40,245,890,589.98
Changes in finished goods and work in process inventory	(1,575,930,872.04)	(1,968,424,640.99)
Employee benefits	5,262,163,331.06	4,091,043,617.36
Promotion and advertisement fee	1,150,625,749.98	889,135,693.15
Transportation and storage expenses	2,008,611,396.35	1,709,760,013.86
Sales discount	608,531,843.69	616,631,764.26
Sale service fee	919,754,386.93	802,898,985.34
Depreciation and amortization	2,038,308,775.70	1,984,693,377.36
Research and development costs	958,016,523.83	680,124,923.75
Taxation	272,729,126.50	218,971,782.34
Fuel expense	463,459,405.88	581,839,050.00
Other expense	1,908,226,202.94	1,512,344,231.84
Total	63,260,444,942.51	51,364,909,388.25

#### 53. Income tax expense

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

Item	2015	2014
Current income tax expense	344,357,886.72	182,999,679.21
Deferred income tax expense	(255,026,418.54)	(162,148,970.59)
Total	89,331,468.18	20,850,708.62

**53. Income tax expense (continued)**

Item	2015	2014
Total profit	10,011,885,004.26	7,538,829,644.24
Tax at the applicable tax rate (Note)	2,002,377,000.85	1,507,765,928.85
Impact of different tax rates of branches and subsidiaries	180,082,430.52	43,594,494.42
Adjustments to current income tax of previous period	(118,379,214.78)	4,523,142.10
Profit or loss attributable to joint ventures and associates	(1,887,972,975.52)	(1,598,242,786.83)
Non-taxible income	(14,388,485.65)	(6,859,030.40)
Non-deductible tax expense	14,175,450.24	27,776,786.34
Usage previous deductible losses	(17,153,517.76)	(1,234.06)
Unrecognized tax losses	73,670,301.62	169,598,878.02
Additional deduction arising from research and development expense	(143,079,521.34)	(127,305,469.82)
Tax expense under actual tax rate of the Group	89,331,468.18	20,850,708.62

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

**54. 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.

The Company has no dilutive potential ordinary shares.

	2015	2014
Earnings		
Net profit belong to ordinary shareholders	9,952,714,168.09	7,561,081,585.81
Shares		
Weighted average ordinary shares	4,662,886,108	4,662,886,108

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



**55. Notes to cash flow statement**

(1) Items of cash received relating to other operating activities are as follows:

Item	2015	2014
Interest income	302,370,935.38	130,443,756.16
Government grants related to operating activities	363,983,118.94	210,176,603.31
Others	214,554,182.09	211,081.78
Total	880,908,236.41	340,831,441.25

(2) Items of cash paid relating to other operating activities are as follows:

Item	2015	2014
Selling expense	3,117,590,214.80	2,964,255,746.27
Administrative expense	1,645,844,653.48	996,357,047.56
Others	570,075,548.14	241,472,713.84
Total	5,333,510,416.42	4,202,085,507.67

(3) Items of cash received relating to other investing activities are as follows:

Item	2015	2014
Government grants related to assets	112,430,000.00	66,636,035.28

(4) Items of cash paid relating to other investing activities are as follows:

Item	2015	2014
Commission fee for acquisition	-	626,230.62
Others	88,000.38	-
Total	88,000.38	626,230.62

(5) Items of cash received relating to other financing activities are as follows:

Item	2015	2014
Withdraw for deposit of bill	48,806,228.67	374,843,241.43
Others	-	4,028.93
Total	48,806,228.67	374,847,270.36

(6) Items of cash paid relating to other financing activities are as follows:

Item	2015	2014
Payment for deposit of bill	45,238,112.37	94,715,579.73
Purchased minority interest	-	288,000.00
Others	-	26,394.81
Total	45,238,112.37	95,029,974.54

## 56. Supplementary information of cash flow statement

### (1) Supplementary information of cash flow statement

Supplementary information	2015	2014
<b>1. Cash flows from operating activities calculated by adjusting the net profit</b>		
Net profit	9,922,553,536.08	7,517,978,935.62
Add: impairment provision for assets	630,316,436.27	343,605,049.25
Depreciation of fixed assets	1,619,033,932.08	1,626,230,084.12
Depreciation and amortization of investment property	226,711.56	338,961.68
Amortization of intangible assets	418,479,531.01	357,673,719.85
Amortization of long-term deferred expense	568,601.05	450,611.71
Amortization of deferred income	(137,556,924.92)	(105,794,429.81)
Disposal loss on fixed assets, intangible assets and others long-term assets	34,314,067.34	17,293,198.19
Financial expense	114,897,873.84	190,891,792.12
Investment income	(9,497,409,092.94)	(8,102,117,000.24)
Increase in deferred tax assets	(255,026,418.54)	(162,148,970.59)
(Increase) in inventory	(1,781,288,036.79)	(1,969,852,568.02)
Increase in operating receivables	(5,668,286,118.17)	(6,972,345,425.13)
Increase in operating payables	10,001,652,965.45	11,034,405,635.60
Others	12,413,706.18	3,312,180.22
Net cash flows from operating activities	5,414,890,769.50	3,779,921,774.57
<b>2. Movement of cash and cash equivalents</b>		
Ending balance of cash	17,725,921,341.22	9,362,853,917.71
Less: beginning balance of cash	9,362,853,917.71	3,942,941,861.56
Add: ending balance of cash equivalents	-	-
Less: beginning balance of cash equivalents	-	-
Increase in cash and cash equivalents	8,363,067,423.51	5,419,912,056.15

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

Item	2015	2014
Endorsed bank acceptance received by sales and providing service	6,650,743,817.63	8,079,130,272.41

## 56. Supplementary information of cash flow statement(Continued)

### (3) Cash and cash equivalents

Item	2015	2014
I. Cash		
Including: Cash on hand	43,967.74	29,174.13
Bank deposits that can be readily used	17,725,877,373.48	9,362,824,743.58
II. Cash equivalents	-	-
III. Ending balance of cash and cash equivalents	17,725,921,341.22	9,362,853,917.71

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

## 57. Ownership or right of use restrained assets

Item	2015	2014	Notes
Cash and cash equivalents	309,188,332.99	330,229,580.07	Note 1
Accounts receivable	459,208,818.75	188,803,148.85	Note 2
Notes receivable	140,256,135.43	315,248,201.14	Note 3
Fixed assets	28,828,344.87	53,356,163.72	Note 2
Intangible assets	5,394,177.78	8,088,768.26	Note 2, Note 4

Note 1: As at 31 December 2015, the Group has no restricted time deposit for bank loan (2014: Nil).

As at 31 December 2015, the Group has restricted cash at banks amounted to RMB309,188,332.99 (As at 31 December 2014: RMB330,229,580.07) for the issuance of bank acceptance bill.

Note 2: As at 31 December 2015, accounts receivable with a book value of RMB459,208,818.75 has been pledged, collateral with buildings and land use right with book value of RMB28,828,344.87 and RMB 5,394,177.78 respectively to obtain RMB50,000,000.00 short-term loan and issue RMB50,000,000.00 bank acceptance bills from China South Industry Group Finance Co., Ltd. The amortization of the land use right in 2015 is RMB149,838.24.

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

Note 3: As at 31 December 2015, notes receivable with a book value of RMB140,256,135.43 (31 December 2014: RMB315,248,201.14) has been pledged to issue bank acceptance bills.

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

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**58. Foreign Monetary Item**

Item	2015			2014		
	Original Currency	Exchange Rate	Translated to RMB	Original Currency	Exchange Rate	Translated to RMB
Cash						
USD	2,975,805.53	6.4936	19,323,690.79	6,152,812.31	6.1190	37,649,058.51
GBP	8,700,777.66	9.6159	83,665,807.90	191,099.00	9.5437	1,823,791.53
EUR	1,071,937.06	7.0952	7,605,607.83	2,768,828.57	7.4556	20,643,278.29
JPY	28,003,927.00	0.0539	1,509,411.67	24,106,774.00	0.0514	1,238,389.09
SUR	105,768,687.18	0.0883	9,339,375.08	3,513,281.45	0.1105	388,217.60
BRL	567,548.71	4.5539	2,584,560.07	-	-	-
Accounts receivable						
USD	21,516,970.87	6.4936	139,722,602.04	24,571,500.79	6.1190	150,353,013.31
GBP	6,511,304.00	9.6159	62,612,048.13	694.73	9.5437	6,630.29
EUR	2,620,000.00	7.0952	18,589,424.00	-	-	-
Other receivable						
USD	164,896.50	6.4936	1,070,771.91	230,120.50	6.1190	1,408,107.34
JPY	14,217,484.00	0.0539	766,322.39	18,412,940.00	0.0514	945,891.14
EUR	1,439,001.00	7.0952	10,209,999.90	1,061,736.00	7.4556	7,915,878.92
Accounts Payable						
USD	9,276,856.20	6.4936	60,240,193.42	5,354.86	6.1190	32,766.39
JPY	15,135,076.00	0.0539	815,780.60	650,000.00	0.0514	33,391.15
EUR	1,534,818.00	7.0952	10,889,840.67	1,055,649.00	7.4556	7,870,496.68
GBP	1,161,980.00	9.6159	11,173,483.48	12,363.00	9.5437	117,988.76
Other Payables						
USD	20,615.00	6.4936	133,865.56	12,975.39	6.1190	79,396.41
EUR	35,236.00	7.0952	250,006.47	8,045.00	7.4556	59,980.30
GBP	19,421,035.00	9.6159	186,750,730.46	468,701.34	9.5437	4,473,144.98

## VII Stake in other entities

### 1. Rights in subsidiaries

The subsidiaries of the Company are as follows :

