



Chongqing Changan Automobile Company Limited
2017 Semi-annual Report

August 2017

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.

All the directors attended the board meeting for reviewing the semi-annual report except the following director:

Name	Title	Reason for the absence	Name of Trustee
Xu Liuping	Chairman of the Board	Job arrangement	None

For the first half of 2017, the Company has no plans of cash dividend, no bonus shares and no share converted from capital reserve.

Chairman of the Board Mr. Xu Liuping, the Chief of Financial officer Wang Kun, and the Chief of Accountant Department Mr. Chen Jianfeng hereby declare that the financial statements enclosed in this semi-annual report are true, accurate and complete.

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

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

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Definitions

Items	Refers to	Definitions
Changan Auto., the Company	Refers to	Chongqing Changan Automobile Company Limited
South Industries	Refers to	China South Industries Group Corp. Company's actual controller
China Changan	Refers to	China Changan Automobile Group Corporation, old name: China South Industries automobile Co., Ltd., a subsidiary company of South Industries
Changan Industry	Refers to	Chongqing Changan Industry (Group) Co., Ltd., old name: Changan Automobile Co., Ltd., Changan Automobile (Group) Co., Ltd., a subsidiary company of South Industries, the controlling shareholder of the Company before December, 2005
Nanjing Changan	Refers to	Nanjing Changan Automobile Co., Ltd., a subsidiary company of the Company
Hebei Changan	Refers to	Hebei Changan Automobile Co., Ltd., a subsidiary company of the Company
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 Automobile Co., Ltd, a JV of the Company
Jiangling Holding	Refers to	Jiangling Holding Co., a JV of the Company
Changan Finance	Refers to	Changan Auto Finance Co.Ltd , Company's Joint Stock Company
Financial Co. of CSGC	Refers to	Financial Co. of China South Industries Group Corporation, a subsidiary company of China South Industries Group Corp.
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 Joint Stock Company of China Changan

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 in Chinese name	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		

II. Contact Information

	Secretary of the Board of Directors	Securities affairs representative
Name	Wang Kun(On behalf), Li Jun	
Contact address	No. 260, East Jianxin Road, Jiangbei District, Chongqing	
Telephone	023-67594008	
Fax	023-67866055	
E-mail address	cazqc@changan.com.cn	

III. Others

1. Way of contact

Whether registration address, office address and its post code as well as website and email of the Company changed in the reporting period or not

Applicable Not applicable

The registration address, office address and post code as well as website and email of the Company did not change in the reporting period. See more details in Annual Report 2016.

2. Information disclosure and preparation place

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

Applicable Not applicable

The newspaper appointed for information disclosure, the website for the publish of the semi-annual report appointed by CSRC and the preparation place for semi-annual report did not change in the reporting period. See more details in Annual Report 2016.

3. Other relevant information

Whether other relevant information changed in the reporting period or not

Applicable Not applicable

IV. Summary of Accounting Data and Financial Indexes

Does the company conduct the retrospective adjustment or restatement over previous years accounting data due to changes of accounting policies or accounting errors?

Yes No

In RMB yuan

	Report period	Same period of last year	Increase/decrease y-o-y (%)
Operating revenue (Yuan)	33,555,213,109.46	35,801,762,921.25	-6.27%
Net profit belonging to shareholders of the listed company (Yuan)	4,620,545,739.52	5,490,988,582.32	-15.85%
Net profit belonging to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan)	3,556,761,447.08	5,051,311,451.92	-29.59%
Net cash flow arising from operating activities (Yuan)	4,959,704,724.11	4,620,787,228.07	7.33%
Basic earnings per share (Yuan/Share)	0.96	1.18	-18.64%
Diluted earnings per share (Yuan/Share)	0.96	1.18	-18.64%
Return on equity (ROE) (%)	10.42%	15.43%	降低 5.01 个百分点
	Report period	Same period of last year	Increase/decrease y-o-y (%)
Total assets (RMB)	107,282,719,087.38	106,510,473,733.93	0.73%
Net assets attributable to shareholder of the listed company (RMB)	45,100,001,707.49	43,573,812,403.87	3.50%

V. 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

VI. Non-recurring items and amounts

√ Applicable □ Not applicable

Unit: Yuan

Item	Amount	Illustration
Gain/loss of non-current assets	8,914,486.07	
The government subsidies included in the current profits and losses (except government subsidies closely related to corporate business, entitled in fixed quota or quantity)	1,153,834,905.86	
Current net profit from beginning to combined date of business combination under common control	-	
Investment income from disposing available-for-sale equity securities	-	
Other non-business income and expenditures other than the above items	30,630,628.07	
Interest on deferred payment of funds received by non-financial enterprises	16,835,480.06	
Subtract: Influenced amount of income tax	66,312,801.29	
Influenced amount of minority shareholders' equity (after tax)	80,118,406.33	
Total	1,063,784,292.44	--

According to “Public offering of securities information disclosure of the company's information disclosure announcement No. 1 – non-recurring gains and losses” defined non-recurring items ,and “Public offering of securities information disclosure of the company's information disclosure announcement No. 1 - non-recurring gains and losses” The items, defined as recurring items, are listed in the announcement No. 1 and 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. 1 – non-recurring gains and losses” about non-recurring gains and losses to define a case of recurring profit or loss.

Chapter 3 Analysis of Main Business

I. The main business of the Company in the reporting period

Does the Company need to comply with the disclosure requirements of special industry

Yes No

During the reporting period, the company's main business is the manufacturing and sale of cars (including sedan), the production of automobile engine products. The main products include CS series SUV, sedans like Raeton, Eado series, Alsvin series, MPV such as Oushang, Honor, Eulove and Linmax.

By taking "technical innovation and everlasting care" as the core value, adhering to the brand philosophy of "build worldwide reputation and create value" and focusing on science and technology innovation leading the auto civilization, Changan automobile strives to provide customers with amazing products and services. After years of development, the products cover low & middle class, wide range and various series such as sedans, mini cars, buses, trucks, SUV, MPV and engines with displacement from 1.0L to 2.0L. Up to now, a series of classic independent brand models such as Eado, Eado XT, Alsvin, CS15, CS35, CS75, CX70, Oushang, and Honor and several brand new models such as CS95, CS55, Linmax, and Oushang A800, admired by the market and loved by the consumers, were successfully launched.

II. Major changes in assets

1、 Major changes in assets

Applicable Not applicable

No significant changes in major assets during the reporting period

2、 Main Overseas Assets

Applicable Not applicable

III. Core Competence Analysis

In the first half of 2017, Changan Automobile spent 1.585 billion yuan on R&D, and comprehensively promoted more than 300 scientific research projects. Based on the three technology labels of fashion, intelligence, and green and the new release of designing concept of "dynamic life, and double rotation of intelligence and color", the family characteristics of Chang' an car models gradually formed, and 7 products were listed on time.

1. Reform and Development

Changan Automobile focused on intelligent business and new energy vehicle business, strengthened the fashion and experience design, deepened the project matrix management, set up intelligent research institute, new energy research institute and modeling design institute, and improved the product development efficiency through level reduction by specialization and flattening.

The construction of the Global R&D Center of Changan Automobile with the total investment of 3.15 billion yuan was initiated and it would become the general hub of the global R&D system of Changan Automobile. The Center will work together with the R&D institutions from China, the United States, Britain, Italy, Japan and other places to develop the product development and test verification, which indicates the further improvement of the global R&D strength of Changan Automobile.

2. Research and Development Achievements

Brand new products such as CS95, MPV Linmax, Eulove EV, CS75 Scirocco, CX70T and other products were listed. CS55, and Oushang A800 made their debut on Shanghai auto show. The cumulative sales volume of the Changan Automobile CS series, surpassed 1 million. Both the CS75 and CX70 broke through tens of thousands of units in a month.

CS95 was the first model to carry the Tbox remote information processor system and "Xiao'an, hello!" intelligent voice system, and achieve the information sharing and equipment interconnection of users, car terminal, home end; CS95 Smart Edition achieved a

5-star security certification for C-NCAP crash test with 54.1 points; Oushang A800 carried the intelligent active filter system to effectively filter the PM 2.5 particles in the air, so that the car owners could enjoy the forest level breathing in the vehicle at any time.

The car model of Reaton equipped with Baidu Carlife, Codriver, Mycar and other intelligent interconnection technology was unveiled at the 50th CES exhibition (international consumer electronics exhibition).

New Benben EV participated in the fourth Qinghai Lake (international) Electric Vehicle Challenge, and won six awards such as "best acceleration performance award ", " best control performance award ", " best fast filling ability award ", " best climbing capacity award ", " best performance of battery life award ", " best quiet effect award " in Sedan A Group.

3. Innovation Cooperation

Changan Automobile signed the strategic cooperation agreement and launched the comprehensive and in-depth cooperation in intelligent voice, artificial intelligence, intelligent network, calculation, perception, communication, storage and interaction, etc. with Iflytek, NEXTEV, and Intel so as to jointly promote the scientific and technological innovation and strategic development in the field of automobile intelligence. At the same time, Changan Automobile joined in Baidu Apollo Program to achieve the in-depth cooperation in the field of intelligent travel and the goal of automatic driving together.

4. The brand growth accelerating and the brand status elevated

Changan Automobile utilized the authoritative platform resources and huge planning to promote the brand awareness and reputation and improve the brand image constantly. Changan Automobile was honored to be selected into "2017 National Brand Plan" by CCTV, and became the leader of Chinese Automobile Brands. Following "The Show of Talented Chinese", in 2017, Changan Automobile continued to exclusively name the CCTV first major show of "Happy Chinese". On April 7, 2017, Changan Automobile successfully held the strategy conference of "Double Rotation of Intelligence and Color" design concept in Beijing, formally issuing a new design philosophy - "life dynamic ", new design concept and language - "Double Rotation of Intelligence and Color ", which started a brand new era of Changan Automobile brand. On May 10th, the first China automobile Brand Day, the eleventh China brand festival news conference was held in Beijing. According to Sina financial statistics, among the netizen's favorite famous Chinese brand, Changan Automobile ranked seventh with the 1st place among the automobile industry. Changan Automobile has formed a brand image of " high quality product provider ", according to a survey of thousands of samples by Ipsos, a global market research consultancy.

5. Product promotion making steady progress with gradually complete product pedigree

On March 28th, 2017, the high- performance, large flagship SUV, Changan CS95 was released in Beijing as another blockbuster product of Chinese brand to touch the 200, 000 price range, and would play the role of boosting up Changan brand through the product. On April 19th, SUV Changan CS55 made its global debut on the 17th Shanghai Auto Show. CS55 was positioned between CS75 and CS35 with the huge potential of becoming a hot-selling product. On May 18, adhering to the design essence of "Life Dynamic, Double Rotation of Intelligence and Color", safe and exquisite MPV Linmax was listed in Zhengzhou and a strong competitor in the medium-sized MPV market. At this point, Changan Automobile initially formed the entire product pedigree from the low to high, covering the sedan, SUV and MPV, and became one of a few Chinese brand automobile enterprises with the entire product pedigree.

Chapter 4 Business Discussion and Analysis

I、Overview

In the first half of 2017, the production and sales scale of China's auto market climbed steadily but slower compared with the growth rate of 2016. By innovating strategy management, maintaining strategic concentration, carrying out both independent development and joint venture cooperation and implementing leading business plan, Changan Automobile achieved the production and sales scale of 1.43 million, occupying 10.7% of the market share. The company maintained to rank the fourth in the industry and has about 15 million users worldwide. At the same time the Chinese-brand passenger car's brand, product and technology and system abilities continue to enhance, which lay a solid foundation for the future development of Changan Automobile, and strengthen the Changan Automobile's confidence and determination of building the world-class enterprise.

Changan Automobile implemented the leading business plan, and strived to build a world-class automobile enterprise. The Company would seize the key strategic opportunities in the next ten years, especially in the next 3-5 years, to realize rapid, healthy and sustainable development. The Company pushed forward both independent development and joint venture cooperation, accelerated the development of the independent operation, strived to build the foundation for a world-class enterprise, further strengthened the joint venture cooperation and innovated the development path for joint venture cooperation. The Company regarded the Chinese market as the main and developed overseas markets actively and steadily. The Company regarded the new energy technology as a breakthrough and information technology innovation as a means to accelerate the transformation from a traditional manufacturing enterprise to a modern manufacturing service enterprise.

II. Analysis of Main Business

1、Overview

Are they identical with those disclosed in the "I、 Overview" in the Chapter of Business Discussion and Analysis?

Yes No

Please refer to the content of "I、 Overview" in the Chapter of Business Discussion and Analysis.

2、Y-o-y changes of main financial data

In RMB yuan

	Current period	Same period of last year (restated)	Y-o-y increase/decrease	Reasons for changes
Operating revenue	33,555,213,109.46	35,801,762,921.25	-6.27%	
Operating cost	28,792,755,690.32	29,867,338,185.68	-3.60%	
Operating expenses	2,004,176,042.01	2,120,708,553.33	-5.49%	
General and administrative expenses	1,785,734,071.11	2,212,296,933.23	-19.28%	
Financial expenses	-246,821,602.15	-107,788,565.12	-128.99%	Increase in interest income

Income tax expense	40,996,104.66	229,546,499.16	-82.14%	Decrease in current income tax expenses
Subtotal of cash inflow from operating activities	4,959,704,724.11	4,620,787,228.07	7.33%	
Subtotal of cash inflow from investment activities	3,237,426,642.84	1,681,413,173.43	92.54%	Mainly due to paying less for the purchase of fixed assets, intangible assets and other long-term assets and receiving more investment income
Subtotal of cash in-flow from financing activity	-4,406,635,181.43	-2,935,209,603.13	-50.13%	Mainly due to the increase of debt repayment and cash payments for other financing activities.
Net increase in cash and cash equivalents	3,815,834,313.15	3,364,226,826.01	13.42%	

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

3、Composition of Main Business

单位：元

	Operating revenue	Operating cost	Gross profit	Increase or decrease of operating revenue y-o-y	Increase or decrease of operating cost y-o-y	Increase or decrease of gross profit y-o-y
According to industries						
Automobile Production	32,617,521,902.09	28,525,190,993.69	12.55%	-7.29%	-3.17%	Down 3.72%
According to products						
Vehicles	32,543,856,637.89	28,413,429,812.27	12.69%	-7.28%	-3.27%	Down 3.63%
According to region						
China	31,939,968,925.48	27,825,290,643.34	12.88%	-8.13%	-4.21%	Down 3.57%

III. Analysis of non principal business

Applicable Not applicable

IV. Assets and liability

1. The significant changes of the assets and liability

单位：元

Item	Current period		Same period of last year		Increase/ decrease (%)	YoY change (%)
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Monetary capital	27,882,391,375.71	25.99%	21,358,313,852.95	22.37%	3.62%	Mainly due to the net cash flow generated from investing and operating activities.
Accounts receivable	1,900,029,553.88	1.77%	1,479,933,520.99	1.55%	0.22%	
Inventory	10,765,993,986.86	10.04%	10,211,642,671.44	10.70%	-0.66%	
Investment property	7,669,628.62	0.01%	7,896,340.18	0.01%	-	
Long-term equity investment	14,116,985,988.70	13.16%	15,780,876,706.47	16.53%	-3.37%	
Fixed assets	15,652,944,713.96	14.59%	13,776,741,576.90	14.43%	0.16%	
Construction in progress	4,054,053,618.83	3.78%	4,651,721,477.89	4.87%	-1.09%	
Short-term loan	188,810,327.67	0.18%	166,214,513.55	0.17%	0.01%	
Long-term loan	19,980,912.00	0.02%	-	0.00%	0.02%	

2. 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	Item	Amount at year beginning
Financial assets							
Financial assets available for sales	25,311.50	-5,396.00	17,627.50				19,915.50
Subtotal of financial assets	25,311.50	-5,396.00	17,627.50				19,915.50

Total	25,311.50	-5,396.00	17,627.50				19,915.50
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Whether the measurement attributes of main assets in the reporting period have significantly changed

Yes No

3、Property rights limits by the end of report period

Item	book value at the end of this year	Limited Reason
Monetary fund	1,073,124,995.51	Acceptance bond
Notes receivable	901,019,620.00	Pledge for issuing bills payable
Fixed assets	33,339,896.69	Mortgage loans and obtain the amount of commercial acceptance
Intangible assets	27,990,153.62	Mortgage loans and obtain the amount of commercial acceptance
Total	2,035,474,665.82	

V. Analysis of Investment

1、General information

Applicable Not applicable

External investment		
Investment Amount in the report period (RMB)	Investment Amount in 2016 (RMB)	Variance rate
-	274,595,895.00	-

2、Major equity investment in the reporting period

Applicable Not applicable

3、Major non-equity investment in the reporting period

Please refer to Notes VII to Financial Statement Item 12" 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	35,500,000	0.63%	35,500,000	0.63%	199,155,000	-	Tradable financial assets	Initial investment

(2) Derivative Investments

Applicable Not applicable

5、 Use of raised funds

Applicable Not applicable

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 RMB	94.22%	Produce and sell auto and parts	196,275	239,643	3,635
Nanjing Changan Automobile Co., Ltd.	60,181 RMB	84.73%	Produce and sell auto and parts	237,293	255,906	47,659
Hefei Changan Automobile Co., Ltd.	77,500 RMB	100%	Produce and sell auto and parts	273,820	319,238	32,641
Baoding Changan Bus Manufacture	3,000 RMB	100%	Produce and sell auto and parts	351,803	146,348	296

Co., Ltd.						
Changan Ford Automobile Co., Ltd	24,100 USD	50%	Produce and sell auto and parts	4,374,324	4,942,320	623,916
Changan Mazda Automobile Co., Ltd	11,097 USD	50%	Produce and sell auto and parts	1,373,627	1,085,584	120,056

Subsidiaries acquired and sold in the reporting period

Applicable Not applicable

Name	Acquisition and disposal of subsidiaries during the reporting period	On the overall production and operation and performance impact
Shanghai Changan Automobile Engineering Technology Co., Ltd.	Liquidation	None

VIII. Structural main business under the company control

Applicable Not applicable

IX. Forecast for the operating performance of Jan.-Sep. 2017

The accumulated net profit forecast for the beginning of the year to the end of the next reporting period may be a loss or a warning and explanation of a significant change compared with the same period of the previous year

Applicable Not applicable

X. Possible risks and corresponding measures

In 2017, the company will be faced with five risks such as market, policy, regulation, Chinese brand development and etc.:

(1) Market risk: future development is compressed by frequent launch of new cars, price war and unceasing battles.