Company name	Main operating place	Registered place	Nature of business	Registered capital (0,000)	Total proportion of shareholders (%)	
					direct	indirect
<b>I. The subsidiary formed by establish or investment</b>						
Hebei Changan Automobile Co., Ltd. (note 1)	Dingzhou	Dingzhou	Manufacturing	46,469	94.22	-
Chongqing Changan International Automobile Sales Co., Ltd.	Chongqing	Chongqing	sales	1,376	95.00	-
Chongqing Changan Automobile Sales Co., Ltd.	Chongqing	Chongqing	sales	4,850	100.00	-
Chongqing Changan Special Automobile Co., Ltd (note 2)	Chongqing	Chongqing	sales	500	50.00	-
Chongqing Changan Automobile Supporting Service Co., Ltd.	Chongqing	Chongqing	sales	3,000	99.00	1.00
Chongqing Changan New Energy Automobile Co. Ltd.	Chongqing	Chongqing	R&D	2,900	65.00	-
Chongqing Changan Europe Design Academy Co., Ltd.	Turin, Italy	Turin, Italy	R&D	EUR1,460	100.00	-
Changan United Kingdom R&D Center Co., Ltd.	Nottingham, United Kingdom	Nottingham, United Kingdom	R&D	GBP10	100.00	-
Beijing Changan R&D Center Co., Ltd.	Beijing	Beijing	R&D	100	100.00	-
Harbin Changan R&D Center Co., Ltd.	Habin	Habin	R&D	100	100.00	-
Shanghai Changan R&D Center Co., Ltd.	Shanghai	Shanghai	R&D	100	100.00	-
Changan Japan Designing Center Co.,Ltd.	Yokohama, Japan	Yokohama, Japan	R&D	JPY2,000	100.00	-
Changan United States R&D Center Co., Ltd.	Troy, United states	Detriot, United states	R&D	USD20	100.00	-
Changan Automobile Russia Co., Ltd.	Moscow, Russia	Moscow, Russia	Sales	USD20	100.00	-
Changan Brazil Holdings Limited	St. Paul, Brazil	St. Paul, Brazil	Sales	BRL100	100.00	-
<b>II. The subsidiary formed by business combination not under common control</b>						
Nanjing Changan Automobile Co., Ltd.(note1)	Nanjing	Nanjing	Manufacturing	60,181	84.73	-
<b>III. The subsidiary formed by business combination under common control</b>						
Chongqing Changan Automobile sales subsidiaries	China	China	Sales	850	100.00	-
Hebei Baoding Changan Bus Co., Ltd.	Dingzhou	Dingzhou	Manufacturing	3,000	100.00	-
Hefei Changan Automobile Co.,Ltd.	Hefei	Hefei	Manufacturing	77,500	100.00	-

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**1. Rights in subsidiaries (continued)**

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

Note 2: The remaining shareholders of Chongqing Changan Special Automobile Co., Ltd. made an agreement with the Company that the remaining shareholders are to vote in accordance with the Company. The main financial and operating policies have been controlled by the Company, so it is included in the scope of consolidated financial statements.

As at 31 December 2015, the Group has no subsidiaries with important minority interests.

**2. Stakes in joint ventures and associates**

Company name	Main operating place	Registered place	Nature of business	Registered capital (o,000)	Total proportion of shareholders (%)		Accounting treatment
					direct	indirect	
<b>I. Joint ventures</b>							
Chongqing Changan Suzuki Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD19,000	50.00	-	Equity
Jiangling Holding Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	200,000	50.00	-	Equity
Changan Ford Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD24,100	50.00	-	Equity
Changan Mazda Automobile Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD11,097	50.00	-	Equity
Changan Ford Mazda Engine Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD20,996	50.00	-	Equity
Changan PSA Automobiles Co., Ltd. (Note)	Shenzhen	Shenzhen	Manufacture and sale of automobiles, and components	400,000	50.00	-	Equity
<b>II. Associates</b>							
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Chongqing	Chongqing	Develop, manufactory, sale of linkage rod	1,900	40.00	-	Equity
Chongqing Changan Kuayue Automobile Co., Ltd.	Chongqing	Chongqing	Develop, product and sale of automobile and components; import and export goods.	6,533	34.30	-	Equity
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	Chongqing	Chongqing	Sale of Changan Kuayue's automobile and agricultural cars and components. Technical advisory services for automobile	300	34.30	-	Equity
Beijing Fang'an Taxi Co., Ltd.	Beijing	Beijing	Regional taxi operation	1,420	42.25	-	Equity
Chongqing Automobile Financing Co., Ltd	Chongqing	Chongqing	Provide car loan; provide vehicle loans and operating equipment loans to car dealers, including the construction loans of exhibition hall, spare parts loans and maintenance equipment loans, etc.	250,000	35.00	-	Equity

## 2. Stakes in joint ventures and associates (continued)

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

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

	2015	2014
Current assets	23,895,284,929.00	18,749,082,739.00
- cash and cash equivalent	12,868,829,737.00	10,484,893,743.00
Non-current assets	26,576,982,913.00	22,704,819,379.00
Total assets	50,472,267,842.00	41,453,902,118.00
Current liabilities	37,017,676,355.00	30,399,912,981.00
Non-current liabilities	2,291,992,698.00	1,681,418,801.00
Total liabilities	39,309,669,053.00	32,081,331,782.00
Minority interests	44,936,424.00	37,104,391.00
Equity attributable to owners	11,117,662,365.00	9,335,465,945.00
Net asset owned according to share proportion	5,558,831,182.50	4,667,732,972.50
Adjustment	(54,414,790.32)	(50,368,978.53)
Book value of investment	5,504,416,392.18	4,617,363,993.97
Operating revenue	117,550,892,745.00	106,353,899,023.00
Financial expenses- interest income	156,949,479.00	168,217,185.00
Financial expenses- interest expense	1,471,781.00	1,753,587.00
Income tax expense	3,204,463,800.00	2,258,780,072.00
Net profit	17,468,727,636.00	14,412,857,430.00
Other comprehensive income	-	-
Total comprehensive income	17,468,727,636.00	14,412,857,430.00
Dividend	7,800,000,000.00	7,700,000,000.00

## 2. Stakes in joint ventures and associates (continued)

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

	2015	2014
<b>Joint venture</b>		
Total book value of the investment	8,163,353,227.71	7,930,846,729.93
Total amount calculated by shareholding proportion		
Net profit	744,860,539.38	840,790,449.86
Other comprehensive income	(966,718.09)	-
<b>Total comprehensive income</b>	<b>743,893,821.29</b>	<b>840,790,449.86</b>
<b>Associate</b>		
Total book value of the investment	1,238,730,816.60	75,778,876.56
Total amount calculated by shareholding proportion		
Net profit	7,951,940.04	1,939,961.84
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>7,951,940.04</b>	<b>1,939,961.84</b>

As at 31 December 2015, since the Group has no obligation to undertake the extra loss of Chongqing Changan Kuayue Automobile Sales Co., Ltd and Beijing Fang'an Taxi Co., Ltd, when extra loss occurs, the Group writes down the long-term investment to zero without recognizing the contingent liability. As at the 31 December 2015, the Group's unrecognized investment loss for the current period is RMB 6,323,806.42 (2014: RMB6,141,717.29).



## VIII. Risks associated with financial instruments

### 1. Classification of financial instruments

As at balance sheet day, the book values of financial instruments are as follows:

#### Financial assets

2015	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	18,035,109,674.21	-	18,035,109,674.21
Notes receivable	22,683,096,211.46	-	22,683,096,211.46
Accounts receivable	875,479,556.55	-	875,479,556.55
Other receivables	1,001,485,245.40	-	1,001,485,245.40
Available-for-sale financial assets	-	530,811,274.00	530,811,274.00
Interest receivable	15,295,866.67	-	15,295,866.67
Total	42,610,466,554.29	530,811,274.00	43,141,277,828.29

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

#### Financial liabilities

	Other financial liabilities	
	2015	2014
Short-term loans	50,000,000.00	90,000,000.00
Notes payable	18,662,900,601.34	13,108,623,397.32
Accounts payable	14,973,826,566.55	13,038,793,688.31
Interest payable	73,458,000.00	73,458,000.00
Dividend payable	79,742.80	79,742.80
Other payables	1,762,874,858.05	2,007,416,635.58
Bonds payable	1,975,102,599.85	1,971,184,679.89
Total	37,498,242,368.59	30,289,556,143.90

## 2. Transfer of financial assets

### The transferred financial assets that entirely derecognized but continuing involved

As at 31 December 2015, the Group has endorsed bank acceptance bill with a carrying amount of RMB 2,003,975,070.03 (2014:RMB6,619,901,191.66) to suppliers to settle the accounts payable. The maturities of the notes are between 1 to 6 months. According to the relevant provisions of the "law of negotiable instruments", if the banks refuse the payment, the holder has the right of recourse to the Group (the "continuing involvement"). The Group holds the view that almost all the risks and rewards concerned have been transferred; therefore, the book value of the accounts payable should be derecognized. The maximum loss and the undiscounted cash flow of the continuing involvement and repurchase is equal to its book value, the Group regards the fair value of the continuing involvement is not significant.

In 2015, the Group didn't recognize profit or loss on the transferring date. No revenue or expense should be recognized in accordance with the continuing involvement in the current period. The indorsement occurred flatly in this period.

## 3. Risks of financial instruments

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

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

### **Credit risk**

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

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets, other receivables, dividend receivables and certain derivatives financial instruments, the Group's exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, listed as book value of financial assets in consolidated financial statements. In 2014, there was no credit risk arising from financial guarantee.

### 3. Risks of financial instruments (continued)

#### Credit risk (continued)

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 2015, among the Group's collections with specific credit risk, 24.09% (2014: 23.07%) of accounts receivables of the Group are due from top five clients respectively.