Counter measures: seize the key period of the next three years, rapidly improve the scale of independent brands, actively expand overseas markets, and enhance the competitiveness in the international market.

(2) Policy and regulation risks: technology and cost are challenged by more strict policies and regulations.

Counter measures: keep up with policy trends, strengthen policy research, and pre-arrange response plan.

(3) Chinese brand development risk: Chinese brand price and upward development are challenged by JV product price dropping, besides, lack of investment makes upward development more difficult.

Counter measures: innovate modes, accelerate strategic transformation, integrate advantageous resources and achieve the fast development.

(4) Business mode risk: rapid development of intelligent internet and big data technologies attracts internet companies' attention on the automobile industry, and the traditional business model is changing.

Counter measures: customer-orientation, study new business mode under "internet +", promote the transformation to modern manufacturing service enterprises and build automotive ecosystem.

Chapter 5 Important Matters

I、Annual shareholders meeting and interim shareholders meeting during the reporting period

1、Shareholders meeting during the reporting period

Meeting Session	Type	Investors' participation ratio	Opening Time	Disclosure Time	Disclosure Index
2016 Annual Shareholders Meeting	Annual	54.93%	May, 25th, 2017	May, 26th, 2017	http://www.cninfo.com.cn 2016 Annual Shareholders Meeting Resolution Announcement(Announcement Number: 2017-33)

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

Applicable Non-applicable

II、Preplan for Company common stock profit distribution and capital reserves converting into share capital in the reporting period

Applicable Non-applicable

III、 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 entity	Commitment content	Commitment time	period for commitment	Performance
Share limited commitment	China Changan	When the company non-publicly subscribes for new shares of listed companies in 2016, the newly acquired shares of listed company can not be transferred within 36 months	Oct., 2016	36 months	China Changan did not sell company shares during the reporting period

		since the listing, but can be transferred after 36 months according to relevant provisions of China Securities Regulatory Commission and Shenzhen Stock Exchange.			
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 such condition, the enterprise will be affiliated into the company.	September, 2010		The Harbin Hefei Automobile Industry Group Co at present is still running at a loss, The conditions have not yet reached the profitable for two consecutive years.

IV、 The appointment and dismissal of accounting firms

Is the semi-annual financial report audited?

Yes No

V、 The board of directors, and supervisors explaining the "non standard audit report" from the accounting firm during the reporting period

Applicable Not-applicable

VI、 The board of directors explaining the "non standard audit report" of last year

Applicable Not-applicable

VII、 Bankruptcy restructuring related matters

Applicable Not-applicable

During the report period no bankruptcy restructuring related matters occur.

VIII、Crucial litigation events

Crucial litigation and arbitration events

Applicable Not-applicable

Other litigation events

Applicable Not-applicable

IX、Punishment and rectification

Applicable Not-applicable

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

X、The integrity of company and its controlling shareholder, actual controller

Applicable Not-applicable

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

Applicable Not-applicable

The company has disclosed in June 1, 2017 "The 2016 annual notice of the implementation of equity distribution", with the company's existing total share capital of 4,802,648,511 shares as the base, to all shareholders 6.42 yuan cash dividends (including tax) per 10 shares. According to the company's stock option incentive plan (Revised Draft), the relevant provisions on the stock option price adjustment, if dividends and capital reserve capitalization, stock dividends, stock split delivery, allotment, issuance or reduced matters occur before the stock exercise, the stock option price should be adjusted. The exercise price of the adjusted stock option is 13.478 yuan.

XII、Significant related party transactions

1、Related transactions related to day-to-day operation

For details, please refer to Note 12 "Related Party Relationships and Transactions" in the Financial Statements.

2、Assets or equity acquisition, sales related transactions

Applicable Not-applicable

No related transaction of the acquisition or sale of assets or shares occurred during the reporting period.

3、Related transactions of common investment

Applicable Not-applicable

During the reporting period, the company has no related transactions of common investment

4、Related rights and debt relations

✓ Applicable □ Not-applicable

For details, please refer to Note 12 "Related Party Relationships and Transactions" in the Financial Statements.

Whether there is any non-business related credits and debts

□ Applicable ✓ Not-applicable

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

5、Other significant related transactions

✓ applicable □ not applicable

Related queries in disclosure website of interim report of related transactions

Name of temporary announcement	Temporary announcement date	Temporary announcement site name
Related Transactions Announcement that China South Industry Group Finance Co.,Ltd provides financial service for the company (Note 1)	March 25th, 2017	http://www.cninfo.com.cn
Related Transactions Announcement about approving of United Prosperity (Hong Kong)Investment Co., Ltd trade financing	March 25th, 2017	http://www.cninfo.com.cn
Related transaction announcement that Chongqing Automobile Finance Co.,Ltd provides financial service (Note 2)	March 25th, 2017	http://www.cninfo.com.cn
Announcement about increasing estimated amount of 2017 daily related transaction	April 18th, 2017	http://www.cninfo.com.cn

Note 1: Changan Automobile has signed a Financial Service Agreement with China South Industry Group Finance Co.,Ltd and strictly implemented the approval procedures from BOD meeting and Shareholders' meeting. In accordance with "Administrative Measures for Financial Companies of Enterprise Groups" issued by CBRC, Changan Automobile reviewed China South Industry Group Finance Co.,Ltd and issued a risk assessment report.(For details, please refer to "A report on risk assessment of China South Industry Group Finance Co.,Ltd" disclosed on <http://www.cninfo.com.cn> on August, 31th 2017)

In 2017, China South Industry Group Finance Co.,Ltd will provide the following services for the company:

- ① Provide the maximum deposit balance of not more than 4.5 billion, and the deposit interest rates should not be lower than that of other domestic financial institutions over the same period;
- ② Provide the maximum credit total of 7 billion yuan and related credit services, the credit rate provided by the finance Company for Changan Automobile should not be higher than that of other domestic financial institutions over the same period;
- ③ Provide the maximum credit total of 10 billion auto financial services and other financial services, and set the prices for financial services in accordance with the standards not higher than market fair prices or national standards.

Note 2: Changan Automobile has signed a Financial Service Agreement with Changan Automobile Finance Co.,Ltd and strictly implemented the approval procedures from BOD meeting and Shareholders' meeting. In accordance with "Administrative Measures for Motor Financing Companies" issued by CBRC, Changan Automobile reviewed Changan auto finance and issued a risk assessment report.(For details, please refer to "A report on risk assessment of Changan Automobile Finance" disclosed on <http://www.cninfo.com.cn> on August, 31th 2017)

In 2017, Changan auto Finance will provide the following services for the company:

- ① Provide the maximum deposit balance of not more than 1.5 billion, and the deposit interest rates should not be lower than that of other domestic financial institutions over the same period;
- ② Provide the maximum credit total of 3 billion auto financial services and other financial services, and set the prices for financial services in accordance with the standards not higher than market fair prices or national standards.

XIII、The non-operating occupation for the capital by the controlling shareholder of the listed company and its related parties

Applicable Not-applicable

XIV、Major contract and its performance

1、Trusteeship, contracting, leasing matters

(1) Trusteeship

Applicable Not-applicable

Information about Trusteeship

There is no Trusteeship during the reporting period.

(2) Contracting

Applicable Not-applicable

Information about contracting

There is no contracting during the reporting period.

(3) Leasing

Applicable Not-applicable

Information about leasing

Related party rental situation can be found in the note 12 of financial statements 4 (3) 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 Not-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 Not-applicable

There's no major guarantee during the report period.

3、 Other major contract

Applicable Not-applicable

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

XV、 Social responsibility

1.Fulfill social responsibility of targeted poverty alleviation

applicable not applicable

In the first half of 2017, the Company did not carry out precise poverty alleviation yet. In the second half of 2017, Changan automobile will actively implement the poverty alleviation work, continue to promote the poverty alleviation in Luxi County, Yanshan County, Pengshui County, and facilitate the social welfare relief and public welfare donation work.

2. Significant environmental protection

Whether the listed companies and their subsidiaries belong to the key pollutant discharge units announced by the environmental protection department

Yes No

Changan Automobile mainly produces engines and automobiles. The main pollutants are chemical oxygen demand, ammonia nitrogen, total nickel, toluene, xylene and non-methane hydrocarbon, etc. All departments put pollution control facilities as well as production equipment into preventive maintenance management of equipment with normal operation, pollutant discharge up to normal standard, the total amount of discharged key pollutant within the total amount of indicators. Solid wastes are separately collected and stored. Main dangerous wastes are wastewater and sludge treatment, paint slag, phosphated residue and waste solvent, etc. Hazardous wastes are entrusted to be disposed by the units with hazardous waste business qualification. The general industrial solid wastes and household garbage are disposed by the units with qualification according to the requirement of the local government. The waste electrical and electronic products are disassembled by the units with qualification and are safely disposed by the units with hazardous waste business qualification. According to the Chongqing Municipal Environmental Protection Bureau, Changan Automobile smoothly shut down Chayuan Base of Commercial Vehicle Division and Dashiba Base of Jiangbei Engine Factory.

Strictly implement Disclosure System of Information

In the first half of 2017, State Key Monitoring Units of Changan Automobile: Chayuan Base of Commercial Vehicle Division, Dashiba Base of Jiangbei Engine Factory, Yubei Factory; Provincial and municipal key monitoring units: Mold Division, Beijing Changan, Hefei Changan. The national control units strictly carry out self-monitoring in accordance with the "National Key Monitoring Enterprise Self-monitoring and Information Disclosure Approach (Trial)". Self-monitoring program, monitoring results, pollution monitoring annual report are disclosed on the "National Key Monitoring Enterprise Self-monitoring and Information Disclosure Platform". Provincial and municipal monitoring units are disclosed according to requirement of environmental protection departments of local government.

Strictly implement "EIA system" and environmental protection "three simultaneous" systems of the construction project

Carry out the company's environmental impact assessment of "newly established, rectified, expanded projects" and implement "EIA system" of the construction project according to the regulations. Strengthen the review on pollutant factors, the total amount of emission and pollution control facilities during the environmental impact assessment. Strictly supervise the implementation of "simultaneous design, simultaneous construction, and simultaneous acceptance" of project environmental protection facilities to ensure full compliance between project construction and environmental impact assessment approval. In the first half of 2017, the Company obtained the EIA approval for the following projects: VDC vehicle distribution center project, H series (phase five), the

construction project of NE1 engine production capacity, new energy battery system construction project (phase one), the construction project phase two (Class C customer service spare parts warehouse) on the No. 6 block of Changan (Yuzui) Motor City; the Company obtained temporary discharge permit for H series engine parts casting production the construction project and the production structure adjustment project.

Carry out environmental protection risk management, and enhance emergency response capacity

Continue to carry out environmental protection emergency drills to enhance the response capacity to environmental emergencies. The Company carried out 1 company-level environmental emergency drills, oil leakage emergency drills in engine factories. The scene settings, emergency handling, impact range, exercise script, evaluation and other aspects have been greatly improved.

Strengthen control of company's environmental risk units to prevent sudden environmental incidents.

Detailed pollutant discharge of the company:

During the reporting period, the Company had 162 air pollutant discharge ports and 16 water pollutant discharge ports. The implementation of the emission standards include the national "Integrated Wastewater Discharge Standard", Beijing "Water Pollutant Discharge Standard", the national "Air Pollutant Integrated Emission Standard", Chongqing "automobile vehicle manufacturing surface coating air pollutant discharge standards" "Air Pollutant Integrated Emission Standard", Beijing "automobile vehicle manufacturing industry (coating process) air pollutant discharge standards", the national "industrial enterprises boundary environmental noise emission standards" and so on. The total amount of pollutants approved: COD758 tons, 44 tons of ammonia, the company's pollutants can meet the corresponding emission standards, no super-standard super-total emissions. No major environmental problems, no rectification.

In 2017, the Company intended to implement the emission reduction measures with the investment of 101.45 million yuan. The main projects include: Beijing Changan VOC Project, Boiler low NO reconstruction project and Hefei Changan VOC project.

XVI、 Other important matters

applicable not applicable

During the reporting period, according to the relevant provisions of "Enterprise Accounting Standards No. sixteenth - government subsidies" (Finance [2017]15), since January 1, 2017, the government grants related to daily activities of enterprises should be included in "other income" or offset related costs, and be listed singly on the profit table above the "operating profit"; as for the government subsidies nothing to do with the daily operations of enterprises, it should be included in non-operating income. The company should make the adjustments to the government subsidies between January 1, 2017 and the effective date of the above guidelines, and the amount of 1,153,834,905.86 yuan government subsidies should be included in other income in the first half of 2017.

The change of the accounting policy related to "Enterprise Accounting Standards No. sixteenth: government subsidies" has no effect on the net profit attributable to shareholders of listed companies, and has no material impact on the semi-annual financial status, the operating results and cash flow.