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

2015

	Total	Neither overdue nor impaired	Overdue but not impaired		
			Within 3 months	3 months to 1 year	Over 1 year
Accounts receivable	875,479,556.55	810,029,088.86	19,594,830.23	39,293,272.47	6,562,364.99
Other receivables	1,001,485,245.40	998,332,488.97	1,997,341.95	882,102.87	273,311.61
Notes receivable	22,683,096,211.46	22,683,096,211.46	-	-	-
Available for sale financial assets	530,811,274.00	530,811,274.00	-	-	-
Interest receivables	15,295,866.67	15,295,866.67	-	-	-

2014

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

As at 31 December 2015 and 2014, the balance of accounts receivable which is neither overdue nor impaired is mainly due to the customers who have no default records recently.

### 3. Risks of financial instruments (continued)

#### Credit risk (continued)

As at 31 December 2015 and 2014, overdue but not impaired accounts receivable are related to independent clients with satisfactory transaction records with the Group. Based on previous experience, since credit quality has no significant changes and the receivables can be fully recovered, the Group considers no impairment provision should be made to them. The Group does not hold any gage from or enhance credit limit to these clients.

#### Liquidity risk

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

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

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

2015

	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Short-term loans	219,863.01	50,285,821.92	-	-	50,505,684.93
Notes payable	3,543,730,187.83	6,004,071,237.21	9,115,099,176.30	-	18,662,900,601.34
Accounts payable	2,968,335,828.87	9,174,674,038.38	2,830,816,699.30	-	14,973,826,566.55
Interest payable	-	-	73,458,000.00	-	73,458,000.00
Dividend payable	79,742.80	-	-	-	79,742.80
Other payable	367,585,584.05	488,933,347.32	906,355,926.68	-	1,762,874,858.05
Bonds payable	-	-	31,482,000.00	2,084,940,000.00	2,116,422,000.00
Total	6,879,951,206.56	15,717,964,444.83	12,957,211,802.28	2,084,940,000.00	37,640,067,453.67

2014

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

### 3. Risks of financial instruments (continued)

#### Market risk

##### Interest rate risk

The Group's revenue and operating cash flows are seldomly influenced by the interest fluctuation. As at 31 December 2015, the Group's loans are bearing fixed interest rate and the Group is not hedging the risk currently.

##### Foreign currency risk

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

In 2015, the Group only has transactional currency exposures of 0.71% (2014: 1.74%) of its total revenue that is valued in currencies other than the units' functional currency. Since most of the Group's businesses are operated in China mainland, the estimated influence of fluctuation of foreign currency is insignificant; therefore, the Group hasn't carried out large amount of hedging to reduce the risk.

##### Equity instruments investment price risk

The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale investments (Note V 10) as at 31 December 2015. The Group's listed investments are listed on the Shanghai stock exchanges and valued at quoted market prices at the end of the reporting period. The following table demonstrates the sensitivity to every 5% change (based on the carrying amount as at the end of reporting period) in the Group's net profit and fair value of the equity investments, with all other variables held constant, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments	Change in fair value	Increase/ (decrease) in net profit	Increase/(decrease) in equity
<b>2015</b>				
Shanghai- Available for sale	351,450,000.00	5%	17,572,500.00	17,572,500.00
Shanghai- Available for sale	351,450,000.00	(5%)	(17,572,500.00)	(17,572,500.00)
<b>2014</b>				
Shanghai- Available for sale	395,647,500.00	5%	19,782,375.00	19,782,375.00
Shanghai- Available-for-sale	395,647,500.00	(5%)	(19,782,375.00)	(19,782,375.00)

#### 4. Capital management

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

The Group manages the capital structure and adjusts it with the change of economy trend and the risk feature of the assets. To maintain or adjust the capital structure, the Group can rectify dividend distribution, return capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements constraints. The goal, principle and procedure of capital management stay the same in 2015 and 2014.

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

	31 December 2015	31 December 2014
Leverage ratio	<u>61.78%</u>	<u>63.47%</u>

## IX. Disclosure of fair value

### (1) Assets and liabilities measured at fair value

2015

	Input measured at fair value			
	Quoted price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The third level)	Total
Available-for-sale financial assets- equity instruments	351,450,000.00	-	-	351,450,000.00

2014

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

### (2) Assets and liabilities disclosed at fair value

2015

	Input measured at fair value			
	Quoted market price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The third level)	Total
Bonds payable	2,039,400,000.00	-	-	2,039,400,000.00

2014

	Input measured at fair value			
	Quoted market price in active market (The first level)	Quoted price in active market (The second level)	Quoted price in active market (The third level)	Total
Bonds payable	2,003,562,000.00	-	-	2,003,562,000.00

## IX. Disclosure of fair value (continued)

### Fair value of financial instruments

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

	Book value		Fair value	
	2015	2014	2015	2014
Financial assets				
Financial assets available for sale- equity instruments	351,450,000.00	395,647,500.00	351,450,000.00	395,647,500.00
Financial liabilities				
Bonds payable	1,975,102,599.85	1,971,184,679.89	2,039,400,000.00	2,003,562,000.00

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

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

Bonds payable are carried at amortized cost and those fair value are determined by the settlement price on 31 December 2015 and 2014, which are traded in open and active market.



## **X. Related party relationships and transactions**

### **1. Parent company**

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

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

The registered capital and paid-up capital was unchanged in 2015.

### **2. Subsidiaries**

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

### **3. Joint ventures and associates**

Refer to Note VI 2 for details of the Group's joint ventures and associates.

#### 4. Other related parties

Related parties	Relationship
China South Industries Group Corporation	Ultimate holding company
China Changan Automobile Co., Ltd. – Chongqing Tsingshan Transmission Branch (hereafter referred to as “CSIA-Chongqing Tsingshan Transmission Branch”)	Branch of parent
Sichuan Jian'an Industrial Co.,Ltd. – Chengdu Jian'an Automobile Bridge Branch (the original “China Changan Automobile Co., Ltd. – Chengdu Jian'an Automobile Bridge Branch)	Controlled by the same parent company
Sichuan Jian'an Industrial Co., Ltd (the original “China Changan Automobile Co., Ltd. – Shichuan Jian'an Automobile Bridge” merged into Sichuan Jian'an Industrial Co. Ltd)	Controlled by the same parent company
Chengdu Huachuan Electric Equipment Co., Ltd.	Controlled by the same parent company
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Controlled by the same parent company
Harbin Dongan Auto Engine Co., Ltd.	Controlled by the same parent company
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Controlled by the same parent company
Hafei Motor Co., Ltd.	Controlled by the same parent company
South Tianhe Chassis System Co., Ltd.	Controlled by the same parent company
South Inter Air-conditioner Co., .Ltd.	Controlled by the same parent company
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Controlled by the same parent company
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd.	Controlled by the same parent company
Wanyou Automobile Investment Co., Ltd.	Controlled by the same parent company
China Changan Automobile Group Ningbo Dongxiang Sales Co., Ltd.	Controlled by the same parent company
China Changan Automobile Group Tianjin Sales Co., Ltd.	Controlled by the same parent company
United Prosperity (Hongkong) Investment Co., Ltd.	Controlled by the same parent company
Chongqing Anfu Automobile Co., Ltd.	Controlled by the same parent company
Chongqing Automobile Air-conditioner Co., Ltd.	Controlled by the same parent company
Chengdu Wanyou Economic Technological Development Co., Ltd.	Controlled by the same parent company
Chengdu Wanyou Trading Co., Ltd.	Controlled by the same parent company
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Controlled by the same parent company
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same parent company

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Related parties	Relationship
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same parent company
Nanning Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same parent company
Suining Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same parent company
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same parent company
Chongqing Wanyou Economic Development Co., Ltd.	Controlled by the same parent company
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	Controlled by the same parent company
Chongqing Wanyou Longxing Auto Sales and Service Co., Ltd.	Controlled by the same parent company
Chongqing Wanyou Auto Sales and Service Corporation	Controlled by the same parent company
United Prosperity (Shenzhen) Investment Co., Ltd .	Controlled by the same parent company
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Controlled by the same parent company
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	Controlled by the same ultimate holding company
China South Industry Group Finance Co., Ltd.	Controlled by the same ultimate holding company
CDGM Tanaka Environmental Catalyst Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Lingchuan Special Industry Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Ningxing Automobile Spring Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Wanyou Filter Co., Ltd.	Controlled by the same ultimate holding company
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Controlled by the same ultimate holding company
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Controlled by the same ultimate holding company
Southwest Ordnance Industry Corporation	Controlled by the same ultimate holding company

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Related parties	Relationship
Yunnan Xiyi Industries Co., Ltd.	Controlled by the same ultimate holding company
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Dajiang Jiexing Forging Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Jialing Yimin Special Equipment Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Shangfang Automobile Fittings Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Qingshan Transmission Sales Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Property Management Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanbing Supplies Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Construction Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Real Estate Development Co., Ltd.	Controlled by the same ultimate holding company
Changan Industries Group Co. Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Construction Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company

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Related parties	Relationship
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changrong Machinery Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Fuji Supply Chain Management Co., Ltd.	Controlled by the same ultimate holding company