XVII、 Important matters of company subsidiaries

Applicable Not-applicable

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					Balance after current change	
	Quantity	Ratio (%)	Additional issued	Stock dividend	Provident fund transfer	other	Quantity	Ratio (%)	Quantity
Non-circulated shares	139,781,303	2.91%						139,781,303	2.91%
1、 State-owned legal person shares	139,762,403	2.91%						139,762,403	2.91%
2、 Senior management personnel shares	18,900	0.00%						18,900	0.00%
Circulated shares	4,662,867,208	97.09%						4,662,867,208	97.09%
1、 Domestic listed RMB shares	3,760,881,066	78.31%						3,760,881,066	78.31%
2、 Domestic listed foreign shares	901,986,142	18.78%						901,986,142	18.78%
Total shares	4,802,648,511	100.00%						4,802,648,511	100.00%

Reason of stock changes

Applicable Not-applicable

Approval of stock changes

Applicable Not-applicable

Ownership transfer of stock change

Applicable Not-applicable

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

Applicable Not-applicable

Other contents which the company regards necessary and securities supervising institution requires the Company to disclose

□Applicable √ Not-applicable

2. Change in Non-circulated shares

√ Available □Not-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.	139,762,403	-	-	139,762,403	Non - public offering shares of 139,762,403 in 2016	2019-10-14
Zhu Huarong	18,900	-	-	18,900	Executive lock stocks	6 months after the retirement
Total	139,781,303	-	-	139,781,303	--	--

II、 Issuing and listing of securities

□Applicable √ Not-applicable

III. Shareholding and shareholders of the company

Unit: one share

At the end of the report period, the total number of shareholders		183,066 .A shareholders: 153,799. B shareholders: 29,267.						
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 report period	Non-circulated shares held at the year-end	Circulated shares held at the year-end	Pledged/ Frozen cases	
							Share status	amount
China Changan Automobile Co., Ltd.	State-owned legal person shares	40.88%	1,963,357,619	-	139,762,403	1,823,595,216	No pledge or freeze	
China securities finance Co, Ltd	domestic general legal person shares	2.97%	142,671,560	3,248,633			No pledge or freeze	
GIC PRIVATE LIMITED	foreign legal person shares	2.04%	98,158,475	17,277,400			No pledge or freeze	
United Prosperity (Hongkong)	foreign legal person shares	1.27%	61,070,286	15,875,186			No pledge or freeze	

Investment Co., Limited								
Central Huijin Investment Ltd.	domestic general legal person shares	1.15%	55,393,100	-			No pledge or freeze	
National Social Security Fund-Portfolio 102	fund, finance products, etc.	0.89%	42,607,294	-			No pledge or freeze	
VALUE PARTNERS HIGH-DIVIDEND STOCKS FUNDS	foreign legal person shares	0.81%	38,911,038	-			No pledge or freeze	
MONETARY AUTHORITY OF SINGAPORE	foreign legal person shares	0.70%	33,425,219	5,226,239			No pledge or freeze	
Anbang Asset Mgmt-China Merchants Bank-Anbang Asset-China	fund, finance products, etc.	0.67%	32,070,942	-			No pledge or freeze	
Anbang Asset Mgmt—China Minsheng Bank—Anbang Asset-China	fund, finance products, etc.	0.65%	31,082,094	31,082,094			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								
Name of shareholders	Shares at the year end	Shares type						
		Type	Amount					
China Changan Automobile Co., Ltd.	1,823,595,216	RMB ordinary shares	1,823,595,216					
China securities finance Co, Ltd	142,671,560	RMB ordinary shares	142,671,560					
GIC PRIVATE LIMITED	98,158,475	Domestic listed foreign shares	98,158,475					
United Prosperity (Hongkong) Investment Co., Limited	61,070,286	Domestic listed foreign shares	61,070,286					
Central Huijin Investment Ltd.	55,393,100	RMB ordinary shares	55,393,100					
National Social Security Fund- Portfolio 102	42,607,294	RMB ordinary shares	42,607,294					
VALUE PARTNERS HIGH-DIVIDEND STOCKS FUNDS	38,911,038	Domestic listed foreign shares	38,911,038					
MONETARY AUTHORITY OF SINGAPORE	33,425,219	Domestic listed foreign	33,425,219					

		shares	
Anbang Asset Mgmt-China Merchants Bank- Anbang Asset-China	32,070,942	RMB ordinary shares	32,070,942
Anbang Asset Mgmt—China Minsheng Bank—Anbang Asset-China	31,082,094	RMB ordinary shares	31,082,094
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 Not- available

The company top 10 shareholders of ordinary shares, and the top 10 circulated shareholders did not agree on the repurchase transactions during the reporting period

IV、 The change of the controlling shareholders and the actual controllers

During the reporting period the change of controlling shareholders

Available Not- available

No changes in controlling shareholders during the reporting period.

The change of the actual controllers during the reporting period

Available Not- available

No changes in the actual controllers during the reporting period.

Chapter7 Information about Directors, Supervisors, Senior Management

I、 Share ownership of directors, supervisors and senior managers

applicable not applicable

The share ownership of the directors, supervisors and senior managers has no change during the reporting period. For details, please refer to 2016 annual report.

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

Name	Duties	Type	Date	Reason
Hu Yu	Independent director	Outgoing	February 11th, 2017	Personal reasons
Du Yi	Vice President	Outgoing	May 6th, 2017	Job arrangement

Chapter 8 Corporate Bonds

Is there a corporate bond that is publicly issued and listed on the stock exchange and fails to be fully paid up or not due on maturity until the approval of the semi-annual report ?

Yes NO

The company repaid the 2012 Changan debt expired on April 23th, 2017.

Chapter 9 The Financial Statements

I Auditing Report

Semi-annual report is audited

Yes No

No audit on the semi-annual financial report.

II Financial statement

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

1、 Consolidated Balance Sheet

Account	Ending Balance	Opening Balance
Current assets:		
Cash	27,882,391,375.71	24,782,504,552.44
Notes receivable	21,735,324,803.90	29,002,539,261.26
Accounts receivable	1,900,029,553.88	1,498,837,041.54
Prepayments	1,274,476,034.39	1,060,809,892.75
Interest receivable	66,274,965.27	19,318,138.89
Dividends receivable		
Other receivables	1,109,963,744.88	1,403,399,178.49
The purchase of resold financial assets		
Inventories	10,765,993,986.86	7,304,106,822.61
Divided into holding assets on sale		
Non-current assets due within one year		
Other current assets	1,841,193,403.90	926,060,330.87
Total current assets	66,575,647,868.79	65,997,575,218.85
Non-current assets:		
Available-for-sale financial assets	568,606,274.00	432,476,274.00
Held-to-maturity assets		
Long-term receivables		
Long-term equity investments	14,116,985,988.70	14,743,367,010.03

Investment properties	7,669,628.62	7,782,984.40
Fixed assets	15,652,944,713.96	15,480,484,513.99
Construction in progress	4,054,053,618.83	3,821,703,830.78
Construction materials	-	96,690.75
Liquidation of fixed assets	198,093.87	-
Intangible assets	3,829,601,693.56	3,444,950,675.03
Development expenditure	936,361,344.31	1,111,176,453.49
Goodwill	9,804,394.00	9,804,394.00
Long-term deferred expenses	13,670,319.53	13,448,409.63
Deferred tax assets	1,517,172,072.20	1,447,607,278.98
Other non-current assets	3,077.01	-
Total non-current assets	40,707,071,218.59	40,512,898,515.08
Total assets	107,282,719,087.38	106,510,473,733.93
Current liabilities:		
Short-term loans	188,810,327.67	175,000,000.00
Notes payable	22,691,578,208.46	20,952,104,805.58
Accounts payable	17,078,288,462.79	19,880,580,102.39
Advances from customers	9,231,546,726.81	6,854,337,365.01
Payroll payable	912,441,265.11	1,839,947,475.23
Taxes payable	359,705,070.19	555,681,489.16
Interest payables	-	73,458,000.00
Dividend payables	79,742.80	79,742.80
Other payables	1,719,084,934.81	1,449,028,595.97
Non-current liabilities due within one year	6,461,808.00	1,992,341,127.81
other current liabilities	3,925,529,392.83	4,211,570,198.88
Total current liabilities	56,113,525,939.47	57,984,128,902.83
Non-current liabilities:		
Long-term loans	19,980,912.00	19,980,912.00
Bonds payable	-	-
Long-term payable	1,727,820.80	-
Long term payroll payable	98,649,939.09	105,132,000.00
Special payable	242,736,639.68	217,497,540.80
Contingent liabilities	2,338,662,444.99	2,010,153,951.87

Deferred earnings	3,512,718,437.35	2,785,885,626.37
Deferred tax liabilities	28,451,238.29	34,535,250.00
Other current liabilities		
Total other current liabilities	6,242,927,432.20	5,173,185,281.04
Total liabilities	62,356,453,371.67	63,157,314,183.87
Owners' equity:		
Share capital	4,802,648,511.00	4,802,648,511.00
Capital reserves	5,110,494,032.55	5,085,301,532.55
reduce: inventory shares	-	-
Other Comprehensive Income	92,209,378.37	141,480,908.23
Special reserves	25,941,452.08	16,349,485.65
Preparation for general risk	-	-
Retained earnings	32,667,384,077.99	31,126,707,710.94
Equity attributable to owners	45,100,001,707.49	43,573,812,403.87
Minority interests	-173,735,991.78	-220,652,853.81
Total equity	44,926,265,715.71	43,353,159,550.06
Total liabilities and owener's equity	107,282,719,087.38	106,510,473,733.93

2、Balance sheet

Account	Ending Balance	Opening Balance
Current assets:		
Cash	26,141,637,145.35	23,767,111,763.75
Financial assets at fair value through profit or loss	-	-
Derived financial assets	-	-
Notes receivable	21,421,849,889.00	28,699,756,422.50
Accounts receivable	5,282,020,339.12	4,328,886,769.78
Prepayments	1,094,376,320.11	905,659,820.16
Interest receivable	66,274,965.27	19,318,138.89
Dividend receivable	-	5,900,371.55
Other receivables	1,078,712,685.98	1,456,016,984.91
Inventories	9,953,767,329.23	6,292,770,310.90
Assets classified as available for sale	-	-
Non-current assets within one year	-	-

Other current assets	1,412,838,055.54	592,803,108.38
Total current assets	66,451,476,729.60	66,068,223,690.82
Non-current assets		
Available-for-sale financial assets	568,606,274.00	432,476,274.00
Held-to-maturity investments	-	-
Long-term receivables	-	-
Long-term equity investments	15,806,058,338.78	16,425,513,619.11
Investment properties	-	-
Fixed assets	12,395,759,602.35	12,142,942,955.13
Construction in progress	3,828,091,567.26	3,613,887,112.73
Construction materials	-	96,690.75
Intangible assets	3,144,325,873.03	2,799,021,341.24
Development expenditure	797,965,441.96	986,790,085.03
Goodwill	-	-
Long-term deferred expenses	12,738,686.37	12,729,576.00
Deferred tax assets	1,445,784,538.89	1,331,906,388.11
Other non-current assets	-	-
Total non-current assets	37,999,330,322.64	37,745,364,042.10
Total assets	104,450,807,052.24	103,813,587,732.92
Current liabilities:		
Short-term loans	-	-
Notes payable	21,718,463,300.16	20,344,635,258.93
Accounts payable	15,259,019,205.90	16,912,556,809.95
Advances from customers	9,060,345,790.55	6,563,904,714.60
Payroll payable	787,587,805.58	1,567,187,782.78
Taxes payable	331,599,042.52	470,185,940.53
Interest payables	-	73,458,000.00
Dividend payables	-	-
Other payables	2,216,403,447.76	1,922,286,938.56
Liabilities classified as available for sale	-	-
Non-current liabilities within one year	-	1,979,020,519.81
Other current liabilities	3,534,513,117.87	3,992,241,040.51

Total current liabilities	52,907,931,710.34	53,825,477,005.67
Non-current liabilities:		
Long-term payroll payables	81,542,002.12	87,480,000.00
Special payables	187,385,930.28	162,146,831.40
Provisions	2,157,789,649.33	1,947,415,048.79
Deferred income	2,760,946,857.54	2,164,751,690.28
Deferred tax liabilities	26,441,250.00	34,535,250.00
Other non-current liabilities	-	-
Total non-current liabilities	5,214,105,689.27	4,396,328,820.47
Total liabilities	58,122,037,399.61	58,221,805,826.14
Owners' equity:		
Share capital	4,802,648,511.00	4,802,648,511.00
Capital reserves	4,714,667,546.88	4,689,475,046.88
Less: Treasury shares	-	-
Other comprehensive income	156,428,552.68	202,294,552.68
Special reserves	13,613,699.99	7,555,003.10
Surplus reserves	2,401,324,255.50	2,401,324,255.50
Retained earnings	34,240,087,086.58	33,488,484,537.62
Total Owners' equity	46,328,769,652.63	45,591,781,906.78
Total liabilities and owners' equity	104,450,807,052.24	103,813,587,732.92

3、Consolidated Income Statement

Account	Current Period	Prior Period
I、 Total operating revenue	33,555,213,109.46	35,801,762,921.25
Including: operating revenue	33,555,213,109.46	35,801,762,921.25
II、 Total operating cost	33,871,753,401.89	35,809,126,682.61
Including: Operating cost	28,792,755,690.32	29,867,338,185.68
Business tax and surcharges	1,443,786,480.14	1,574,338,990.15
Operating expenses	2,004,176,042.01	2,120,708,553.33
General and administrative expenses	1,785,734,071.11	2,212,296,933.23
Financial expenses	-246,821,602.15	-107,788,565.12
Impairment loss on assets	92,122,720.46	142,232,585.34
Add: Profit and loss from fair value changes (“—”represent loss)	-	-

Investment income (“—”represent loss)	3,831,618,978.64	5,208,991,269.98
Including: Investment income from associates and from joint venture	3,831,618,978.67	5,204,376,269.98
Other income	1,153,834,905.86	-
III、 Net foreign exchange differences (“—”means loss)	4,668,913,592.07	5,201,627,508.62
Add: Non-operating income	53,945,162.12	538,423,261.88
Including: gain on disposal of non-current assets	-	-
Less: Non-operating expenses	14,400,047.98	33,752,670.96
Including: loss on disposal of non-current assets	1,534,901.96	6,056,945.55
IV、 Total profit (“—”represent loss)	4,708,458,706.21	5,706,298,099.54
Less: Income tax expense	40,996,104.66	229,546,499.16
V、 Net profit (“—” represent net loss)	4,667,462,601.55	5,476,751,600.38
Net profit attributable to owners	4,620,545,739.52	5,490,988,582.32
Minority interests	46,916,862.03	-14,236,981.94
VI、 Other comprehensive income after tax	-49,271,529.86	-94,240,769.25
VII、 Total comprehensive income	4,618,191,071.69	5,382,510,831.13
Total comprehensive income attributable to owners	4,571,274,209.66	5,396,747,813.07
Total comprehensive income attributable to minority interest	46,916,862.03	-14,236,981.94
VIII、 Earnings per share:		
Basic earnings per share	0.96	1.18
Diluted earnings per share	0.96	1.18

4、 Income Statement

Account	Current Period	Prior Period
I、 Operating revenue	32,839,522,229.70	35,293,163,947.87
Less: Operating cost	28,904,081,124.37	30,058,276,365.82
Business tax and surcharges	1,135,041,753.22	1,316,112,619.40
Operating expenses	1,803,479,171.45	1,915,038,483.20

General and administrative expenses	1,436,070,738.53	1,850,922,327.11
Financial expenses	-256,888,513.32	-98,286,753.07
Impairment loss on assets	133,639,836.86	134,683,832.36
Add: Profit and loss from fair value Changes (“—” represent loss)	-	-
Investment income (“—” represent loss)	3,830,647,885.91	5,212,572,956.94
Including: Investment income from associates and from joint venture	3,831,618,978.67	5,204,376,269.98
Other income	289,212,455.26	-
II、Operating profit (“—” represent loss)	3,803,958,459.76	5,328,990,029.99
Add: Non-operating income	33,646,834.57	298,801,754.71
Including: gain on disposal of non-current assets	-	-
Less: Non-operating expenses	14,166,234.62	29,823,354.91
Including: loss on disposal of non-current assets	1,140,434.27	2,925,675.81
III、 Total profit (“—” represent loss)	3,823,439,059.71	5,597,968,429.79
Less: Non-operating expenses	-8,032,861.72	155,290,176.19
IV、 Net profit (“—” represent net loss)	3,831,471,921.43	5,442,678,253.60
V、 Other comprehensive income after tax	-45,866,000.00	-79,662,000.00
VI、 Total comprehensive income	3,785,605,921.43	5,363,016,253.60

5、 Consolidated cash flow statement

Account	Current Period	Prior Perid
I.Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	46,780,300,361.41	40,845,649,735.99
Refunds of taxes	140,895,941.36	166,138,691.28
Cash received relating to other operating activities	2,518,058,023.51	694,946,535.96
Sub-total of cash inflows	49,439,254,326.28	41,706,734,963.23
Cash paid for goods and services	34,870,252,065.09	27,752,516,799.98
Cash paid to and on behalf of	3,158,460,344.22	3,209,319,877.09

employees		
Cash paid for all types of taxes	3,357,708,868.23	3,037,630,435.22
Cash paid relating to other operating activities	3,093,128,324.63	3,086,480,622.87
Sub-total of cash outflows	44,479,549,602.17	37,085,947,735.16
Net cash flows from operating activities	4,959,704,724.11	4,620,787,228.07
II、Cash flows from investing activities:		
Cash received from disposal of investments	-	-
Cash received from return on investments	4,458,000,000.00	4,334,615,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	12,051,601.04	1,307,153.36
Cash and cash equivalents of subsidiary receipts upon the acquisition	-	-
Cash received relating to other investing activities	629,600,000.00	500,000.00
Sub-total of cash inflows	5,099,651,601.04	4,336,422,153.36
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,761,384,957.20	2,655,001,579.93
Cash paid for acquisition of investments	100,840,001.00	-
Cash paid relating to other investing activities	-	7,400.00
Sub-total of cash outflows	1,862,224,958.20	2,655,008,979.93
Net cash flows from investing activities	3,237,426,642.84	1,681,413,173.43
III、Cash flows from financing activities:		
Cash received from borrowings	185,569,008.83	115,000,000.00
Cash received from issuing bond	-	-
Cash received relating to other financing activities	749,802,481.32	61,286,090.42
Sub-total of cash inflows	935,371,490.15	176,286,090.42
Cash repayments of borrowings	2,140,000,000.00	-
Cash paid for distribution of	3,168,151,086.02	3,091,127,085.12

dividends or profits and interest expenses		
Cash paid relating to other financing activities	33,855,585.56	20,368,608.43
Sub-total of cash outflows	5,342,006,671.58	3,111,495,693.55
Net cash flows from financing activities	-4,406,635,181.43	-2,935,209,603.13
IV、Effect of changes in exchange rate of cash	25,338,127.63	-2,763,972.36
V、Net increase in cash and cash equivalents	3,815,834,313.15	3,364,226,826.01
Add: Opening balance of cash and cash equivalents	22,993,432,067.05	17,725,921,341.22
VI、Closing balance of cash and cash equivalents	26,809,266,380.20	21,090,148,167.23

6、Cash flow statement

Account	Current Period	Prior Period
I、Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	44,484,189,667.84	38,832,608,755.31
Refunds of taxes	-	50,000,000.00
Cash received relating to other operating activities	1,206,879,552.91	642,305,204.01
Sub-total of cash inflows	45,691,069,220.75	39,524,913,959.32
Cash paid for goods and services	33,584,162,667.42	27,616,360,183.76
Cash paid to and on behalf of employees	2,480,880,221.05	2,535,375,211.21
Cash paid for all types of taxes	2,696,116,766.30	2,578,042,491.59
Cash paid relating to other operating activities	2,881,114,513.51	2,881,752,596.62
Sub-total of cash outflows	41,642,274,168.28	35,611,530,483.18
Net cash flows from operating activities	4,048,795,052.47	3,913,383,476.14
II、Cash flows from investing activities:		
Cash received from disposal of investments	-	-
Cash received from return on	4,464,991,013.22	4,338,301,141.67

investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	403,878.24	830,223.68
Cash received from disposal of subsidiary and other business units	-	-
Cash received relating to other investing activities	791,000,000.00	50,000,000.00
Sub-total of cash inflows	5,256,394,891.46	4,389,131,365.35
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,602,304,152.01	1,861,257,635.92
Cash paid for acquisition of investments	100,437,390.50	90,000,000.00
Cash paid for acquisition of subsidiary and other business units	-	-
Cash paid relating to other investing activities	100,000,000.00	50,000,000.00
Sub-total of cash outflows	1,802,741,542.51	2,001,257,635.92
Net cash flows from investing activities	3,453,653,348.95	2,387,873,729.43
III、Cash flows from financing activities:		
Cash received relating to other financing activities	707,928,498.17	-
Sub-total of cash inflows	707,928,498.17	-
Cash repayments of borrowings	1,980,000,000.00	-
Cash paid for distribution of dividends or profits and interest expenses	3,147,923,019.82	3,086,217,833.01
Cash paid relating to other financing activities	-	105,165.28
Sub-total of cash outflows	5,127,923,019.82	3,086,322,998.29
Net cash flows from financing activities	-4,419,994,521.65	-3,086,322,998.29
IV、Effect of changes in exchange rate of cash	-	-
V、Net increase in cash and cash equivalents	3,082,453,879.77	3,214,934,207.28
Add: Opening balance of cash and	22,326,566,084.67	17,223,403,333.90

cash equivalents		
VI、Closing balance of cash and cash equivalents	25,409,019,964.44	20,438,337,541.18

7、 Consolidated statement of changes in shareholders' equity

Items	Current period									
	Equity attributable to owners								Minority interest	Total equity
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General reserves	Retained earnings	Others		
I. At end of last year	4,802,648,511.00	5,085,301,532.55	-	16,349,485.65	2,401,324,255.50	-	31,126,707,710.94	141,480,908.23	-220,652,853.81	43,353,159,550.06
II. At beginning of year	4,802,648,511.00	5,085,301,532.55	-	16,349,485.65	2,401,324,255.50	-	31,126,707,710.94	141,480,908.23	-220,652,853.81	43,353,159,550.06
III. Changes during the year ('-' means less)		25,192,500.00	-	9,591,966.43	-	-	1,540,676,367.05	-49,271,529.86	46,916,862.03	1,573,106,165.65
1.Total comprehensive income	-	-	-	-	-	-	4,620,545,739.52	-49,271,529.86	46,916,862.03	4,618,191,071.69
2.Input by investors and decrease in capital	-	25,192,500.00	-	-	-	-	-	-	-	25,192,500.00
3.Distribution of profits	-	-	-	-	-	-	-3,079,869,372.47	-	-	-3,079,869,372.47
Distribution to owners	-	-	-	-	-	-	-3,079,869,372.47	-	-	-3,079,869,372.47
4.Special reserve	-	-	-	9,591,966.43	-	-	-	-	-	9,591,966.43
(1) Pick-up in current period	-	-	-	34,781,156.92	-	-	-	-	-	34,781,156.92
(2) Used in current period	-	-	-	-25,189,190.49	-	-	-	-	-	-25,189,190.49
IV. At end of year	4,802,648,511.00	5,110,494,032.55	-	25,941,452.08	2,401,324,255.50	-	32,667,384,077.99	92,209,378.37	-173,735,991.78	44,926,265,715.71

Prior period

Items	Prior period									
	Equity attributable to owners								Minority interest	Total equity
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General reserves	Retained earnings	Others		
I. At end of last year	4,662,886,108.00	3,227,489,320.83	-	22,036,479.54	2,331,443,054.00	-	23,899,223,263.45	242,110,844.54	-211,566,346.93	34,173,622,723.43
II. At beginning of year	4,662,886,108.00	3,227,489,320.83	-	22,036,479.54	2,331,443,054.00	-	23,899,223,263.45	242,110,844.54	-211,566,346.93	34,173,622,723.43
III. Changes during the year ('-' means less)				3,425,190.71			2,503,070,110.74	-94,240,769.25	-14,236,981.94	2,398,017,550.26
1.Total comprehensive income							5,490,988,582.32	-94,240,769.25	-14,236,981.94	5,382,510,831.13
2.Input by investors and decrease in capital										
3.Distribution of profits							-2,987,918,471.58			-2,987,918,471.58
Distribution to owners							-2,987,918,471.58			-2,987,918,471.58
4.Special reserve				3,425,190.71						3,425,190.71
(1) Pick-up in current period				37,429,797.34						37,429,797.34
(2) Used in current period				-34,004,606.63						-34,004,606.63
IV. At end of year	4,662,886,108.00	3,227,489,320.83	-	25,461,670.25	2,331,443,054.00		26,402,293,374.19	147,870,075.29	-225,803,328.87	36,571,640,273.69

8、Statement of changes in shareholders' equity

Items	Current period							
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	Others	Retained earnings	Total equity
I. At end of last year	4,802,648,511.00	4,689,475,046.88	-	7,555,003.10	2,401,324,255.50	202,294,552.68	33,488,484,537.62	45,591,781,906.78
II. At beginning of year	4,802,648,511.00	4,689,475,046.88	-	7,555,003.10	2,401,324,255.50	202,294,552.68	33,488,484,537.62	45,591,781,906.78
III. Changes during the year (“-” means less)	-	25,192,500.00	-	6,058,696.89	-	-45,866,000.00	751,602,548.96	736,987,745.85
1.Total comprehensive income	-	-	-	-	-	-45,866,000.00	3,831,471,921.43	3,785,605,921.43
2. Owners investment and reduction of capital	-	25,192,500.00	-	-	-	-	-	25,192,500.00
The amount of shares paid into the owner's equity	-	25,192,500.00	-	-	-	-	-	25,192,500.00
3.Distribution of profits	-	-	-	-	-	-	-3,079,869,372.47	-3,079,869,372.47
Distribution to owners	-	-	-	-	-	-	-3,079,869,372.47	-3,079,869,372.47
4.Special reserve	-	-	-	6,058,696.89	-	-	-	6,058,696.89
(1) Pick-up in current period	-	-	-	21,295,002.00	-	-	-	21,295,002.00
(2) Used in current period	-	-	-	-15,236,305.11	-	-	-	-15,236,305.11
IV. At end of year	4,802,648,511.00	4,714,667,546.88	-	13,613,699.99	2,401,324,255.50	156,428,552.68	34,240,087,086.58	46,328,769,652.63

Prior period

Items	Prior period							
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	Others	Retained earnings	Total equity
I. At end of last year	4,662,886,108.00	2,831,662,835.16	-	12,723,372.00	2,331,443,054.00	281,190,781.91	26,573,855,747.25	36,693,761,898.32
II. At beginning of year	4,662,886,108.00	2,831,662,835.16	-	12,723,372.00	2,331,443,054.00	281,190,781.91	26,573,855,747.25	36,693,761,898.32
III. Changes during the year (“-” means less)	-	-	-	1,281,927.28	-	-79,662,000.00	2,454,759,782.02	2,376,379,709.30
1.Total comprehensive income	-	-	-	-	-	-79,662,000.00	5,442,678,253.60	5,363,016,253.60
2.Distribution of profits	-	-	-	-	-	-	-2,987,918,471.58	-2,987,918,471.58
Distribution to owners	-	-	-	-	-	-	-2,987,918,471.58	-2,987,918,471.58
3.Special reserve	-	-	-	1,281,927.28	-	-	-	1,281,927.28
(1) Pick-up in current period	-	-	-	31,272,748.32	-	-	-	31,272,748.32
(2) Used in current period	-	-	-	-29,990,821.04	-	-	-	-29,990,821.04
IV. At end of year	4,662,886,108.00	2,831,662,835.16	-	14,005,299.28	2,331,443,054.00	201,528,781.91	29,028,615,529.27	39,070,141,607.62

III、Corporate information

Chongqing Changan Automobile Company Limited (hereafter referred to as the “Company”) was established by China Changan Automobile Group (hereafter referred to as the “Changan Group”) as the individual originator on 31 October 1996. The company was set up using the group’s net asset relating to the operation of mini cars and engine, the shares 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.

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

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

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

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

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

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

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

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

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%.

With the approval of China Securities Regulatory Commission on 14 September 2016, the Company issued 139,762,403 non-public common shares (A share) to China Changan Automobile Industry (Group) Co., Ltd., which caused the total share capital increased to RMB 4,802,648,511. After the completion of the issuance, China Changan holds 1,963,357,619 shares of the Company's common stock, with shares proportion increasing to 40.88%.

As at 30 June 2017, 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.

The consolidated scope of the consolidated financial statements is based on the control. For details, please refer to Note 8 for the changes in the scope of the consolidated financial statements for the current year.

IV 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 listed 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.

V Significant accounting policies and accounting estimates

The group has formulated specific accounting policies and accounting estimates based on the characteristics of actual daily operations, mainly reflected in the provision method for uncollectible accounts receivable [Note 5 (10)], the valuation method of inventories [Note 5 (11)], depreciation of fixed assets and amortization of intangible assets [Note 5 (14) (17)], the capitalization conditions for r & d expenses [Note 5 (18)], revenue recognition and measurement [Note 5 (22)].

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully, the financial position of the Company as at June 30, 2017 and the financial results and the cash flows for 1-6 month then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

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

3. Functional currency

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

4. Business combination

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

Business combination involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination involving entities under common control, the party

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

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

Business combination involving entities not under common control

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

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

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

5、 Consolidated financial statements

The scope of consolidation of consolidated financial statements is determined based on control, and includes the financial statements of the Company and its subsidiaries as at June 30, 2017. A subsidiary is an enterprise or entity that is controlled by the Group (including an enterprise, separable part of the investee and a structured entity controlled by the Company).

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

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

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

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

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

6、 Joint venture arrangement classification and joint operation

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

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

7、 Cash and cash equivalents

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

8. Foreign currency translation

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

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

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

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

9. Financial instruments

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

Recognition and derecognition

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

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

- (1) the rights to receive cash flows from the asset have expired;
- (2) the Group transferred the rights to receive cash flows from the asset, or has assumed an obligation to pay the

received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Classification and measurement of financial assets

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

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Classification and measurement of financial liabilities

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated as at fair value through profit or loss. A financial liability held for trading is the financial liability that meets one of the following conditions: the financial liability is assumed for the purpose of repurchasing it in a short term; the financial liability is a part of a group of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this group for the purpose of short-term profits; the financial liability is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price form an active market) whose fair value

cannot be reliably measured. For such kind of financial liabilities, fair values are adopted for subsequent measurement. All the realized or unrealized gains or losses on these financial liabilities are recognized in profit or loss for the current period.

Other financial liabilities

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

Offsetting of financial instrumentsts

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

Impairment of financial assets

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

Financial assets carried at amortized cost

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

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

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

the impairment is reversed.

Available-for-sale financial assets

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

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

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

Financial assets carried at cost

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

Transfer of financial assets

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

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

10、Accounts receivable

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

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

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

Criterion for group	
Group 1	Accounts receivable due from non-related parties other than individually significant items or 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、Inventory

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 include investments in subsidiaries, joint ventures and associates

The long-term investments are initially recorded at costs on acquisition. Long-term investments acquired from business combination under common control shall be initially measured at the carrying value of the held interest of the party being acquired; The difference between the initial measured amounts and the book value of consideration, adjust the capital reserves (if the capital reserve is insufficient to be offset, retained earnings should be adjusted); Long-term investments acquired from business combination not under common control shall be initially measured at the cost (or, the sum of the cost and the carrying value of the previously held equity interest in the acquire for the business combination achieved by stages), which include the fair value of the consideration paid, the liabilities beard and the fair value of issued equity instrument; the other comprehensive income produced from the investment before the acquisition should be transferred into the current year investment income on disposal. Long-term investments acquired not from business combination are initially measured at 1)the consideration together with the cost necessary incurred; 2) the fair value of the equity instruments; and 3) the consideration agreed in the investment agreement by the investors, otherwise the agreed consideration were not fair.

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

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

The equity method is applied to account for long-term equity investments, when the Group has jointly control, or significant influence on the investee enterprise. Joint control is the contractually agreed sharing of control over an

economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers). Significant influence is the power to participate in the financial and operating policy decisions of an economic activity but is not control or joint control over those policies.

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

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

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

13、 Investment property

Investment property are properties held to earn rentals or for capital appreciation, or both, including rented land

use right, land use right which is held and prepared for transfer after appreciation, and rented building.

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

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

14、 Fixed asset

(1) Recognition of fixed assets

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

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

(2) Depreciation method of fixed assets

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

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

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

(3) Others

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

15、 Construction in progress

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

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

16、Borrowing costs

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

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

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

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

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

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

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

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

17、 Intangible asset

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

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

The useful lives of the intangible assets are as follow:

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

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

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

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

18、 Research and development expenditures

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

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

The expenditures in development stage are capitalized that should meet all the conditions of (a) it is technically feasible to finish intangible assets for use or sale; (b) it is intended to finish and use or sell the intangible assets; (c) the usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is

a potential market for the intangible assets itself or the intangible assets will be used internally; (d) it is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and (e) the development expenditures of the intangible assets can be reliably measured. Expenses incurred that don't meet the above requirements unanimously should be expensed in the income statement of the reporting period.

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

19、 Long-term deferred expenses

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

20、 Contingent liabilities

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

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

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

21. Share-based payments

The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments. The term "equity-settled share-based payment" refers to a transaction in which an enterprise grants shares or other equity instruments as a consideration in return for services.

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly. As to a equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on

each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and the capital reserves at the fair value of the equities instruments on the date of the grant. The fair value is determined using Black-Scholes model (Note 13).

Within the vesting period or before the prescribed performance conditions are met, the relevant costs or expenses and capital reserves shall be determined and increased based on the best estimate of the number of vested equity instruments on each balance sheet date.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

22、 Revenue

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

Revenue from the sale of goods

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

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method, or otherwise, the revenue is recognized to the extent of costs incurred that are expected to be recoverable. The

outcome of a transaction involving rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow 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.