## 5. Major transactions between the Group and its related parties

### (1) Transactions of goods and services

#### Purchases of goods and services from related parties

Related parties	Nature of the transaction	2015	2014
CSIA-Chongqing Tsingshan Transmission Branch")	Purchase of spare parts	2,029,948,567.23	1,772,109,900.52
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Purchase of spare parts	1,896,913,613.67	853,493,934.92
Chongqing Changan Min Sheng Logistics Co., Ltd.	Purchase of spare parts/ Transportation fee	981,608,165.56	1,162,228,880.20
Sichuan Jian'an Industrial Co., Ltd	Purchase of spare parts	872,386,203.06	867,010,405.30
South Tianhe Chassis System Co., Ltd.	Purchase of spare parts	596,567,971.95	652,486,555.11
Chengdu Huachuan Electric Equipment Co., Ltd.	Purchase of spare parts	385,126,049.75	322,618,843.01
Chongqing Changan Suzuki Automobile Co., Ltd.	Purchase of spare parts	300,657,578.86	1,237,784.75
Changan Ford Automobile Co., Ltd.	Purchase of spare parts	288,399,650.56	99,613,995.85
Harbin Dongan Auto Engine Co., Ltd.	Purchase of spare parts	243,845,733.45	123,859,663.79
South Inter Air-conditioner Co., Ltd.	Purchase of spare parts	236,463,539.13	234,914,830.47
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Purchase of spare parts	181,393,940.20	172,323,081.17
Chengdu Wanyou Filter Co., Ltd.	Purchase of spare parts	119,448,136.48	84,924,068.98
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Purchase of spare parts	106,461,258.63	96,965,314.57
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd.	Purchase of spare parts	102,304,782.07	117,396,987.71
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Purchase of spare parts	99,262,355.92	133,893,925.14
Yunnan Xiyi Industries Co., Ltd.	Purchase of spare parts	90,591,308.01	69,458,376.03
Hafei Motor Co., Ltd.	Purchase of spare parts and accept service	87,367,585.98	182,145,346.76
Chongqing Shangfang Automobile Fittings Co., Ltd.	Purchase of spare parts	81,971,697.82	104,710,813.33

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Related parties	Nature of the transaction	2015	2014
Chongqing Changrong Machinery Co., Ltd.	Purchase of spare parts	56,998,012.12	88,458,014.41
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Purchase of spare parts	52,950,885.59	77,766,730.35
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Purchase of spare parts	49,382,805.26	51,489,451.69
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Purchase of spare parts	47,577,148.81	32,815.08
Chongqing Wanyou Economic Development Co., Ltd.	Purchase of spare parts	43,446,598.21	73,787,651.08
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Purchase of spare parts	40,393,068.23	29,834,181.59
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Purchase of spare parts	41,026,194.87	35,015,934.14
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Purchase of spare parts	35,762,759.84	68,902,942.32
Chengdu Lingchuan Special Industry Co., Ltd.	Purchase of spare parts	35,459,452.27	84,097,032.26
Changan Industries Group Co. Ltd.	Purchase of spare parts and accept service	18,838,665.39	250,721,264.15
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Purchase of spare parts	12,146,467.40	31,473,447.99
Chengdu Ningxing Automobile Spring Co., Ltd.	Purchase of spare parts	12,636,860.96	12,311,991.13
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Purchase of spare parts	12,146,467.40	31,473,447.99
Chongqing Dajiang Jiexin	Purchase of spare parts	9,243,159.74	5,094,192.00
CDGM Tanaka Environmental Catalyst Co., Ltd.	Purchase of spare parts	8,851,213.81	3,688,701.55
United Prosperity (Hongkong) Investment Co., Ltd.(Note 1)	Accept service	7,999,691.39	7,379,317.05
Chongqing Changan Property Management Co., Ltd.	Accept service	7,677,283.66	5,972,802.68
Chongqing Qingshan Transmission Sales Co., Ltd.	Purchase of spare parts	6,243,666.43	7,188,412.53
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Purchase of spare parts	3,626,742.98	3,730,906.96
Sichuan Jian'an Industrial Co., Ltd– Chengdu Jian'an Automobile Bridge Branch	Purchase of spare parts	3,619,804.12	10,445,764.76
Chongqing Changan Construction Co., Ltd.	Accept service	1,000,628.00	-
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Purchase of spare parts	986,917.52	3,484,502.40
Chongqing Jialing Yimin Special Equipment Co., Ltd.	Purchase of spare parts	640,308.88	1,021,473.02
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Purchase of spare parts	398,654.57	250,461.93
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Purchase of spare parts	186,593.74	225,194.03
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	Purchase of spare parts	177,196.03	108,726.84
Nanning Wanyou Auto Sales and Service Co., Ltd.	Purchase of spare parts	26,440.41	6,664.63
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Purchase of spare parts	20,983.68	24,727.51
Chengdu Wanyou Economic Technological Development Co., Ltd.	Purchase of spare parts	18,966.82	10,589.08
Chengdu Wanyou Trading Co., Ltd.	Purchase of spare parts	7,325.00	568.89
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Purchase of spare parts	3,162.39	139,246.50
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Purchase of spare parts	-	21,844.49

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Related parties	Nature of the transaction	2015	2014
Total		9,198,065,796.45	7,904,078,260.65

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

Note1: For year ended 2015, United Prosperity (Hongkong) Investment Co., Ltd. provides financial service for the Company's import of machinery. Current year, the Company paid RMB 186,413,118.63 for purchase of machinery overseas on behalf of United Prosperity Investment Co., Ltd. (2013: RMB. 145,020,650.96). Therefore, the Company paid it RMB 7,804,824.98 for its financial service (2014: 6,716,878.20).

Besides, for the year ended 2015, United Prosperity (Hongkong) Investment Co., Ltd also provides sales agency service for the Group, and sales amount to RMB 15,842,410.68 ( 2014: RMB62,379,572.86), therefore the Group paid it RMB194,866.41 ( 2014: RMB662,438.85).

Sales of goods and services to related parties

Related parties	Nature of the transaction	2015	2014
Chongqing Wanyou Economic Development Co., Ltd.	Sales of cars and spare parts	1,893,496,751.04	1,720,361,095.98
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Sales of cars	1,540,894,512.28	950,587,751.13
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Sales of cars and spare parts	1,007,510,442.47	944,185,877.17
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Sales of cars and spare parts	972,038,136.50	768,930,221.51
Wanyou Automobile Investment Co., Ltd.	Sales of cars	795,519,616.62	1,033,758,478.34
Chengdu Wanyou Economic Technological Development Co., Ltd.	Sales of cars and spare parts	714,130,601.04	858,837,220.43
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Sales of cars and spare parts	194,129,565.95	189,860,380.43
China Changan Automobile Group Tianjin Sales Co., Ltd.	Sales of cars	159,770,280.46	93,456,852.77
Nanning Wanyou Auto Sales and Service Co., Ltd.	Sales of cars	144,512,690.84	125,685,008.27
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Sales of cars	104,113,109.96	61,268,914.35
Chengdu Lingchuan Special Industry Co., Ltd.	Sale of spare parts	102,587,685.47	63,228,179.47
Changan Ford Automobile Co., Ltd.	Providing outsourcing processing service	47,189,224.94	144,031,886.74
Chongqing Changan Suzuki Automobile Co., Ltd.	Sales of spare parts and providing outsourcing processing service	46,046,820.53	459,288.44
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Sale of spare parts	24,122,035.16	36,023,795.72
Changan PSA Automobiles Co., Ltd.	Sale of spare parts	21,564,687.73	12,754,584.34
China South Industry Group Finance Co., Ltd.	Providing service	15,025,861.00	13,776,308.00

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Related parties	Nature of the transaction	2015	2014
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Sales of cars, spare parts and providing service	12,567,961.94	35,505,936.25
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Sale of spare parts	5,042,460.44	47,870,826.73
Chongqing Anfu Automobile Co., Ltd.	Sales of cars	3,806,837.62	5,451,299.15
Jiangling Holding Co., Ltd.	Providing service	2,830,188.68	497.09
Yunnan Xiyi Industries Co., Ltd.	Sale of spare parts	2,272,204.54	2,891,746.17
Changan Mazda Automobile Co., Ltd.	Providing service	361,792.45	-
Chongqing Changan Min Sheng Logistics Co., Ltd.	Sale of spare parts	268,320.54	273,547.11
Changan Industries Group Co. Ltd.	Providing service	117,428.62	757,451.01
China Changan Automobile Group Co ,Ltd.	Providing service	48,000.00	-
Chengdu Huachuan Electric Equipment Co., Ltd.	Sale of spare parts	19,927.56	-
Chengdu Wanyou Trading Co., Ltd.	Sale of spare parts	6,441.03	8,281.19
Hafei Motor Co., Ltd.	Sale of spare parts	1,825.09	2,957.76
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	Sale of spare parts	1,051.66	1,797.40
Chongqing Shangfang Automobile Fittings Co., Ltd.	Sale of spare parts	-	10,874,495.13
Chongqing Changan Kuayue Automobile Co., Ltd.	Sale of spare parts	-	14,018.37
Chongqing Changrong Machinery Co., Ltd.	Warehousing	-	6,037.75
Chongqing Changan Real Estate Development Co., Ltd.	Warehousing	-	1,886.79
Total		7,809,996,462.16	7,120,866,620.99

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

**Other major related-party transactions**

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



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

### Expenses of integrated service charges

Related parties	Nature of the transaction	2015	2014
Changan Industries Group Co. Ltd.	Payment of land rental fees	28,236,828.50	28,705,101.00
Changan Industries Group Co. Ltd.	Payment of building rental fees	33,143,634.60	33,255,483.00
Changan Industries Group Co. Ltd.	Payment of utilities	197,179,675.16	146,380,856.93
Changan Industries Group Co. Ltd.	Payment of firefighting fees	2,740,000.00	2,740,000.00
Changan Industries Group Co. Ltd.	Others	16,946,753.93	17,733,060.01
Hafei Motor Co., Ltd.	Intergrated service	12,122,919.14	2,898,812.92
Total		290,369,811.33	231,713,313.86

### Purchase of project materials

Related parties	2015	2014
Chongqing Changan Construction Co., Ltd.	426,445,025.42	98,291,857.00
Chongqing Changan Min Sheng Logistics Co., Ltd.	5,865,647.63	2,278,127.25
Changan Industries Group Co. Ltd.	2,460,439.40	3,763,647.24
Total	434,771,112.45	104,333,631.49

### Staff expenses for technical supporting

Related parties	2015	2014
Changan Ford Automobile Co., Ltd.	45,220,693.68	45,861,502.13
Changan Mazda Automobile Co., Ltd.	22,983,423.49	24,454,919.90
Changan Ford Mazda Engine Co., Ltd.	17,985,306.56	18,819,603.94
Changan PSA Automobiles Co., Ltd.	11,661,743.99	9,250,000.00
Chongqing Changan Suzuki Automobile Co., Ltd.	8,079,053.00	6,845,142.00
Jiangling Holding Co., Ltd.	1,560,367.52	1,515,928.06
Chongqing Changan Kuayue Automobile Co., Ltd.	332,633.24	820,000.00
Hafei Motor Co., Ltd.	234,449.28	275,035.11
Harbin Dongan Auto Engine Co., Ltd.	99,544.94	-
Total	108,157,215.70	107,842,131.14

### Technical service income

Related parties	2015	2014
Changan PSA Automobiles Co., Ltd.	1,342,469.55	829,246.63
Chongqing Changan Suzuki Automobile Co., Ltd.	-	991,656.23
Total	1,342,469.55	1,820,902.86

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

### Capital occupied income

Related parties	2015	2014
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	1,645,558.12	1,841,788.88
Chengdu Wanyou Economic Technological Development Co., Ltd.	728,388.03	1,240,136.75
Yunnan Wanyou Auto Sales and Service Co., Ltd.	275,512.82	5,208.54
Wanyou Automobile Investment Co., Ltd.	106,964.96	-
Chongqing Wanyou Economic Development Co., Ltd.	36,664.09	145,747.02
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	16,513.68	-
Guizhou Wanyou Auto Sales and Service Co., Ltd.	12,118.80	-
Nanning Wanyou Auto Sales and Service Co., Ltd.	1,198.29	-
Guangxi Wanyou Auto Sales and Service Co., Ltd.	609.40	13,302.56
China Changan Automobile Group Tianjin Sales Co., Ltd.	-	347,389.75
<b>Total</b>	<b>2,823,528.19</b>	<b>3,593,573.50</b>

### (2) Lease between related parties

#### Rent assets to related parties

Lessee	Type of leased assets	Rental income for 2015	Rental income for 2014
Chongqing Changan Min Sheng Logistics Co., Ltd.	Office building	-	143,080.00

#### Rent assets from related parties

Lessors	Type of leased assets	Rental expense for 2015	Rental expense for 2014
Chongqing Changan Min Sheng Logistics Co., Ltd.	Storage	2,603,773.60	3,482,865.00
Hafei Motor Co., Ltd.	Land	620,790.00	2,464,000.00
Chongqing Changan Real Estate Development Co., Ltd.	Office building and storage	2,824,308.00	2,806,108.00
Chongqing Changan Suzuki Automobile Co., Ltd.	Storage	440,576.00	-
Chongqing Fuji Supply Chain Management Co., Ltd.	Storage	4,540,249.30	-
<b>Total</b>		<b>11,029,696.90</b>	<b>8,752,973.00</b>

### (3) Transfer of assets between related parties

Related party	Type of transaction	2015	2014
China Changan Automobile Group Co., Ltd. (Note)	Transfer of equity	-	439,980,000.00
Changan Ford Automobile Co., Ltd.	Transfer of assets	3,934,632.00	-
Chongqing Changan Suzuki Automobile Co., Ltd.	Transfer of assets	68,376,068.40	-
<b>Total</b>		<b>72,310,700.40</b>	<b>439,980,000.00</b>

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

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

### (4) Guarantee of related party

In the year of 2015, 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 33.

### (5) Other related party transaction

Item	2015	2014
Compensation of key management personal	14,438,825.00	13,793,354.00

## 6.

## 6. Amounts due from/to related parties

### Notes receivable

Related parties	2015	2014
Wanyou Automobile Investment Co., Ltd.	2,544,170,000.00	1,933,900,000.00
China Changan Automobile Group Tianjin Sales Co., Ltd.	77,701,470.00	55,000,000.00
Yunnan Wanyou Auto Sales and Service Co., Ltd.	20,000,000.00	519,000,000.00
Chengdu Wanyou Economic Technological Development Co., Ltd.	5,000,000.00	22,000,000.00
Chongqing Wanyou Economic Development Co., Ltd.	3,500,000.00	153,700,000.00
Chongqing Changan Min Sheng Logistics Co., Ltd.	200,000.00	4,000,000.00
Nanning Wanyou Auto Sales and Service Co., Ltd.	-	60,600,000.00
Guangxi Wanyou Auto Sales and Service Co., Ltd.	-	57,200,000.00
Guizhou Wanyou Auto Sales and Service Co., Ltd.	-	7,500,000.00
Changan Industries Group Co. Ltd.	-	2,402,062.50
Total	2,650,571,470.00	2,815,302,062.50

### Accounts receivable

Related parties	2015		2014	
	Amount	Provision	Amount	Provision
Chongqing Changan Suzuki Automobile Co., Ltd.	62,572,011.08	-	7,301,911.32	-
Changan PSA Automobiles Co., Ltd.	29,598,165.00	-	13,541,028.82	-
Changan Ford Automobile Co., Ltd.	28,255,292.83	-	38,840,411.42	-
Changan Mazda Automobile Co., Ltd.	11,009,839.17	-	10,426,339.17	-
Jiangling Holding Co., Ltd.	9,310,692.81	-	6,525,274.41	-
China South Industry Group Finance Co., Ltd.	7,309,377.00	-	-	-
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	6,951,750.46	-	34,732,286.33	-
Changan Ford Mazda Engine Co., Ltd.	6,023,814.08	-	5,923,814.08	-
Chongqing Changan Kuayue	3,690,822.00	-	5,758,272.00	-

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Related parties	2015		2014	
	Amount	Provision	Amount	Provision
Automobile Co., Ltd.				
United Prosperity (Hongkong) Investment Co., Ltd.	1,520,264.30	-	10,856,165.22	-
Changan Industries Group Co. Ltd.	1,380,710.79	-	1,825,968.36	-
Guangxi Wanyou Auto Sales and Service Co., Ltd.	748,944.87	-	-	-
Chengdu Wanyou Economic Technological Development Co., Ltd.	-	-	1,043.72	-
<b>Total</b>	<b>168,371,684.39</b>	<b>-</b>	<b>135,732,514.85</b>	<b>-</b>

Prepayments

Related parties	2015	2014
Chongqing Changan Suzuki Automobile Co., Ltd.	292,769.25	280,209.25
Chongqing Qingshan Transmission Sales Co., Ltd.	-	17,532.12
<b>Total</b>	<b>292,769.25</b>	<b>297,741.37</b>

Other receivables

Related party	2015	2014
Chongqing Changan Suzuki Automobile Co., Ltd.	80,000,000.00	-
Changan Ford Automobile Co., Ltd.	3,934,632.00	-
Chongqing Changan Min Sheng Logistics Co., Ltd.	-	181,042.41
<b>Total</b>	<b>83,934,632.00</b>	<b>181,042.41</b>

Notes payable

Related parties	2015	2014
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	479,410,000.00	247,700,000.00
Changan Ford Automobile Co., Ltd.	475,324,029.19	-
Chongqing Changan Construction Co., Ltd.	296,563,745.00	44,749,050.70
Chongqing Changan Suzuki Automobile Co., Ltd.	294,658,696.24	-
South Tianhe Chassis System Co., Ltd.	201,310,000.00	197,690,000.00
Harbin Dongan Auto Engine Co., Ltd.	109,700,000.00	51,700,000.00
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	89,890,000.00	87,910,000.00
South Inter Air-conditioner Co., Ltd.	76,720,000.00	66,670,000.00
Yunnan Xiyi Industries Co., Ltd.	48,350,000.00	50,760,000.00
Chengdu Wanyou Filter Co., Ltd.	43,980,000.00	47,110,000.00
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	38,990,000.00	26,860,000.00
Chongqing Changan Min Sheng Logistics Co., Ltd.	26,791,651.72	2,163,387.00
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	21,380,000.00	26,520,000.00
Chongqing Wanyou Construction Co., Ltd.	18,898,000.00	3,286,323.00
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd.	16,960,000.00	20,210,000.00
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	15,140,000.00	26,520,000.00
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	7,360,000.00	19,020,000.00
Chongqing Changrong Machinery Co., Ltd.	4,920,000.00	14,680,000.00
Chongqing Dajiang Jiexing Forging Co., Ltd.	4,810,000.00	-
Sichuan Hongguang Machinery and Electrics Co., Ltd.	4,520,000.00	16,660,000.00
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd.	4,390,000.00	860,000.00
Chengdu Ningxing Automobile Spring Co., Ltd.	3,350,000.00	4,430,000.00

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Related parties	2015	2014
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	3,070,000.00	7,490,000.00
Chongqing Shangfang Automobile Fittings Co., Ltd.	2,540,000.00	30,440,000.00
Chongqing Changfeng Jiquan Machinery Co., Ltd.	2,200,000.00	-
Chengdu Huachuan Electric Equipment Co., Ltd.	1,810,000.00	85,650,000.00
Changan Industries Group Co. Ltd.	1,092,602.70	1,684,437.30
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	690,000.00	1,110,000.00
Chongqing Changan Property Management Co., Ltd.	570,000.00	1,280,000.00
Hafei Motor Co., Ltd.	-	464,660,000.00
Chongqing Yihong Engineering Plastic Products Co., Ltd.	-	9,190,000.00
Chengdu Lingchuan Special Industry Co., Ltd.	-	3,860,000.00
Sichuan Jian'an Industrial Co., Ltd – Chengdu Jian'an Automobile Bridge Branch	-	580,000.00
<b>Total</b>	<b>2,295,388,724.85</b>	<b>1,561,443,198.00</b>