23、 Government grants

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

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

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

24、 Leases

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

The Group recording the operating lease as a lessee

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

The Group recording the operating lease as a lessor

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

25、 Employee benefits

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

Short-term employee salaries

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

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plan)

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

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under administrative expenses in the

consolidated statement of profit or loss by function: •service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements;net interest expense or income

Termination benefits

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

26、 Income tax

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

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

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

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

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

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

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

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

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

27、 Impairment of assets

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

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

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

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

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

When an impairment test is conducted on an asset group or a set of asset groups that contains goodwill, if there is any indication of impairment, the Group firstly tests the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and then recognize impairment loss if any. Thereafter, the Group tests the asset group or

set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss is firstly eliminated by and amortized to the book value of the goodwill included in the asset group or set of asset groups, and then eliminated by the book value of other assets according to the proportion of the book values of assets other than the goodwill in the asset group or set of asset groups.

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

28、 Profit distribution

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

29、 Safety fund

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

30、 Fair value measurement

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

31、 Significant accounting judgments and estimates

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

Judgments

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

Operating leases - as lessor

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

Uncertainty of accounting estimates

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

Impairment of available-for-sale

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

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

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

Bad debt provisions

Provisions are made under the allowance method. For each individually significant receivable, the impairment test should be conducted individually. Where there is evidence that indicates impairment, the loss should be recognized with the respective provision accrued, equaling to the difference between the present value of the

future cash flows and the book value of receivables. For other receivables concerned, management should accrue the general provisions, along with the receivables individually tested while no impairment incurred, taking in account the collectability.

Inventory impairment based on the net realizable value

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

Development expenditures

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

Deferred tax assets

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

Warranty

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

Depreciation and amortization

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

32、 The change of major accounting policies and estimates

The Change of Accounting Policies

On May 10th, 2017, The Finance Ministry publisized the relevant provisions of "Enterprise Accounting Standards No. sixteenth - government subsidies" (Finance [2017]15) and required the enterprises to adopt the provisions since June 12th, 2017. As a result of the promulgation or revision of the above accounting standards, the company shall apply the future applicable method to the government subsidies that existing on 1 January 2017, and adjust the new government subsidies between January 1, 2017 and the date of the implementation of these guidelines in accordance with the following guidelines:

- (1) The company will amend the financial statements to report the " other income" items separately on the " operating profits" item in the profit statement, and the government subsidies credited to other income shall be reflected in the item.
- (2)The government grants related to daily activities of enterprises should be included in "other income" from "non-operating income", and be listed singly on the profit table above the "operating profit".

VI、 Taxes

1、 The major categories of taxes and surcharges

Categories of taxes and surcharges	Basis of tax	Tax rate
Value added tax (“VAT”)	Levy on the taxable sales and rendering of services, deducted the deductible input VAT.	5%、 6% or 17%
Consumption tax	Taxable sales	1%,3% or5%
Business tax	Taxable sales	5%
City maintenance and construction tax	The turnover taxes paid	5% or7%
Educational surcharge	The turnover taxes paid	3%
Local educational surcharge	The turnover taxes paid	2%
Corporate income tax	Taxable income	15% or25%

2、 Tax benefits

In accordance to Circular for Further Implementation of Tax Incentives In the Development of Western Regions (Cai Shui [2011] No. 58) collectively issued by the ministry of Finance, the Customs General Administration and the National Taxation Bureau of PRC, from 1 January 2011 to 31 December 2020, enterprises located in the Western Region and engaged in encouraged business would be entitled to a preferential CIT rate of 15%.. 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%.

VII、 Notes to the consolidated financial statements

1、 Cash and cash equivalents

Unit: yuan

Item	Ending	Beginning
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Cash	5,351.68	29,559.40
Cash at bank	26,809,261,028.52	22,993,402,507.65
Other cash	1,073,124,995.51	1,789,072,485.39
Total	27,882,391,375.71	24,782,504,552.44

As at 30 June 2017, the book value of restricted cash and cash equivalents is RMB 1,073,124,995.51, which was mainly restricted for the issuance of acceptance bill.

As at 30 June 2017, the cash at bank oversea is equivalent to RMB 184,192,666.79.

2、Notes receivable

(1) Classification of notes receivable

Type	Ending	Beginning
Commercial acceptance bill	7,932,478,265.50	8,681,506,152.50
Bank acceptance bill	13,802,846,538.40	20,321,033,108.76
Total	21,735,324,803.90	29,002,539,261.26

(2) The notes receivable pledged as follows:

Type	Ending	Beginning
Bank acceptance bill	901,019,620.00	1,029,541,142.00

The bank acceptance bill of the above amount has been pledged for the note receivable on 30 June 2017 and 31 December 2016.

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

Type	Ending		Beginning	
	Derecognition	Un-derecognition	Derecognition	Un-derecognition
Commercial acceptance bill	-	-	68,903,990.00	-
Bank acceptance bill	1,043,177,748.00	-	1,689,454,116.09	-
Total	1,043,177,748.00	-	1,758,358,106.09	-

3、Accounts receivable

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

Item	Ending				Beginning			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually	881,469,362.59	45.68	1,761,342.74	0.20	807,264,568.09	52.77	-	-

significant items and analyzed individually for provision								
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	744,182,592.31	38.56	21,791,721.77	2.93	539,225,767.44	35.24	23,064,841.85	4.28
Group 2. Accounts receivable from related parties	297,930,663.49	15.44	-	-	175,411,547.86	11.47	-	-
Group subtotal	1,042,113,255.80	54.00	21,791,721.77	2.09	714,637,315.30	46.71	23,064,841.85	3.23
Individually insignificant items but analyzed individually for provision	6,119,941.69	0.32	6,119,941.69	100	7,881,284.43	0.52	7,881,284.43	100
Total	1,929,702,560.08	100	29,673,006.20	1.54	1,529,783,167.82	100	30,946,126.28	2.02

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

Aging	Ending			Beginning		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	691,516,364.54	92.92	-	489,006,288.37	90.69	-
6 to 12 months	15,428,876.93	2.07	771,443.84	5,598,962.70	1.04	279,948.14
Within 1 year subtotal	706,945,241.47	95.00	771,443.84	494,605,251.07	91.73	279,948.14
1 to 2 years	2,316,962.72	0.31	231,696.27	5,365,243.93	0.99	536,524.39
2 to 3 years	18,831,237.80	2.53	5,649,371.34	22,497,896.67	4.17	6,749,369.00
3 to 4 years	432,000.00	0.06	216,000.00	1,319,200.00	0.24	659,600.00
4 to 5 years	3,669,700.00	0.49	2,935,760.00	2,993,877.26	0.56	2,395,101.81
Over 5 years	11,987,450.32	1.61	11,987,450.32	12,444,298.51	2.31	12,444,298.51
Total	744,182,592.31	100.00	21,791,721.77	539,225,767.44	100.00	23,064,841.85

Individually significant items and analyzed individually for provision:

√ Yes □ No

Accounts receivable	Balance	Provision	Proportion of impairment (%)	Reason
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Electric ant (Beijing) new energy automobile co., ltd	113,901,899.25	-	-	Significant amount of individual
AQ	87,284,617.36	-	-	Significant amount of individual
MASI	56,811,318.04	-	-	Significant amount of individual
Dingzhou city, Hebei province (new energy)	53,458,859.91	-	-	Significant amount of individual
Guangdong changan automobile sales co., ltd	29,133,143.32	-	-	Significant amount of individual
Henan Louis automobile sales co., ltd	28,437,152.75	-	-	Significant amount of individual
Fuyang city Lixin automobile sales service co., ltd	21,255,645.37	-	-	Significant amount of individual
Chongqing Zhongbang automobile sales service co., ltd	19,319,752.44	-	-	Significant amount of individual
SAIPA AUTO ENGINEERING & TRADING CO. (SETCO)	340,865,985.00	-	-	Significant amount of individual
ARAB MOTORS	41,387,388.38	1,761,342.74	5%	Affected by the Egyptian foreign exchange control and the decline of the Egyptian pound against the US dollar, the credit sales collection of the AMT in Egypt is overdue, and the region manager considers the risk of repayment to be low based on the repayment performance of the customers. Besides, China Credit Insurance agreed on the reclaim of the payments by Changan. According to the asset impairment management procedure, 5 % of the arrears with the overdue 180 days, i.e USD 233.07, or RMB 1,761,342.74 yuan, is

				accrued
Dingzhou antekai automobile trading co., ltd	29,651,122.43	-	-	Significant amount of individual
Zunyi Anda automobile sales service co., ltd	22,086,023.44	-	-	Significant amount of individual
Qingdao North Jianda group co., ltd	20,697,471.55	-	-	Significant amount of individual
Zhengzhou new era automobile sales co., ltd	17,178,983.35	-	-	Significant amount of individual
Total	881,469,362.59	1,761,342.74		--

- (2) As for June 30, 2017, provision for impairment of accounts receivable amounting to RMB 557,056.77 has been accrued. Provision for impairment of accounts receivable amounting to RMB 1,385,456.85 has been reversed.
- (3) As at 30 June 2017, provision for impairment of accounts receivable amounting to RMB 444,720 is written off.
- (4) As at 30 June 2017, top five debtors of accounts receivable are as follows:

Debtors	Ending balance	Duration	Proportion of total accounts receivable (%)
First	340,865,985.00	Within 1 year	17.66
Second	113,901,899.25	In 6 months	5.90
Third	103,297,683.60	Within 1 year	5.35
Fourth	87,284,617.36	In 6 months	4.52
Fifth	56,811,318.04	In 6 months	2.94
Total	702,161,503.25		36.39

4、Prepayments

An aged analysis of the prepayments is as follows:

Aging	Ending		Beginning	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	1,266,466,580.39	99.37	1,045,305,366.57	98.54
1 to 2 years	6,397,989.72	0.50	14,675,385.03	1.38
2 to 3 years	782,323.13	0.06	-	-
Over 3 years	829,141.15	0.07	829,141.15	0.08
Total	1,274,476,034.39	100.00	1,060,809,892.75	100.00

As at 30 June 2017, top five debtors of other receivables are as follows:

Debtors	Ending balance	Proportion of total accounts receivable (%)	Provision
First	395,376,895.50	Within 1 year	The advance payment for steel, the write-off procedure is not completed
Second	232,744,361.00	Within 1 year	Advance payment for transmissions, the write-off procedure s not completedt
Third	184,651,717.00	Within 1 year	The advance payment for steel, the write-off procedure is not completed
Fourth	177,530,093.48	Within 6 months	The advance payment for steel, the write-off procedure is not completed
Fifth	73,066,828.79	Within 6 months	Advance payment for transmissions, the write-off procedure s not completedt
Total	1,063,369,895.77	--	--

5、Other receivables

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

Item	Ending				Beginning			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	625,993,400.00	56.18	-	-	1,092,099,200.00	77.59	-	-
Other receivables analyzed as groups for provision								
Group 1: Other receivables analyzed for provision according to aging analysis	372,817,461.47	33.46	1,237,435.08	0.33	174,186,479.76	12.38	1,132,652.00	0.65
Group 2: Other receivables from related parties	112,390,318.49	10.09	-	-	138,246,150.73	9.82	-	-
Group subtotal	485,207,779.96	43.54	1,237,435.08	0.26	312,432,630.49	22.20	1,132,652.00	0.36
individually insignificant items but analyzed individually for provision	3,076,595.16	0.28	3,076,595.16	100.00	2,987,630.27	0.21	2,987,630.27	100.00

Total	1,114,277,775.12	100.00	4,314,030.24	0.39	1,407,519,460.76	100.00	4,120,282.27	0.29
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Within groups, other receivables analyzed for provision according to aging analysis

Aging	Ending			Beginning		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 1 year						
Within 6 months	366,641,241.03	98.34	-	170,925,572.05	98.14	-
6 to 12 months	4,091,118.61	1.10	204,528.76	1,295,462.92	0.74	64,773.15
Within 1 year subtotal	370,732,359.64	99.44	204,528.76	172,221,034.97	98.88	64,773.15
1 to 2 years	1,053,055.41	0.28	105,305.54	803,497.37	0.46	80,349.74
2 to 3 years	149,168.77	0.04	44,750.63	227,858.77	0.13	68,357.63
3 to 4 years	55.00	0.00	27.50	-	-	-
4 to 5 years	-	-	-	74,585.84	0.04	59,668.67
Over 5 years	882,822.65	0.24	882,822.65	859,502.81	0.49	859,502.81
Total	372,817,461.47	100.00	1,237,435.08	174,186,479.76	100.00	1,132,652.00

As at 30 June 2017, the individually significant items analyzed individually for provision as follows:

Other receivable	Balance	Provision	Proportion of impairment (%)	Reason
Branch road (Shanghai) co., ltd	99,781.94	99,781.94	100%	
Nanjing dongchi automobile industry (group) co., ltd	1,884,213.22	1,884,213.22	100%	
Others	1,092,600.00	1,092,600.00	100%	
Total	3,076,595.16	3,076,595.16	--	--

(2) For the year ended 30 June 2017, provision for impairment of other receivables amounted to RMB 204,564.74 has been accrued. For the year ended 30 June 2017 provision for impairment of other receivables amounted to RMB 0 has been reversed.

(3) For the year ended 30 June 2017, provision for impairment of other receivables amounted to 10,816.77 has been written off.

(4) As at 30 June 2017, top five debtors of other receivables are as follows:

Debtors	Ending balance	Proportion of total accounts receivable (%)	Provision (%)
First	341,231,000.00	Within 1 year	30.62

Second	259,404,000.00	Within 1 year	23.28
Third	70,874,735.54	Within 6 months	6.36
Fourth	40,784,896.53	Within 2 years	3.66
Fifth	42,778,311.70	Within 6 months	3.84
Total	755,072,943.77	-	67.76

6、Inventory

(1) Classification of inventory

Item	Ending			Beginning		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	485,104,156.18	61,539,785.12	423,564,371.06	473,106,798.06	57,482,949.30	415,623,848.76
Work in transit	53,453,503.33	-	53,453,503.33	60,411,091.37	-	60,411,091.37
Work in progress	556,013,110.08	54,882,563.04	501,130,547.04	615,327,063.78	53,155,331.21	562,171,732.57
Commodity stock	9,824,419,520.22	94,947,839.90	9,729,471,680.32	6,236,803,244.45	91,631,171.89	6,145,172,072.56
revolving material	-	-	-	60,288,380.19	-	60,288,380.19
Spare parts	58,373,885.11	-	58,373,885.11	60,439,697.16	-	60,439,697.16
Total	10,977,364,174.92	211,370,188.06	10,765,993,986.86	7,506,376,275.01	202,269,452.40	7,304,106,822.61

(2) Provision for inventory

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	57,482,949.30	18,194,830.62	11,934,329.37	2,203,665.43	61,539,785.12
Work in progress	53,155,331.21	23,550,918.42	23,199.01	21,800,487.58	54,882,563.04
Commodity stock	91,631,171.89	62,858,746.71	5,055,279.90	54,486,798.80	94,947,839.90
Total	202,269,452.40	104,604,495.75	17,012,808.28	78,490,951.81	211,370,188.06

7、Other current assets

Item	Ending	Beginning
Accrual input tax	1,848,200,411.14	925,275,929.61
Profit and loss of the property to be dealt with	-8,160,519.13	-
Others	1,153,511.89	784,401.26
Total	1,841,193,403.90	926,060,330.87

8、Available-for-sale financial assets

Item	Ending	Beginning
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Available-for-sale equity securities	199,155,000.00	253,115,000.00
Other	369,451,274.00	179,361,274.00
Total	568,606,274.00	432,476,274.00

1. The available-for-sale equity securities are the 35.50 million shares of Southwest Securities Co., Ltd as of 30th June, 2017.
2. Others: On 30th June, 2017 the group's ownership, measured by the cost of the investment, does not have control, joint control or significant influence and there is no offer in the active market, the fair value can not be reliably measured by the equity investment.