Accounts payable

Related parties	2015	2014
Changan Ford Automobile Co., Ltd.	245,147,629.51	9,270,810.87
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	215,741,604.30	219,176,454.82
CSIA-Chongqing Tsingshan Transmission Branch	123,739,750.74	119,749,504.60
South Tianhe Chassis System Co., Ltd.	112,039,307.48	124,362,361.53
Sichuan Jian'an Industrial Co., Ltd	111,450,178.28	119,241,308.69
South Inter Air-conditioner Co., Ltd.	100,144,195.95	85,699,120.04
Harbin Dongan Auto Engine Co., Ltd.	98,838,874.81	37,836,046.69
Chongqing Changan Suzuki Automobile Co., Ltd.	85,609,784.33	-
Chengdu Huachuan Electric Equipment Co., Ltd.	47,575,356.65	8,997,687.52
Hafei Motor Co., Ltd.	31,407,623.53	231,401,070.28
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	29,805,780.61	37,810,978.41
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	23,803,051.46	33,857,713.97
Chongqing Changan Min Sheng Logistics Co., Ltd.	22,348,610.06	63,190,489.33
Chengdu Wanyou Filter Co., Ltd.	21,091,610.85	20,513,534.18
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	16,155,847.89	19,430,898.24
Chongqing Shangfang Automobile Fittings Co., Ltd.	15,821,551.80	17,173,815.05
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd.	14,403,026.51	16,076,620.75
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	13,666,197.68	125,679.59
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	10,359,166.23	23,832,720.53
Chengdu Lingchuan Special Industry Co., Ltd.	7,758,782.79	15,243,707.30
Chongqing Changfeng Jiquan Machinery Co., Ltd.	7,440,982.33	4,909,024.51
Chongqing Changrong Machinery Co., Ltd.	7,365,511.89	8,962,364.46
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	6,252,805.67	3,886,641.32
Chongqing Yihong Engineering Plastic Products Co., Ltd.	5,338,106.65	3,947,802.82
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd.	4,660,452.98	3,459,532.82
Yunnan Xiyi Industries Co., Ltd.	4,591,599.90	1,690,738.76
Chongqing Qingshan Transmission Sales Co., Ltd.	4,556,221.79	4,630,437.00
Chongqing Wanyou Economic Development Co., Ltd.	4,481,651.40	15,705,418.84
Chongqing Dajiang Jiexing Forging Co., Ltd.	3,674,483.82	2,349,986.93
Sichuan Hongguang Machinery and Electrics Co., Ltd.	3,661,396.48	6,309,820.98
Changan Industries Group Co. Ltd.	3,182,654.75	347,476.12
Chengdu Ningxing Automobile Spring Co., Ltd.	2,021,474.70	3,164,034.29
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	1,279,973.77	2,828,606.92
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	1,030,120.96	695,931.69

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Related parties	2015	2014
Yunnan Wanyou Auto Sales and Service Co., Ltd.	397,942.30	295,982.89
Chongqing Jialing Yimin Special Equipment Co., Ltd.	271,263.58	362,102.19
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	240,015.76	135,480.50
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	224,517.66	1,459,824.16
Chongqing Automobile Air-conditioner Co., Ltd.	205,041.51	205,041.51
Guizhou Wanyou Auto Sales and Service Co., Ltd.	186,593.64	225,194.03
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	113,514.74	119,814.74
Sichuan Jian'an Industrial Co., Ltd – Chengdu Jian'an Automobile Bridge Branch	113,477.38	1,847,863.97
Nanning Wanyou Auto Sales and Service Co., Ltd.	26,440.42	6,664.63
Guangxi Wanyou Auto Sales and Service Co., Ltd.	20,983.69	24,727.51
Chengdu Wanyou Economic Technological Development Co., Ltd.	18,966.83	10,589.08
Chengdu Wanyou Trading Co., Ltd.	7,325.00	568.89
Chongqing Changan Kuayue Automobile Co., Ltd.	1,382.56	77,208.01
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	-	21,844.49
<b>Total</b>	<b>1,408,272,833.62</b>	<b>1,270,671,246.45</b>

Advances from customers

Related parties	2015	2014
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	90,137,523.07	124,492,768.07
Yunnan Wanyou Auto Sales and Service Co., Ltd.	61,850,331.89	97,055,869.67
Chongqing Wanyou Economic Development Co., Ltd.	61,170,435.54	224,012,279.88
Wanyou Automobile Investment Co., Ltd.	32,945,166.00	60,787,767.00
Chengdu Wanyou Economic Technological Development Co., Ltd.	29,338,414.31	45,908,401.66
Guizhou Wanyou Auto Sales and Service Co., Ltd.	27,596,698.89	92,748,342.34
Guangxi Wanyou Auto Sales and Service Co., Ltd.	19,964,328.03	12,826,075.48
Nanning Wanyou Auto Sales and Service Co., Ltd.	13,981,164.87	12,102,977.87
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	12,485,207.00	5,616,867.00
China Changan Automobile Group Tianjin Sales Co., Ltd.	2,343,429.00	9,923,044.00
Hafei Motor Co., Ltd.	670,500.00	-
Chongqing Changan Min Sheng Logistics Co., Ltd.	360,581.64	361,998.32
South Air International Co.,Ltd	8,273.00	-
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	659.60	1,890.04
United Prosperity (Hongkong)Investment Co., Ltd.	-	4,343,194.69
Chengdu Wanyou Trading Co., Ltd.	-	38,295.50
Harbin Dongan Auto Engine Co., Ltd.	-	44.94
<b>Total</b>	<b>352,852,712.84</b>	<b>690,219,816.46</b>

Other payables

Related parties	2015	2014
United Prosperity (Hongkong) Investment Co., Ltd.	254,892,920.19	192,977,320.11
Chongqing Changan Min Sheng Logistics Co., Ltd.	110,766,572.66	233,978,891.80
Changan Industries Group Co. Ltd.	21,569,325.60	14,260,455.80
Chongqing Changan Construction Co., Ltd.	15,303,959.24	8,113,625.16
Chongqing Fuji Supply Chain Management Co.,Ltd.	5,971,532.25	-
Hafei Motor Co., Ltd.	4,278,783.60	1,892,739.54
Chongqing Changan Property Management Co., Ltd.	1,322,786.15	793,985.65
Chongqing Wanyou Construction Co., Ltd.	907,708.00	870,654.00
Yunnan Wanyou Auto Sales and Service Co., Ltd.	714,186.12	224,025.84
Chongqing Wanyou Economic Development Co., Ltd.	679,167.70	253,841.75

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Related parties	2015	2014
Guizhou Wanyou Auto Sales and Service Co., Ltd.	387,049.24	100,000.00
Chengdu Wanyou Economic Technological Development Co., Ltd.	150,230.00	151,537.60
Guangxi Wanyou Auto Sales and Service Co., Ltd.	150,000.00	100,000.00
Chengdu Wanyou Filter Co., Ltd.	120,000.00	120,000.00
Chongqing Changan Real Estate Development Co., Ltd.	64,790.00	250,690.60
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	34,356.00	82,651.45
Sichuan Jian'an Industrial Co., Ltd.	-	1,000.00
Total	417,313,366.75	454,171,419.30

## 7. Cash deposited in related party

Related party	2015	2014
China South Industry Group Finance Co., Ltd.	2,988,227,858.26	2,629,151,710.51

Deposits earn interest at the respective bank deposit rates.

## 8. Loans from related parties

### Short-term loans

Related parties	2015	2014
China South Industry Group Finance Co., Ltd.	50,000,000.00	50,000,000.00

Refer to Note V (22) for the details of the interest rates of the short-term loan.

## XI Contingencies and commitments

### 1. Commitments

Contracted, but not provided for

Item	2015	2014
Capital commitments	14,288,926,343.64	17,047,297,904.10

### 2. Contingencies

As at 31 December 2015, no material contingencies needed to be disclosed.

## XII Events after the balance sheet date

### 1. The dividends after balance sheet date

Profits or dividends to be allocated	Refer to Note V 42.
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### 2. Other events after the balance sheet date

In February 18th 2016, the Company signed Capital Increase Framework Agreement with Zhejiang Geely Holding Group, Hunan Corun New Energy Co., Ltd., Kunming Yunnei Power Co., Ltd to invest Corun Hybrid Technology Co., Ltd by RMB 200 million, including RMB 80-100 million technology investment. The investment was approved by the 41th meeting of the sixth session of the board of Directors. The amount and the proportion of the investment shall be subject to the formal agreement.

In March 30th 2016, the Company signed Subscription Agreement of Non-public Share Subject to Conditions with China Changan. China Changan offered to invest in non-public A shares by RMB 2 billion with par value of RMB 1 each share. The fund raised will be used for Changan Auto City Automobile Construction Program and Changan auto Engine Production Restructuring Program. The above private placement was approved by the 2nd meeting of the seventh session of the board of Directors, which still needs to be approved by shareholders' general meeting and China Securities Regulatory Commission.

In March 30th 2016, the Stock Option Incentive Plan was approved by the 2nd meeting of the seventh session of the board of Directors, which will grant 31,225 thousand stock options to board directors, executives, key technology and management personnels. The underlying stock is RMB A-share, which accounted 0.67% of the total share of the Company. 2,035 thousand of stock options will be granted initially. The Plan still needs to be approved by State-owned Assets Supervision and Administration Commission, shareholders' general meeting and China Securities Regulatory Commission.