9、 Long-term equity investment

Investee	Accounting method	Initial amount	Beginning	Addition/ (deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	237,719,933.33	1,230,836,876.85	-19,611,249.14	1,211,225,627.71	50	50	None	-	-	
Jiangling Holding Co., Ltd	Equity	1,008,511,522.00	2,991,207,303.06	96,573,362.50	3,087,780,665.56	50	50	None	-	-	
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	Equity	975,232,926.29	5,663,808,819.68	-1,363,174,006.73	4,300,634,812.95	50	50	None	-	-	4,458,000,000.00
Changan Mazda Automobile Co., Ltd	Equity	1,097,839,635.00	2,146,340,500.42	600,278,338.63	2,746,618,839.05	50	50	None	-	-	
Changan Ford Mazda Engine Co., Ltd	Equity	786,734,634.10	908,715,700.67	55,447,236.74	964,162,937.41	50	50	None	-	-	
Changan PSA Automobiles Co., Ltd, a JV of the Company	Equity	2,007,841,700.00	647,839,655.26	-45,643,059.35	602,196,595.91	50	50	None	-	-	
Associates											
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	7,600,027.62	7,556,448.42	127,449.67	7,683,898.09	40	40	None	-	-	

Chongqing Changan Kuayue Automobile Co., Ltd	Equity	61,800,885.00	83,406,464.16	6,419,549.33	89,826,013.49	34.3	34.3	None	-	-	
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	-	-	-	34.3	34.3	None	-	-	
Beijing Fangan Taxi LLC	Equity	6,000,000.00	-	-	-	20.7	20.7	None	-	-	
Chongqing Auto Finance Co.Ltd	Equity	1,155,000,000.00	1,063,655,241.51	43,201,357.02	1,106,856,598.53	35	35	None	-	-	
Total	--	7,344,281,264.34	14,743,367,010.03	-626,381,021.33	14,116,985,988.70	--	--	--	-	-	4,458,000,000.00

10、Investment property

According to the cost of the investment real estate

Item	Beginning	Addition	Deduction	Ending
I. Original cost	10,050,100.00	-	-	10,050,100.00
Buildings	10,050,100.00	-	-	10,050,100.00
II. Accumulated depreciation and amortization	2,267,115.60	113,355.78	-	2,380,471.38
Buildings	2,267,115.60	113,355.78	-	2,380,471.38
III. Net Value	7,782,984.40	-113,355.78	-	7,669,628.62
Buildings	7,782,984.40	-113,355.78	-	7,669,628.62
IV. Impairment Provision	7,782,984.40	-113,355.78	-	7,669,628.62
Buildings	7,782,984.40	-113,355.78	-	7,669,628.62

11、Fixed assets

Item	Beginning	Addition	Deduction	Ending
I. Original cost	26,132,272,492.58	1,080,952,109.61	43,370,838.04	27,169,853,764.15
Buildings	6,585,025,213.48	40,284,136.71	665,099.59	6,624,644,250.60
Machinery	14,656,950,077.02	705,035,440.13	39,605,237.78	15,322,380,279.37
Vehicles	635,870,396.01	52,253,316.47	2,994,689.52	685,129,022.96
Other Equipments	4,254,426,806.07	283,379,216.30	105,811.15	4,537,700,211.22
--	Beginning	Addition	Deduction	Ending
II. Accumulated depreciation	9,643,609,747.31	901,722,818.53	40,896,058.36	10,504,436,507.48
Buildings	1,333,083,905.82	100,737,596.23	231,945.54	1,433,589,556.51
Machinery	6,198,699,998.91	361,925,815.54	38,663,581.28	6,521,962,233.17
Vehicles	93,947,322.89	56,070,191.80	2,148,989.49	147,868,525.20
Other Equipments	2,017,878,519.69	382,989,214.96	-148,457.95	2,401,016,192.60
--	Beginning	Addition	Deduction	Ending
III. Net Value	16,488,662,745.27	179,229,291.08	2,474,779.68	16,665,417,256.67
Buildings	5,251,941,307.66	-60,453,459.52	433,154.05	5,191,054,694.09
Machinery	8,458,250,078.11	343,109,624.59	941,656.50	8,800,418,046.20
Vehicles	541,923,073.12	-3,816,875.33	845,700.03	537,260,497.76
Other Equipments	2,236,548,286.38	-99,609,998.66	254,269.10	2,136,684,018.62
IV. Impairment Provision	1,008,178,231.28	5,154,868.33	860,556.90	1,012,472,542.71

Buildings	84,183,751.00	-	-	84,183,751.00
Machinery	793,157,069.89	5,154,868.33	846,640.83	797,465,297.39
Vehicles	268,506.89	-	13,466.06	255,040.83
Other Equipments	130,568,903.50	-	450.01	130,568,453.49
V. Book Value	15,480,484,513.99	174,074,422.75	1,614,222.78	15,652,944,713.96
Buildings	5,167,757,556.66	-60,453,459.52	433,154.05	5,106,870,943.09
Machinery	7,665,093,008.22	337,954,756.26	95,015.67	8,002,952,748.81
Vehicles	541,654,566.23	-3,816,875.33	832,233.97	537,005,456.93
Other Equipments	2,105,979,382.88	-99,609,998.66	253,819.09	2,006,115,565.13

The 901,722,818.53 yuan depreciation during the reporting period; During the period the construction in progress amounting to 1,051,792,129.03 yuan is transferred to the fixed asset.

12、Construction in progress

(1) Details of construction in progress

Item	closing balance			opening balance		
	Balance	Provision	Book value	Balance	Provision	Book value
Mini-bus production equipment	457,596,151.02	-	457,596,151.02	332,011,471.05	-	332,011,471.05
Yuzui motor city project	1,724,700,522.26	-	1,724,700,522.26	1,670,075,876.73	-	1,670,075,876.73
Car production equipment	90,819,724.55	-	90,819,724.55	68,289,153.08	-	68,289,153.08
Engine plant	413,258,657.04	-	413,258,657.04	749,552,604.51	-	749,552,604.51
Vehicle research institution	174,698,354.71	-	174,698,354.71	119,918,357.19	-	119,918,357.19
Vehicle moulds	511,549,389.90	-	511,549,389.90	446,423,242.75	-	446,423,242.75
Light vehicle technical transformation project of Baoding Changan bus	50,338,668.46	-	50,338,668.46	39,361,192.09	-	39,361,192.09
Plant for vehicle test project	21,293,863.50	-	21,293,863.50	16,109,878.08	-	16,109,878.08
Beijing vehicle construction project	76,088,993.45	-	76,088,993.45	47,364,971.59	-	47,364,971.59
Engine Base of Nanjing	1,175,741.25	-	1,175,741.25	809,483.55	-	809,483.55
Yuzui Refitting factory	33,865,204.45	-	33,865,204.45	29,200,422.80	-	29,200,422.80
Car production Project Of Hefei Changan	31,049,124.55	-	31,049,124.55	2,414,375.90	-	2,414,375.90
Nanjing Welding Technological transformation project	24,747,043.21	-	24,747,043.21	16,506,412.14	-	16,506,412.14

Yubei Factory	112,249,979.90	-	112,249,979.90	107,961,718.09	-	107,961,718.09
Others	330,622,200.58	-	330,622,200.58	175,704,671.23	-	175,704,671.23
Total	4,054,053,618.83	-	4,054,053,618.83	3,821,703,830.78	-	3,821,703,830.78

(2) Movement of major construction in progress projects

Item	Beginning	Addition	Transferred to fixed assets	Deduction	Ending
Mini-bus production equipment	332,011,471.05	171,771,755.94	46,187,075.97	-	457,596,151.02
Yuzui motor city project	1,670,075,876.73	172,805,936.96	118,181,291.43	-	1,724,700,522.26
Car production equipment	68,289,153.08	23,239,682.58	709,111.11	-	90,819,724.55
Engine plant	749,552,604.51	303,731,171.62	640,025,119.09	-	413,258,657.04
Vehicle research institution	119,918,357.19	88,843,190.79	34,063,193.27	-	174,698,354.71
Vehicle moulds	446,423,242.75	87,621,020.26	22,494,873.11	-	511,549,389.90
Light vehicle technical transformation project of Baoding Changan bus	39,361,192.09	20,735,565.15	9,758,088.78	-	50,338,668.46
Plant for vehicle test project	16,109,878.08	5,183,985.42	-	-	21,293,863.50
Beijing vehicle construction project	47,364,971.59	113,594,382.17	84,870,360.31	-	76,088,993.45
Engine Base of Nanjing	809,483.55	58,215,778.97	57,849,521.27	-	1,175,741.25
Yuzui Refitting factory	29,200,422.80	4,664,781.65	-	-	33,865,204.45
Car production Project Of Hefei Changan	2,414,375.90	32,478,345.39	3,654,426.71	189,170.03	31,049,124.55
Nanjing Welding Technological transformation project	16,506,412.14	14,417,746.19	6,177,115.12	-	24,747,043.21
Yubei Factory	107,961,718.09	4,700,552.40	412,290.59	-	112,249,979.90
Others	175,704,671.23	182,327,191.62	27409662.27	-	330,622,200.58
Total	3,821,703,830.78	1,284,331,087.11	1,051,792,129.03	189,170.03	4,054,053,618.83

(3) Impairment for construction in progress

None

13、 Construction materials

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

14、 liquidation of fixed assets

Item	Beginning	Ending	转入清理的原因
machinery equipment	-	14,150.94	资产报废
office equipment	-	183,942.93	准备出售
Total	-	198,093.87	

15、 Intangible assets**(1) Details of intangible assets**

Item	Beginning	Addition	Deduction	Ending
I. Original cost	5,825,814,549.66	692,375,453.44	-	6,518,190,003.10
Land use rights	2,355,850,569.93	-	-	2,355,850,569.93
Software use rights	400,653,507.92	82,430,539.23	-	483,084,047.15
Trademark use rights	211,784,400.00	-	-	211,784,400.00
Non-patent technology	2,857,526,071.81	609,944,914.21	-	3,467,470,986.02
II. Accumulated amortization	2,238,095,261.66	307,724,434.91	-	2,545,819,696.57
Land use rights	232,965,494.61	24,994,103.16	-	257,959,597.77
Software use rights	364,220,086.22	50,156,543.78	-	414,376,630.00
Trademark use rights	135,950,586.62	8,750,479.98	-	144,701,066.60
Non-patent technology	1,504,959,094.21	223,823,307.99	-	1,728,782,402.20
III. Net Value	3,587,719,288.00	384,651,018.53	-	3,972,370,306.53
Land use rights	2,122,885,075.32	-24,994,103.16	-	2,097,890,972.16
Software use rights	36,433,421.70	32,273,995.45	-	68,707,417.15
Trademark use rights	75,833,813.38	-8,750,479.98	-	67,083,333.40
Non-patent technology	1,352,566,977.60	386,121,606.22	-	1,738,688,583.82
IV. Impairment Provision	142,768,612.97	-	-	142,768,612.97
Software use rights	21,319,804.81	-	-	21,319,804.81
Non-patent technology	121,448,808.16	-	-	121,448,808.16

V. Book Value	3,444,950,675.03	384,651,018.53	-	3,829,601,693.56
Land use rights	2,122,885,075.32	-24,994,103.16	-	2,097,890,972.16
Software use rights	15,113,616.89	32,273,995.45	-	47,387,612.34
Trademark use rights	75,833,813.38	-8,750,479.98	-	67,083,333.40
Non-patent technology	1,231,118,169.44	386,121,606.22	-	1,617,239,775.66

As at 30 June 2017, the intangible assets from internal research and development account for 42.29% of total intangible assets.

16. Development expenditure

Item	Beginning	Addition	Deduction		Ending
			Charged to income Statement of the Current period	Charged to income Statement of the Current period	
Automobile Development	1,111,176,453.49	1,088,154,332.55	573,608,449.26	689,360,992.47	936,361,344.31
Total	1,111,176,453.49	1,088,154,332.55	573,608,449.26	689,360,992.47	936,361,344.31

17. Goodwill

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

18. Long-term deferred expenses

Item	Beginning	Addition	amortization	Amortization	Ending
Tools	193,497.63	-	-	-	193,497.63
Others	13,254,912.00	306,297.10	84,387.20	-	13,476,821.90
Total	13,448,409.63	306,297.10	84,387.20	-	13,670,319.53

19. Deferred tax assets and liabilities

Deferred tax assets and liabilities are listed separately.

Recognized deferred tax assets and liabilities:

Item	Ending	Beginning
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Deferred tax assets		
Provision for the impairment of assets	177,614,044.16	169,037,362.20
Accrued expenses and contingent liabilities	771,388,212.01	808,966,199.91
Unpaid tech development expense and advertisement expense	63,038,220.96	45,925,996.80
Deferred income	333,024,636.22	350,674,434.80
Unpaid salary and bonus and others	172,106,958.85	73,003,285.27
Subtotal	1,517,172,072.20	1,447,607,278.98
Deferred tax liabilities		
Available-for-sale financial assets on the changes in fair value	26,441,250.00	34,535,250.00
Others	2,009,988.29	-
Subtotal	28,451,238.29	34,535,250.00

20、Provision for the impairment of assets

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	35,066,408.55	761,621.51	1,385,456.85	455,536.77	33,987,036.44
II. Provision for obsolete inventory	202,269,452.40	104,604,495.75	17,012,808.28	78,490,951.81	211,370,188.06
III. Provision for the impairment of fixed assets	1,008,178,231.28	5,154,868.33	-	860,556.90	1,012,472,542.71
IV. Impairment of construction in progress	-	-	-	-	-
V. Provision for the impairment of intangible assets	142,768,612.97	-	-	-	142,768,612.97
VI. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
Total	1,461,748,040.20	110,520,985.59	18,398,265.13	79,807,045.48	1,474,063,715.18

21、Other non-current assets

Item	Ending	Beginning
Other non-current assets	3,077.01	-
Total	3,077.01	-

22、 Short-term loans

Item	Ending	Beginning
Pledge loans	165,000,000.00	150,000,000.00
Guaranteed loans	-	25,000,000.00
Credit loans	23,810,327.67	-
Total	188,810,327.67	175,000,000.00

23、 Notes payable

Item	Ending	Beginning
Commercial acceptance bill	-	2,040,438,358.00
Bank acceptance bill	22,691,578,208.46	18,911,666,447.58
Total	22,691,578,208.46	20,952,104,805.58

24、 Accounts payable

Item	Ending	Beginning
Accounts payable	17,078,288,462.79	19,880,580,102.39
total	17,078,288,462.79	19,880,580,102.39

25、 Advances from customers

Item	Ending	Beginning
Advances from customers	9,231,546,726.81	6,854,337,365.01
total	9,231,546,726.81	6,854,337,365.01

26、 Payroll payable

30 June 2017

Item	Beginning	Addition	Deduction	Ending
Short term salary benefits	1,778,345,189.08	3,112,482,401.25	4,018,994,686.13	871,832,904.20
Defined contribution plans	59,207,286.15	7,792,310.64	34,237,204.01	32,762,392.78
Early retirement benefits	2,395,000.00	5,450,968.13	-	7,845,968.13

Total	1,839,947,475.23	3,125,725,680.02	4,053,231,890.14	912,441,265.11
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Short term salary benefits

30 June 2017

Item	Beginning	Addition	Deduction	Ending
Salary, bonus, allowance and subsidy	1,422,437,552.40	2,369,485,620.40	3,009,775,309.71	782,147,863.09
Employee benefit	199,134,921.94	119,980,015.26	313,936,048.34	5,178,888.86
Social insurance	911,790.47	383,097,318.19	377,579,688.18	6,429,420.48
Housing accumulation fund	82,224,632.32	170,449,156.01	246,724,318.12	5,949,470.21
Labor fund and employee education fund	73,636,291.95	69,470,291.39	70,979,321.78	72,127,261.56
Total	1,778,345,189.08	3,112,482,401.25	4,018,994,686.13	871,832,904.20

Defined contribution plans as follows:

30 June 2017

Item	Beginning	Addition	Deduction	Ending
Basic retirement security	51,342,643.25	2,965,522.17	29,089,907.33	25,218,258.09
Unemployment insurance	7,864,642.90	4,826,788.47	5,147,296.68	7,544,134.69
Total	59,207,286.15	7,792,310.64	34,237,204.01	32,762,392.78

27、Taxes payable

Item	Ending	Beginning
Value-added tax	53,843,142.98	61,599,556.40
Consumption tax	276,327,734.34	331,988,223.84
Corporate income tax	99,639,417.32	117,965,863.43
Individual Income tax	925,346.76	3,009,136.60
City maintenance and construction tax	-47,405,703.45	17,543,881.51
Education additional expenses	-32,926,315.18	15,117,014.02
Others	9,301,447.42	8,457,813.36
total	359,705,070.19	555,681,489.16

28、 Interest payable

Item	Ending	Beginning
Corporate bonds interest	-	73,458,000.00
total	-	73,458,000.00

29、 Dividend payable

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

30、 Other payables

Item	Ending	Beginning
Deposits of dealer and supplier	71,818,572.65	62,903,407.42
Maintenance fees	85,816,558.68	192,922,034.17
Advertisement fees	163,683,904.09	362,870,963.91
Warehousing and transport fees	368,130,753.22	102,452,830.88
Integrated service charges and miscellaneous expenses	492,843,976.08	406,491,895.86
Project funds	158,556,607.80	144,749,843.68
Others	378,234,562.29	176,637,620.05
Total	1,719,084,934.81	1,449,028,595.97

31、 Contingent liabilities

Item	Beginning	Addition	Deduction	Ending
Warranty	2,010,153,951.87	619,552,683.26	291,044,190.14	2,338,662,444.99
Total	2,010,153,951.87	619,552,683.26	291,044,190.14	2,338,662,444.99

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

32、 Other current liabilities

Item	Ending	Beginning
Accrued utilities	11,264,421.01	38,792,016.31
Accrued transportation fee	442,549,076.18	640,217,259.02

Accrued labor service fee	4,020,313.96	59,225,911.17
Accrued technology royalty	79,774,903.38	90,722,615.32
Accrued commercial discount payable	2,515,144,510.55	2,949,334,782.23
Accrued market development expense	872,776,167.75	433,277,614.83
Total	3,925,529,392.83	4,211,570,198.88

33、Bonds payables

Item	Ending	Beginning
Corporation bonds	-	-

With the permission of the China securities regulatory commission regulatory approval [2012] no. 2012, the company to the public in April 2012, issue corporate bonds, face value of RMB 1,980,000,000.00 coupon for fixed rate 5.30%, according to the annual interest payments, FuXiRi for every year on April 23, the final payment date is April 23, 2017. After deducting distribution costs RMB 19589600.00, raised RMB 1960410400.00. The bond is provided by the parent company China changan full unconditional irrevocable joint and several guarantee. During the reporting period, the company has paid the interest from April 23, 2016 to April 22, 2017 (fifth year) and the principal on April 23, 2017.

34、Special payables

Item	Beginning	Addition	Deduction	Ending
Project 863	2,603,472.95	-	94,694.27	2,508,778.68
Test on key technology of hybrid electric vehicles	1,412,205.57	-	386,911.12	1,025,294.45
New vehicle product	5,821,883.01	6,400,000.00	39,954.93	12,181,928.08
Automobile product chain sharing platform	5,890,973.75	250,000.00	4,609,462.72	1,531,511.03
Gasoline Engine Development	1,640,515.05	120,000.00	701,245.99	1,059,269.06
Development and industrialization of the embedded software platform for automotive electronic controllers	263,547.70	-	2,473,495.86	-2,209,948.16
Changan automobile E class Gasoline engine cylinder block, cylinder head production line project	60,347,217.64	-	-	60,347,217.64
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	2,832,689.00	-	255,000.00	2,577,689.00

Industrialization of patented technologies	1,879,318.52	240,000.00	1,900,688.52	218,630.00
Vehicle network intelligent information terminal middleware key technologies research and application	1,858,453.43	750,000.00	224,453.89	2,383,999.54
Development and industrialization of C206 pure electric cars	-32,666,228.71	-	11,973.00	-32,678,201.71
System development of electromagnetic compatibility of key accessories on electric cars	5,131,308.66	-	696,095.93	4,435,212.73
Intelligent manufacturing project	61526291.76	-	5,959,492.36	55,566,799.40
Lightweight design of automobile structure	30,075,234.45	49,110,000.00	16,110,360.90	63,074,873.55
Others	13,368,127.80	10,781,600.00	8,948,671.63	15,201,056.17
Total	217,497,540.80	67,651,600.00	42,412,501.12	242,736,639.68

35. Deferred income

30 June, 2017

Item	Beginning	Addition	Deduction	Ending
Government grants related to assets	2,762,931,782.46	795,449,245.36	79,980,008.84	3,478,401,018.98
Others	22,953,843.91	11,363,574.46	-	34,317,418.37
Total	2,785,885,626.37	806,812,819.82	79,980,008.84	3,512,718,437.35

2016

Item	Beginning	Addition	Deduction	Ending
Government grants related to assets	2,662,177,255.96	280,035,500.00	179,280,973.50	2,762,931,782.46
Others	4,366,152.86	18,587,691.05	-	22,953,843.91
Total	2,666,543,408.82	298,623,191.05	179,280,973.50	2,785,885,626.37

As at 30 June 2017 details of liabilities related to government grants are as follows:

Item	Beginning	Addition	Recorded to other income	Ending	Relates to asset/gain
Project subsidy funds	2,338,351,870.83	616,401,000.00	55,231,294.10	2,899,521,576.73	Related to asset

Subsidies for plant construction	392,747,109.56	154,048,245.36	24,748,714.74	522,046,640.18	Related to asset
Technical innovation funds	16,150,000.00	-	-	16,150,000.00	Related to asset
Other asset - related subsidies	15,682,802.07	25,000,000.00	-	40,682,802.07	Related to asset
Total	2,762,931,782.46	795,449,245.36	79,980,008.84	3,478,401,018.98	

As at 31 December 2016, details of liabilities related to government grants are as follows:

Item	Beginning	Addition	Recorded to non-operating income	Ending	Relates to asset/gain
Project subsidy funds	2,380,347,064.99	69,294,100.00	111,289,294.16	2,338,351,870.83	Related to asset
Subsidies for plant construction	230,160,213.38	210,741,400.00	48,154,503.82	392,747,109.56	Related to asset
Technical innovation funds	16,150,000.00	-	-	16,150,000.00	Related to asset
Other asset - related subsidies	35,519,977.59	-	19,837,175.52	15,682,802.07	Related to asset
Total	2,662,177,255.96	280,035,500.00	179,280,973.50	2,762,931,782.46	

36、Share capital

	Beginning	Current movement					Ending
		Issuance of shares	Stock dividend	Transfer of reserve to common shares	others	Subtotal	
the sum of shares	4,802,648,511.00	-	-	-	-	-	4,802,648,511.00

37、Capital reserves

Item	Beginning	Addition	Deduction	Ending
Share premium	4,969,218,884.37	-	-	4,969,218,884.37
Share-based payment	13,715,900.00	25,192,500.00	-	38,908,400.00
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	5,085,301,532.55	25,192,500.00	-	5,110,494,032.55

38、 Other comprehensive income

item	Report period	Same period of last year
1. Profits (loss) generated from available for sale financial assets	-53,960,000.00	-93,720,000.00
Less: Available for sale financial assets arising from income tax effect	-8,094,000.00	-14,058,000.00
Net - through other comprehensive income into the profits and losses of the current	-	-
Subtotal	-45,866,000.00	-79,662,000.00
2. Translation differences of foreign currency financial statements	-3,405,529.86	-14,578,769.25
Total	-49,271,529.86	-94,240,769.25

39、 Surplus reserves

Item	Beginning	Addition	Deduction	Ending
Statutory surplus	2,401,324,255.50	-	-	2,401,324,255.50
total	2,401,324,255.50	-	-	2,401,324,255.50

40、 Retained earnings

Item	Sum
Retained earnings at beginning of year before adjustments	31,126,707,710.94
Adjust the early undistributed profits total	-
Retained earnings at beginning of year after adjustments	31,126,707,710.94
Add: Net profit belong to parent company	4,620,545,739.52
Less: the statutory surplus reserves	-

Common stock dividends payable	3,079,869,372.47
Retained earnings at the end	32,667,384,077.99

41、 Operating revenue and cost

(1) Operating revenue

Item	Report period	Same period of last year
Operating revenue	32,617,521,902.09	35,181,466,125.50
Other operating revenue	937,691,207.37	620,296,795.75
Operating cost	28,792,755,690.32	29,867,338,185.68

(2) Main business (divisions)

item	Report period		Same period of last year	
	Operating revenue	Operating cost	Operating revenue	Operating cost
motor industry	32,617,521,902.09	28,525,190,993.69	35,181,466,125.50	29,458,322,038.34
total	32,617,521,902.09	28,525,190,993.69	35,181,466,125.50	29,458,322,038.34

(3) Main business (product)

item	Report period		Same period of last year	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Sale of goods	32,543,856,637.89	28,413,429,812.27	35,100,676,715.85	29,372,709,236.16
Outsourcing processing	73,665,264.20	111,761,181.42	80,789,409.65	85,612,802.18
total	32,617,521,902.09	28,525,190,993.69	35,181,466,125.50	29,458,322,038.34

(4) Main business areas (points)

Item	Report period		Same period of last year	
	Operating revenue	Operating cost	Operating revenue	Operating cost
domestic	31,939,968,925.48	27,825,290,643.34	34,767,490,150.29	29,049,188,785.60
overseas	677,552,976.61	699,900,350.35	413,975,975.21	409,133,252.74
total	32,617,521,902.09	28,525,190,993.69	35,181,466,125.50	29,458,322,038.34

42、 Business tax and surcharges

item	Report period	Same period of last year
Consumption tax	1,176,447,268.05	1,350,755,620.86
City maintenance and construction tax	94,761,334.23	147,842,460.48
Education additional expenses	76,037,881.67	71,551,620.75
Others	96,539,996.19	4,189,288.06
total	1,443,786,480.14	1,574,338,990.15

43、 Operating expenses

item	Report period	Same period of last year
Payroll and welfare	167,605,237.83	190,252,969.55
Promotion fee	533,735,809.36	591,941,577.63
Transportation expenses	1,060,691,210.71	1,068,934,334.31
Travelling expenses	35,699,649.99	31,297,917.00
Package expenses	10,580,395.13	9,453,307.65
Administrative expenses	7,627,254.67	7,344,193.33
Selling service fee	478,091,205.25	218,651,074.93
Sales discount	-361,543,187.82	-30,271,721.61
Others	71,688,466.89	33,104,900.54
total	2,004,176,042.01	2,120,708,553.33

44、 General and administrative expenses

item	Report period	Same period of last year
Payroll and welfare	753,919,030.38	1,010,220,272.41
Technology research expenses	496,834,118.06	504,713,570.09
Administrative expenses	10,389,794.81	7,641,548.23
Depreciation and amortization	439,047,564.15	360,730,100.38
Miscellaneous service charges	1,977,124.68	3,257,436.77
Tax fee	2,222,681.88	127,086,377.16
Traffic expenses	25,708,114.03	31,792,949.22

Travelling expenses	13,619,514.39	15,166,425.72
Entertainment expenses	1,584,377.47	1,941,999.45
Others	40,431,751.26	149,746,253.80
total	1,785,734,071.11	2,212,296,933.23

45、Financial expenses

item	Report period	Same period of last year
Interest expense	40,703,286.60	61,349,410.76
Less: interest income	303,510,275.41	169,660,115.51
Exchange gain or loss	1,961,950.68	11,536,776.06
Others	14,023,435.98	12,058,915.69
total	-246,821,602.15	-107,788,565.12

46、Impairment loss on assets

item	Report period	Same period of last year
1. Bad debt loss	-623,835.34	11,990,121.39
2. Impairment provision of obsolete inventory	87,591,687.47	128,015,271.64
3. Impairment provision of fixed assets	5,154,868.33	2,227,192.31
Total	92,122,720.46	142,232,585.34

47、Investment income

item	Report period	Same period of last year
Long-term equity investment income under cost method	-	-
Long-term equity investment income under equity method	3,831,618,978.64	5,204,376,269.98
Stock dividend income from available-for-sale financial assets	-	4,615,000.00
Available-for-sale financial assets investment income through disposal	-	-
total	3,831,618,978.64	5,208,991,269.98

48、 Other income

item	Report period	Same period of last year	Explain
R & D special funds	500,000,000.00	-	
Vehicle development project support	390,790,754.64	-	
Research and development grants for power and intelligent technology	158,190,000.00	-	
Deferred revenue amortization	79,980,008.84	-	
Other government subsidies	24,874,142.38	-	
Subsidies for new products	-	-	
Total	1,153,834,905.86	-	--

49、 Non-operating income

item	Report period	Same period of last year
Non-current assets disposal gains in total	10,449,388.03	4,889,217.28
Gain on the disposal of fixed assets	10,449,388.03	4,889,217.28
Government grants	-	496,486,470.68
others	43,495,774.09	37,047,573.92
Total	53,945,162.12	538,423,261.88

During the reporting period, according to the relevant provisions of "Enterprise Accounting Standards No. sixteenth - government subsidies" (Finance [2017]15), since January 1, 2017, the government grants related to daily activities of enterprises should be included in "other income" or offset related costs, and be listed singly on the profit table above the "operating profit"; as for the government subsidies nothing to do with the daily operations of enterprises, it should be included in non-operating income. The company should make the adjustments to the government subsidies between January 1, 2017 and the effective date of the above guidelines, and the amount of 1,153,834,905.86 yuan government subsidies should be included in other income in the first half of 2017.

The change of the accounting policy related to "Enterprise Accounting Standards No. sixteenth: government subsidies" has no effect on the net profit attributable to shareholders of listed companies, and has no material impact on the semi-annual financial status, the operating results and cash flow.

50、 Non-operating expenses

item	Report period	Same period of last year
Non-current assets disposal has lost	1,534,901.96	6,056,945.55
Loss on the disposal of fixed assets	1,534,901.96	6,056,945.55
Donation	1,584,000.00	199,000.00

Others	11,281,146.02	27,496,725.41
Total	14,400,047.98	33,752,670.96

51、Income tax expense

item	Report period	Same period of last year
Current income tax expense	145,560,653.05	198,825,308.25
Deferred income tax adjustment	-104,564,548.39	30,721,190.91
total	40,996,104.66	229,546,499.16

52、Notes to cash flow statement

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

item	Amount
Interest income	239,378,188.22
Government grants related to operating activities	1,109,277,356.30
Others	1,169,402,478.99
Total	2,518,058,023.51

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

item	Amount
Selling expense	1,720,022,786.75
Administrative expense	699,371,250.16
Others	673,734,287.72
Total	3,093,128,324.63

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

item	Amount
Government grants	629,600,000.00
Total	629,600,000.00

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

Item	Amount
Redemption of the deposit for acceptance	749,802,481.32
Total	749,802,481.32

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

Item	Amount
Payment for deposit of bill	33,855,585.56
Total	33,855,585.56

53、Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Unit: Yuan

Supplementary information	Current Amount	Prior-period Amount
1. Cash flow relating to operating activities calculated by adjusting the net profit	--	--
Net profit	4,667,462,601.55	5,476,751,600.38
Add: provision for assets impairment	92,122,720.46	142,232,585.34
Depreciation of fixed assets, oil and gas assets, productive biological assets	1,085,730,618.57	1,232,153,547.87
Amortization of intangible assets	307,724,434.91	246,288,446.15
Amortization of long-term deferred expense	154,198.52	168,640.00
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets(with "-" for gains)	-8,972,014.55	894,064.49
Financial expense(with "-" for gains)	-246,821,602.15	-107,788,565.12
Investment loss(with "-" for gains)	-3,831,618,978.64	-5,208,991,269.98
Decrease in deferred tax assets(with "-" for gains)	-69,564,793.22	72,097,508.39
Decrease in inventory(with "-" for gains)	-3,461,887,164.25	-2,082,567,539.51
Decrease in operating receivables(with "-" for gains)	6,028,658,163.96	1,869,665,425.58
Increase in operating payables(with "-" for gains)	403,223,316.88	2,959,611,634.78
Others	-6,506,777.93	20,271,149.70
Net cash flows from operating activities	4,959,704,724.11	4,620,787,228.07
2. Investment and financing activities involving no cash incomings / outgoings	--	--
3. Movement of cash and cash equivalents	--	--
Ending balance of cash equivalents	26,809,266,380.20	21,090,148,167.23

Less: beginning balance of cash equivalents	22,993,432,067.05	17,725,921,341.22
Net increase in cash and cash equivalents	3,815,834,313.15	3,364,226,826.01

(2) Cash and cash equivalents

Unit: Yuan

Item	Ending balance	Beginning balance
I. Cash	-	-
Including: Cash on hand	5,351.68	29,559.40
Bank deposits that can be readily used	26,809,261,028.52	22,993,402,507.65
Other monetary assets that can be readily used	-	-
II. ending balance of cash and cash equivalents	26,809,266,380.20	22,993,432,067.05