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



### XIII Other important event

#### 1. Leasing arrangements

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

Item	2015	2014
Less than 1 year (including 1 year)	41,401,361.44	28,733,029.03
1 to 2 years (including 2 years)	5,676,787.85	2,768,199.03
2 to 3 years (including 3 years)	2,736,639.18	969,649.44
Over 3 years	8,786,471.32	5,400,000.00
Total	58,601,259.79	37,870,877.50

#### 2. Segment report

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

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

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

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

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

## XIV Notes to the Company's financial statements

### 1. Accounts Receivable

(1) Aging analysis of accounts receivable as at 31 December 2015 is as follows:

Aging	2015	2014
Within 1 year	2,208,678,374.74	2,186,464,400.10
1 to 2 years	886,424,958.61	560,274,728.97
2 to 3 years	299,310,373.94	1,900,100.00
Over 3 years	45,063,217.23	55,509,062.79
Total	3,439,476,924.52	2,804,148,291.86
Provision	(44,127,656.24)	(42,238,460.64)
Net Value	3,395,349,268.28	2,761,909,831.22

Movements of provision for accounts receivable are as follows:

	Beginning	Addition	Reduction		Ending Balance
			Reversal	Write-off	
2015	42,238,460.64	1,929,550.63	40,355.03	-	44,127,656.24
2014	39,547,040.38	2,982,767.01	291,346.75	-	42,238,460.64

(2) Analysis of the accounts receivable by category as at 31 December 2015 is as follows:

Item	2015				2014			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	106,141,701.22	3.09	-	-	45,088,295.09	1.61	-	-
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	93,941,328.52	2.73	44,127,656.24	46.97	277,846,638.96	9.91	42,238,460.64	15.20
Group 2. Accounts receivable from related parties	3,239,393,894.78	94.18	-	-	2,481,213,357.81	88.48	-	-
Group subtotal	3,333,335,223.30	96.91	44,127,656.24	1.32	2,759,059,996.77	98.39	42,238,460.64	1.53
Individually insignificant items but analyzed individually for provision	-	-	-	-	-	-	-	-
Total	3,439,476,924.52	100.00	44,127,656.24	1.28	2,804,148,291.86	100.00	42,238,460.64	1.51

**1. Accounts Receivable (continued)**

In groups, accounts receivable were analyzed for provision by aging:

Aging	2015			2014		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	48,596,196.09	51.73	-	232,145,184.96	83.56	-
6 to 12 months	274,050.19	0.29	13,702.51	3,720.00	0.00	186.00
Within 1 year subtotal	48,870,246.28	52.02	13,702.51	232,148,904.96	83.56	186.00
1 to 2 years	7,865.01	0.01	786.50	-	-	-
2 to 3 years	-	-	-	2,034,616.77	0.73	610,385.03
3 to 4 years	1,900,100.00	2.02	950,050.00	-	-	-
4 to 5 years	-	-	-	10,176,138.11	3.66	8,140,910.49
Over 5 years	43,163,117.23	45.95	43,163,117.23	33,486,979.12	12.05	33,486,979.12
<b>Total</b>	<b>93,941,328.52</b>	<b>100</b>	<b>44,127,656.24</b>	<b>277,846,638.96</b>	<b>100</b>	<b>42,238,460.64</b>

In groups, accounts receivable were analyzed for provision with other methods:

Group	2015		2014	
	Balance	Provision	Balance	Provision
Accounts receivable from related parties	3,239,393,894.78	-	2,481,213,357.81	-

As at 31 December 2015, there was no individually significant items but analyzed individually for provision (2014: Nil).

- (3) For the year ended 2015, provision for accounts receivable amounted to RMB 40,355.03 has been reversed (2014: Nil).
- (4) For the year ended 2015, there is no write-off for accounts receivable provision (2014: Nil).
- (5) As at 31 December 2015, accounts receivable from top 5 clients amounted to RMB 2,856,294,781.26, accounted for 83.04% of the total amount (2014: RMB 2,271,423,896.98, accounted for 81% of the total amount)
- (6) There is no accounts receivable derecognized due to transference of financial assets during 2015 (2014: Nil).

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**2. Other receivables**

(1) Aging analysis of other receivables as at 31 December 2015 is as follows:

Aging	2015	2014
Within 1 year	1,014,129,695.10	650,367,439.20
1 to 2 years	764,371.36	5,695,601.19
2 to 3 years	439,781.94	9,865,955.42
Over 3 years	7,708,212.54	4,207,359.05
Total	1,023,042,060.94	670,136,354.86
Provision	(2,094,451.68)	(1,976,498.02)
Net Value	1,020,947,609.26	668,159,856.84

Movements of provisions for other receivables are as follows:

	Opening Balance	Addition	Deduction		Ending Balance
			Reversal	Write-off	
2015	1,976,498.02	117,953.66	-	-	2,094,451.68
2014	2,890,162.19	199,234.14	547,628.31	565,270.00	1,976,498.02

(2) Analysis of other receivables by category as at 31 December 2015 is as follows:

Item	2015				2014			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	416,830,000.00	40.74	-	-	123,832,000.00	18.48	-	-
Other receivables analyzed as groups for provision								
Group 1. Other receivables analyzed for provision according to aging analysis	54,593,677.32	5.34	2,094,451.68	3.84	81,576,371.15	12.17	1,976,498.02	2.42
Group 2. Other receivables from related parties	551,618,383.62	53.92	-	-	464,727,983.71	69.35	-	-
Group subtotal	606,212,060.94	59.26	2,094,451.68	0.35	546,304,354.86	81.52	1,976,498.02	0.36
Individually insignificant items but analyzed individually for provision	-	-	-	-	-	-	-	-
Total	1,023,042,060.94	100	2,094,451.68	0.20	670,136,354.86	100	1,976,498.02	0.29

## 2. Other receivables (continued)

In groups, other receivables were analyzed for provision by aging:

Aging	2015			2014		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	50,178,793.87	91.92	-	77,276,646.60	94.73	-
6 to 12 months	2,097,465.20	3.84	104,873.26	370,404.77	0.45	18,520.24
Within 1 year subtotal	52,276,259.07	95.76	104,873.26	77,647,051.37	95.18	18,520.24
1 to 2 years	230,114.30	0.42	23,011.43	1,876,797.77	2.30	187,679.78
2 to 3 years	99,781.94	0.18	29,934.58	65,000.00	0.08	19,500.00
3 to 4 years	-	-	-	254,448.01	0.31	127,224.01
4 to 5 years	254,448.01	0.47	203,558.41	547,500.00	0.67	438,000.00
Over 5 years	1,733,074.00	3.17	1,733,074.00	1,185,574.00	1.46	1,185,573.99
<b>Total</b>	<b>54,593,677.32</b>	<b>100</b>	<b>2,094,451.68</b>	<b>81,576,371.15</b>	<b>100.00</b>	<b>1,976,498.02</b>

- (3) For the year ended 2015, no provision for other receivables has been reversed (2014: RMB 547,628.31).
- (4) For the year ended 2015, there was no write-off for other receivable provision (2014: RMB 565,270.00).
- (5) Analysis of other receivables by nature is as follows:

Nature	2015	2014
Warranty	38,441,611.68	227,831,662.61
Energy-saving subsidy	416,830,000.00	123,832,000.00
Disposal income of assets	167,193,450.84	94,999,768.40
Sales income of molds	107,864,645.53	89,085,988.80
Pretty cash	37,968,895.82	50,443,213.37
Technical royalties	40,227,188.27	25,556,158.23
Security deposits	4,152,677.70	24,926,854.13
Loans to third parties	190,800,286.90	24,782,800.00
Disbursements	6,683,315.24	5,695,779.26
Others	10,785,537.28	1,005,632.04
<b>Total</b>	<b>1,020,947,609.26</b>	<b>668,159,856.84</b>

**2. Other receivables (continued)**

(6) As at 31 December 2015, top five debtors of other receivables are as follows:

Debtors	Amount	Aging	Proportion of total other receivables (%)	Ending balance of provision
First	416,830,000.00	Within 1 year	40.74	-
Second	215,609,680.94	1-2 years	21.08	-
Third	166,000,000.00	Within 1 year	16.23	-
Forth	80,000,000.00	Within 1 year	7.82	-
Fifth	24,782,800.00	1-2 years	2.42	-
<b>Total</b>	<b>903,222,480.94</b>		<b>88.29</b>	<b>-</b>

(7) There is no other receivables derecognized due to transfer of financial assets during 2015 (2014: Nil).

Chongqing Changan Automobile Company Limited  
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### 3. Long-term equity investments

2015

Investee	Opening Balance	Addition	Deduction	Investment income/loss under equity method	Other comprehensive income	Other movements of equity	Dividend of cash declared	Provision	Ending Balance of book value	Ending Balance of provision
<b>Joint ventures</b>										
Chongqing Changan Suzuki Automobile Co., Ltd.	1,408,273,674.47	-	-	(207,954,783.71)	-	1,504,417.96	-	-	1,201,823,308.72	-
Jiangling Holding Co., Ltd.	2,334,057,207.68	-	-	374,818,810.93	(966,718.09)	734,643.12	-	-	2,708,643,943.64	-
Changan Ford Automobile Co., Ltd.	4,617,363,993.97	-	-	8,687,052,398.21	-	-	(7,800,000,000.00)	-	5,504,416,392.18	-
Changan Mazda Automobile Co., Ltd.	1,672,590,730.82	-	-	825,535,684.82	-	-	(500,000,000.00)	-	1,998,126,415.64	-
Changan Ford Mazda Engine Co., Ltd.	720,178,224.15	-	-	85,303,345.52	-	-	(23,684,883.31)	-	781,796,686.36	-
Changan PSA Automobiles Co., Ltd.	1,795,746,892.81	-	-	(332,842,518.18)	-	-	-	-	1,462,904,374.63	-
<b>Associates</b>										
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	9,220,184.59	-	-	(1,708,753.82)	-	-	-	-	7,511,430.77	-
Chongqing Changan Kuayue Automobile Co., Ltd.	66,558,691.97	-	-	9,660,693.86	-	-	-	-	76,219,385.83	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Beijing Fang'an taxi Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Chongqing Changan Automobile Financing Co., Ltd	-	1,155,000,000.00	-	-	-	-	-	-	1,155,000,000.00	-
<b>Subsidiaries</b>										
Nanjing Changan Automobile Co., Ltd.	422,533,259.00	-	-	-	-	-	-	-	422,533,259.00	-
Hebei Changan Automobile Co., Ltd.	438,223,236.00	-	-	-	-	-	-	-	438,223,236.00	-
Chongqing Changan International Automobile Sales Co., Ltd.	13,068,580.00	-	-	-	-	-	-	-	13,068,580.00	-
Chongqing Changan Automobile supporting	29,700,000.00	-	-	-	-	-	-	-	29,700,000.00	-

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service Co., Ltd.										
Chongqing Changan Automobile Sales Co., Ltd.	48,500,000.00	-	-	-	-	-	-	-	48,500,000.00	-
Chongqing Changan Automobile sales subsidiaries	8,050,000.00	-	-	-	-	-	-	-	8,050,000.00	-
Chongqing Changan Special Automobile sales Co., Ltd.	2,500,000.00	-	-	-	-	-	-	-	2,500,000.00	-
Chongqing Changan Europe Design Academy Co., Ltd.	134,879,700.00	-	-	-	-	-	-	-	134,879,700.00	-
Chongqing Changan new Energy Automobile Co. Ltd.	18,850,000.00	-	-	-	-	-	-	-	18,850,000.00	-
Changan United Kingdom R&D Center Co., Ltd.	981,934.40	-	-	-	-	-	-	-	981,934.40	-
Beijing Changan R&D Center Co., Ltd.	1,000,000.00	-	-	-	-	-	-	-	1,000,000.00	-
Harbin Changan R&D Center Co., Ltd.	1,000,000.00	-	-	-	-	-	-	-	1,000,000.00	-
Shanghai Changan R&D Center Co., Ltd.	1,000,000.00	-	-	-	-	-	-	-	1,000,000.00	-
Changan Japan Designing Center Co., Ltd.	1,396,370.15	-	-	-	-	-	-	-	1,396,370.15	-
Changan United States R&D Center Co., Ltd.	1,317,720.00	-	-	-	-	-	-	-	1,317,720.00	-
Hebei Baoding Changan Bus Co., Ltd.	176,002,613.18	-	-	-	-	-	-	-	176,002,613.18	-
Hefei Changan Automobile Company Ltd.	35,367,765.23	-	-	-	-	-	-	-	35,367,765.23	-
Changan Automobile Russia Co., Ltd.	1,242,589.15	-	-	-	-	-	-	-	1,242,589.15	-
Changan Brazil Holdings Limited	2,161,591.21	422,965.76	-	-	-	-	-	-	2,584,556.97	-
<b>Total</b>	<b>13,961,764,958.78</b>	<b>1,155,422,965.76</b>	<b>-</b>	<b>9,439,864,877.63</b>	<b>(966,718.09)</b>	<b>2,239,061.08</b>	<b>(8,323,684,883.31)</b>	<b>-</b>	<b>16,234,640,261.85</b>	<b>-</b>



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2014

Investee	Opening Balance	Addition	Deduction	Investment income/loss under equity method	Other comprehensive income	Other movements of equity	Dividend of cash declared	Provision	Ending Balance of book value	Ending Balance of provision
Joint ventures										
Chongqing Changan Suzuki Automobile Co., Ltd.	1,422,871,007.19	-	(28,024,712.81)	10,299,515.59	-	3,127,864.50	-	-	1,408,273,674.47	-
Jiangling Holding Co., Ltd.	1,970,068,511.81	-	-	363,988,695.87	-	-	-	-	2,334,057,207.68	-
Changan Ford Automobile Co., Ltd.	5,168,880,471.54	-	-	7,148,483,522.43	-	-	(7,700,000,000.00)	-	4,617,363,993.97	-
Changan Mazda Automobile Co., Ltd.	1,165,287,267.32	-	-	507,303,463.50	-	-	-	-	1,672,590,730.82	-
Changan Ford Mazda Engine Co., Ltd.	599,468,669.92	-	-	120,709,554.23	-	-	-	-	720,178,224.15	-
Changan PSA Automobiles Co., Ltd.	1,957,257,672.14	-	-	(161,510,779.33)	-	-	-	-	1,795,746,892.81	-
Associates										
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	8,772,039.08	-	-	448,145.51	-	-	-	-	9,220,184.59	-
Chongqing Changan Kuayue Automobile Co., Ltd.	64,068,246.00	-	-	2,490,445.97	-	-	-	-	66,558,691.97	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Beijing Fang'an taxi Co., Ltd.	998,629.64	-	-	(998,629.64)	-	-	-	-	-	-
Subsidiaries										
Nanjing Changan Automobile Co., Ltd.	422,533,259.00	-	-	-	-	-	-	-	422,533,259.00	-
Hebei Changan Automobile Co., Ltd.	437,935,236.00	288,000.00	-	-	-	-	-	-	438,223,236.00	-
Chongqing Changan International Automobile Sales Co., Ltd.	13,068,580.00	-	-	-	-	-	-	-	13,068,580.00	-
Chongqing Changan Automobile supporting service Co., Ltd.	29,700,000.00	-	-	-	-	-	-	-	29,700,000.00	-
Chongqing Changan Automobile Sales Co., Ltd.	48,500,000.00	-	-	-	-	-	-	-	48,500,000.00	-
Chongqing Changan Automobile sales	8,050,000.00	-	-	-	-	-	-	-	8,050,000.00	-

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

Chongqing Changan Automobile Company Limited  
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**4. Operating revenue and cost**

(1) Operating revenue, operating cost

Item	2015		2014	
	Revenue	Cost	Revenue	Cost
Primary Operation	63,644,433,379.55	51,797,362,297.58	51,229,276,554.88	42,760,989,717.11
Other Operation	1,217,695,737.36	818,767,136.10	1,265,377,194.16	685,289,608.51
<b>Total</b>	<b>64,862,129,116.91</b>	<b>52,616,129,433.68</b>	<b>52,494,653,749.04</b>	<b>43,446,279,325.62</b>

(2) Revenue listed by products are as follows:

Item	2015		2014	
	Revenue	Cost	Revenue	Cost
Sales of goods	64,607,395,383.61	52,412,853,210.74	52,283,588,111.85	43,257,415,173.92
Outsourcing processing	254,733,733.30	203,276,222.94	211,065,637.19	188,864,151.70
<b>Total</b>	<b>64,862,129,116.91</b>	<b>52,616,129,433.68</b>	<b>52,494,653,749.04</b>	<b>43,446,279,325.62</b>

**5. Investment income**

(1) Details of investment income

Item	2015	2014
Long-term equity investment income under equity method	9,439,864,877.63	7,991,213,934.13
Long-term equity investment income through resulted from disposal of long-term equity	-	(1,236,986.88)
Investment income during holding period of available-for-sale financial assets	57,544,215.31	33,382,435.46
Others	1,839,685.25	6,035,833.33
<b>Total</b>	<b>9,499,248,778.19</b>	<b>8,029,395,216.04</b>

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

Investee	2015	2014
Cash dividend received from China South Industry Group Finance Co., Ltd.	52,219,215.31	31,252,435.46

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5. Investment income (continued)

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

Investee	2015	2014	Reason for the fluctuation
Changan Ford Automobile Co., Ltd.	8,687,052,398.21	7,148,483,522.43	Increase in profit due to sales expansion
Changan Mazda Automobile Co., Ltd.	825,535,684.82	507,303,463.50	Increase in profit due to sales expansion
Chongqing Changan Suzuki Automobile Co., Ltd.	(207,954,783.71)	10,299,515.59	Decrease in profit due to sales decrease
Changan Ford Mazda Engine Co., Ltd.	85,303,345.52	120,709,554.23	Increase in profit due to sales expansion
Jiangling Holding Co., Ltd.	374,818,810.93	363,988,695.87	Increase in profit due to sales expansion
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	(1,708,753.82)	448,145.51	Decrease in profit due to sales decrease
Beijing Fang'an Taxi Co., Ltd.	-	(998,629.64)	Investment loss unrecognized
Changan PSA Automobiles Co., Ltd.	(332,842,518.18)	(161,510,779.33)	High cost due to initial operation
Chongqing Changan Kuayue Automobile Co., Ltd.	9,660,693.86	2,490,445.97	Increase in profit due to sales expansion
<b>Total</b>	<b>9,439,864,877.63</b>	<b>7,991,213,934.13</b>	

## 1. Schedule of non-recurring profit and loss

Item	2015
Gain and loss arising from disposal of non-current assets (including writing-off of accrued impairment loss on assets)	(34,314,067.34)
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)	441,926,607.20
Other non-operating income and expenses	16,816,296.11
Capital occupied income from non-financial entities	38,457,111.56
Effect on income tax	(65,174,314.56)
Effect on minority shareholders (after tax)	(5,010,753.72)
<b>Total</b>	<b>392,700,879.25</b>

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

2015

Profit	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	33.14	2.13	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	31.84	2.05	N/A

2014

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

The Company has no dilutive potential ordinary shares.

In accordance with the regulations issued by China Security Regulation Commission, Regulation of Information

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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 are calculated by the net profit attributable to the Company's ordinary shareholders divided by the weighted average outstanding ordinary shares.

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## Chapter 10 Documents for Future Reference

1. Financial reports with signatures and stamps of the legal representative, the chief accountant and the chief of accounting organization.

2. The original copy of audit report with the stamp of the CPA firm and the signature and stamp of the Certified Public Accountant.

3. All the original documents and manuscripts of the Company which has been disclosed in the reporting period in the newspapers designated by China Securities Regulatory Commission.

Annual reports disclosed in other securities markets.

Chairman of the Board:

Mr. Xu Liuping

General Manager:

Mr. Zhu Huarong

Chongqing Changan Automobile Co., Ltd.

15 April, 2015