VIII、 The change of consolidation scope

1、 Business combination not under the Same Control

Applicable Not Applicable

2、 Combination under the same control

Applicable Not Applicable

3、 Counter purchase

Applicable Not Applicable

4、 Disposing subsidiary

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

Applicable not Applicable

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

Applicable not Applicable

5、 Change of consolidation scope due to other reasons

(1) Newly established subsidiary companies during the reporting period

None

(2) Subsidiary clearing during the reporting period

Name	Registered Address	Type of business	Registered Capital (Ten Thousand Yuan)	Proportion of shares enjoyed by the group
Changan Yinchuan Automobile Sales Co., Ltd.	Ningxia Hui Autonomous, Yinchuan	Sales	50	100%
Xi'an Changan Automobile Sales Co., Ltd.	Shanxi Province, Xi'an	Sales	100	100%
Changan Automobile (Group) Co., Ltd. Harbin Sales Branch	Heilongjiang Province, Harbin	Sales	50	100%

IX、 Stake in other entities**1.Rights in subsidiaries**

The subsidiaries of the Company are as follows:

Company name	Main operating place	Registered place	Nature of business	Registered capital (ten thousand)	Total proportion of shareholders (%)	
					direct	indirect
I. The subsidiary formed by establishment or investment						
Hebei Changan Automobile Co., Ltd. (Note 1)	Dingzhou	Dingzhou	Manufacturing	46,469	94.22	-
Chongqing Changan International Automobile Sales Co., Ltd. (Note 2)	Chongqing	Chongqing	sales	1,376	100.00	-
Chongqing Changan Vehicle Networking Technology Co., Ltd.	Chongqing	Chongqing	sales	8,850	100.00	-
Chongqing Changan Special Automobile Sales Co., Ltd (note 3)	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	EUR1,738.36	100.00	-
Changan United Kingdom R&D Center Co., Ltd.	Nottingham, United Kingdom	Nottingham, United Kingdom	R&D	GBP2,482	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,	Yokohama,	R&D	JPY2,000	100.00	-

	Japan	Japan				
Changan United States R&D Center Co., Ltd.	Troy, United states	Troy, United states	R&D	USD20	100.00	-
Changan Automobile Russia Co., Ltd.	Moscow, Russia	Moscow, Russia	Sales	USD20	100.00	-
Changan Brazil Holdings Limited	St. Paul, Brazil	St. Paul, Brazil	Sales	BRL100	100.00	-
Shenzhen Changan New Energy Automobile Service Co., Ltd	Shenzhen	Shenzhen	Sales	5000	100.00	
Hangzhou Changan Yixing Technology Co., Ltd.	Hangzhou	Hangzhou	Lease	500	100.00	
Hefei Changan Yixing Technology Co., Ltd.	Hefei	Hefei	Lease	500	100.00	
Nanjing Changan Connected Car Technology Co., Ltd.	Nanjing	Nanjing	Lease	500	100.00	
II. The subsidiary formed by business combination not under common control						
Nanjing Changan Automobile Co., Ltd. (Note1)	Nanjing	Nanjing	Manufacturing	60,181	84.73	-
III. The subsidiary formed by business combination under common control						
Chongqing Changan Automobile sales subsidiaries	China	China	Sales	600	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	-

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

Note 2: In may 2017, the company acquired 5 % equity of Chongqing changan automobile international sales service co., ltd held by Chongqing changan industrial (group) co., ltd, and increased the shareholding ratio of Chongqing changan automobile international sales service co., ltd from 95 % to 100 %.

Note 3: The remaining shareholders of Chongqing Changan Special Automobile Co., Ltd. made an agreement with the Company that the remaining shareholders are to vote in accordance with the Company. The main financial and operating policies have been controlled by the Company, so it is included in the scope of consolidated financial statements.

As at June 30,2017, the Group has no subsidiaries with important minority interests.

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

Applicable not Applicable

In may 2017, the company acquired 5 % equity of Chongqing changan automobile international sales service co., ltd held by Chongqing changan industrial (group) co., ltd, and increased the shareholding ratio of Chongqing changan automobile international sales service co., ltd from 95 % to 100 %.

3. Stakes in joint ventures and associates

Company name	Main operating place	Registered place	Nature of business	Registered capital (0,000)	Total proportion of shareholders (%)		Accounting treatment
					direct	indirect	
I. Joint ventures							
Chongqing Changan Suzuki Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD19,000	50.00	-	Equity
Jiangling Holding Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	200,000	50.00	-	Equity
Changan Ford Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD24,100	50.00	-	Equity
Changan Mazda Automobile Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD11,097	50.00	-	Equity
Changan Ford Mazda Engine Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD20,996	50.00	-	Equity
Changan PSA Automobiles Co., Ltd.	Shenzhen	Shenzhen	Manufacture and sale of automobiles, and components	400,000	50.00	-	Equity
II. Associates							
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Chongqing	Chongqing	Develop, 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	For the car loan business	2,897.96	20.70	-	Equity
Chongqing Auto Finance 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

X、Risks associated with financial instruments

1. Classification of financial instruments

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

Financial assets

June 30,2017	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	27,882,391,375.71	-	27,882,391,375.71
Notes receivable	21,735,324,803.90	-	21,735,324,803.90
Accounts receivable	1,900,029,553.88	-	1,900,029,553.88
Other receivables	1,109,963,744.88	-	1,109,963,744.88
Available-for-sale financial assets	-	568,606,274.00	568,606,274.00
Interest receivable	66,274,965.27	-	66,274,965.27
Total	52,693,984,443.64	568,606,274.00	53,262,590,717.64

Financial liabilities

	June 30,2017	2016
Short-term loans	188,810,327.67	175,000,000.00
Notes payable	22,691,578,208.46	20,952,104,805.58
Accounts payable	17,078,288,462.79	19,880,580,102.39
Interest payable	-	73,458,000.00
Dividend payable	79,742.80	79,742.80
Other payables	1,719,084,934.81	1,449,028,595.97
Bonds payable	-	-
Non-current liabilities due within one year	6,461,808.00	1,992,341,127.81
Long-term loans	19,980,912.00	19,980,912.00
Total	41,704,284,396.53	44,542,573,286.55

Note: The changan 2012 debt was due on April 23, 2017.

2、Transfer of financial assets

The transferred financial assets that entirely derecognized but continuing involved

As of June 30 2017, the Group has endorsed bank acceptance bill with a carrying amount of RMB1,043,177,748.00 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 first half of 2017 , the Group didn't recognize profit or loss on the transferring date. No revenue or expense should be recognized in accordance with the continuing involvement in the current period. The indorsement occurred flatly in this period.

3、Risks of financial instruments

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

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

Credit risk

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

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets, other receivables, dividend receivables and certain derivatives financial instruments, the Group's exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, listed as book value of financial assets in consolidated financial statements. In 2014, there was no credit risk arising from financial guarantee.

No gage is required since the Group trades only with recognized, creditworthy third parties. Credit risks are managed by clients and industries collectively. As at 30 June 2017, among the Group's collections with specific credit risk, 36.39% of accounts receivables of the Group are due from top five clients respectively.

An analysis of financial assets of individual impairment:

June 30,2017

	Total	Book value	Impairment provision
Accounts receivable	1,900,029,553.88	1,929,702,560.08	29,673,006.20
Other receivables	1,109,963,744.88	1,114,277,775.12	4,314,030.24
Notes receivable	21,735,324,803.90	21,735,324,803.90	-
Available-for-sale	568,606,274.00	568,606,274.00	-

financial assets			
Interest receivable	66,274,965.27	66,274,965.27	-

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

Liquidity risk

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

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

Market risk

Interest rate risk

The Group's revenue and operating cash flows are seldomly influenced by the interest fluctuation. As at June 30, 2017, 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 2017, the Group has less transactional currency exposures of its total revenue that is valued in currencies other than the units' functional currency. Since most of the Group's businesses are operated in China mainland, the estimated influence of fluctuation of foreign currency is insignificant; therefore, the Group hasn't carried out large amount of hedging to reduce the risk.

Equity instruments investment price risk

The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale investments (Note VII 8) as at June 30, 2017. 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
June 30, 2017			
Shanghai- Available for sale	199,155,000.00	5%	9,957,750.00
Shanghai- Available for sale	199,155,000.00	-5%	(9,957,750.00)
2016			
Shanghai- Available for sale	253,115,000.00	5%	12,655,750.00
Shanghai- Available-for-sale	253,115,000.00	-5%	(12,655,750.00)

4、Capital management

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

The Group manages the capital structure and adjusts it with the change of economy trend and the risk feature of the assets. To maintain or adjust the capital structure, the Group can rectify dividend distribution, return capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements constraints. The goal, principle and procedure of capital management stay the same in First half of 2017.

On June 30, 2017 and December 31, 2016 ,The Group's leverage ratio on the balance sheet date is as follows:

	June 30, 2017	December 31, 2016
Leverage ratio	<u>58.12%</u>	<u>59.30%</u>

XI、Disclosure of fair value

1、Assets and liabilities measured at fair value

June 30, 2017

	Input measured at fair value			
	Quoted price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The second level)	Total
Available-for-sale financial assets- equity instruments	199,155,000.00	-	-	199,155,000.00

December 31, 2016

	Input measured at fair value			
	Quoted price in	Important and observable	Important but	Total

	active market (The first level)	input (The second level)	unobservable input (The second level)	
Available-for-sale financial assets- equity instruments	253,115,000.00	-	-	253,115,000.00

2、Assets and liabilities disclosed in fair value

For the In June 30, 2017, there is neither transference of financial assets and liabilities between first and second level, nor transference to or from third level.

Fair value of financial instruments

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

	Book value		Fair value	
	June 30, 2017	2016	June 30, 2017	2016
Finacial assets				
Financial assets available for sale- equity instruments	199,155,000	253,115,000	199,155,000	253,115,000
Finacial liabilities				
Bonds payable				
Non current liabilities due within one year				

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

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

Bonds payable are carried at amortized cost and those fair value are determined by the settlement price on 30 June 2017 and 31 December 2016, which are traded in open and active market.

XII、Related parties and related party transactions

1. Parent company of the Company

Parent company	Related parties' relationship	Company type	Place of registration	Legal representative	Nature of the business	Registered capital	Proportion of shares in the Company(%)	Proportion of voting rights in the company(%)	Final controlling party	Organization Code
China Changan Automobile Group Co.,Ltd.	controlling shareholder	Liability limited	Beijing	Xu Liuping	Manufacture and sale of automobiles, engine, and components	4,582,373,700.00	40.88%	40.88%	China South Industries Group corporation	911100 0-07109 3-39484

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

2. Subsidiaries

See subsidiaries in (9) Equity in other entities

3. Other related parties

Other Related parties	Relationship
Changan Ford Automobile Co.,Ltd.	joint venture
Changan Mazda Automobile Co.,Ltd.	joint venture
Changan Ford Mazda Engine Co., Ltd.	joint venture
Chongqing Changan Suzuki Automobile Co., Ltd.	joint venture
Jiangling Holding Co., Ltd.	joint venture
Jiangling Holding Landwind Plant	joint venture
Changan PSA Automobiles Co., Ltd.	joint venture
Chongqing Changan Kuayue Automobile Co., Ltd.	Associated enterprise
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Associated enterprise
Changan Industries Group Co. Ltd.	subordinate company of South Group
Chongqing Changan Real Estate Development Co., Ltd.	subordinate company of Changan Industries
Chongqing Changan Construction Engineering Co., Ltd.	subordinate company of Changan Industries
Sichuan Hongguang Machinery and Electrics Co., Ltd.	subordinate company of Changan Industries
Chongqing Changan Property Management Co., Ltd.	subordinate company of Changan Industries
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	subordinate company of Changan Industries
China Changan Automobile Co., Ltd.	Parent company
China Changan Automobile Co., Ltd. –Chongqing Qingshan Transmission Branch	Branch of China Changan
China Changan Automobile Co., Ltd. – Chengdu Jian'an Automobile Bridge Branch	subordinate company of China Changan
China Changan Automobile Co., Ltd. – Shichuan Jian'an Automobile Bridge	subordinate company of China Changan

Branch	
South Air International Co.,Ltd.	subordinate company of China Changan
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	subordinate company of China Changan
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.-Longchang Shock Absorber Branch	subordinate company of China Changan
Chengdu Huachuan Electric Equipment Co., Ltd.	subordinate company of China Changan
Chongqing Automobile Air-Conditioning Co., Ltd.	subordinate company of China Changan
Csgc Trw Chassis Systems Co.,Ltd.	subordinate company of China Changan
Chongqing Changan Min Sheng Logistics Co., Ltd.	subordinate company of China Changan
Chongqing Wanyou Auto Sales and Service Co., Ltd.	subordinate company of China Changan
Suining Wanyou Auto Sales and Service Co., Ltd.	subordinate company of China Changan
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	subordinate company of China Changan
Chongqing Wanyou Longxing Auto Sales and Service Co., Ltd.	subordinate company of China Changan
Guangxi Wanyou Auto Sales and Service Co., Ltd.	subordinate company of China Changan
Nanning Wanyou Auto Sales and Service Co., Ltd.	subordinate company of China Changan
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	subordinate company of China Changan
Chengdu Wanyou Trading Co., Ltd.	subordinate company of China Changan
Hafei Motor Co., Ltd.	subordinate company of China Changan
Chongqing Anfu Automobile Marketing Co., Ltd.	subordinate company of China Changan
China Changan Automobile Group Tianjin Sales Co., Ltd.	subordinate company of China Changan
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	subordinate company of China Changan
Harbin Dongan Auto Engine Co., Ltd.	subordinate company of China Changan
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	subordinate company of China Changan
United Prosperity Investment Co., Ltd	subordinate company of China Changan
United Prosperity Investment Co., Ltd (Shenzhen)	subordinate company of China Changan
Wanyou Automobile Investment Co., Ltd.	subordinate company of China Changan
China South Industries Group Corporation	The ultimate holding company
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	subordinate company of South Group
Chongqing Changrong Machinery Co., Ltd.	subordinate company of South Group
Chengdu Lingchuan Special Industry Co., Ltd.	subordinate company of South Group
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	subordinate company of South Group
Chongqing Changfeng Jiquan Machinery Co., Ltd.	subordinate company of South Group
Yunnan Xiyi Industries Co., Ltd.	subordinate company of South Group
Chongqing Shangfang Automobile Fittings Co., Ltd.	subordinate company of South Group
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	subordinate company of South Group
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	subordinate company of South Group
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	subordinate company of South Group
China South Industries Group Finance Co., Ltd.	subordinate company of South Group
Southwest Ordnance Industry Corporation	subordinate company of South Group
Chongqing Wanyou Economic Development Co., Ltd.	subordinate company of South Group
Chongqing Wanbing Supplies Ltd.	subordinate company of South Group
Chongqing Wanyou Construction Co., Ltd.	subordinate company of South Group
Chengdu Wanyou Economic Technological Development Co., Ltd.	subordinate company of South Group

Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	subordinate company of South Group
Chengdu Wanyou Filter Co., Ltd.	subordinate company of South Group
Yunnan Wanyou Auto Sales and Service Co., Ltd.	subordinate company of South Group
Guizhou Wanyou Auto Sales and Service Co., Ltd.	subordinate company of South Group
Chongqing Yihong Engineering Plastic Products Co., Ltd.	subordinate company of South Group
Chengdu Ningxing Automobile Spring Co., Ltd	subordinate company of South Group
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	subordinate company of South Group
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	subordinate company of South Group
Chongqing Qingshan Transmission Sales Co., Ltd.	subordinate company of South Group
Chongqing Dajiang Jiexing Forging Co., Ltd.	subordinate company of South Group
Chongqing Jialing Yimin Special Equipment Co., Ltd.	subordinate company of South Group
CDGM Tanaka Environmental Catalyst Co., Ltd	subordinate company of South Group
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	subordinate company of South Group
Chongqing Nexteer steering system co., ltd	subordinate company of South Group

4、Related-party transaction

(1) Goods purchased and services received

Unit: Yuan

Related parties	Nature of the transaction	Current amount		Prior-period amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
Changan Ford Automobile Co.,Ltd.	Purchase of spare parts	75,369,099.10	0.26%	117,323,942.40	0.40%
Chongqing Changan Suzuki Automobile Co., Ltd.	Purchase of spare parts	91,610,674.73	0.32%	68,168,188.41	0.23%
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Purchase of spare parts	147,693.40	0.00%	3,463,767.52	0.01%
Chongqing Changan Kuayue Automobile Co., Ltd.	Accept service	53,411,400.00	0.19%	-	-
Changan Industries Group Co. Ltd.	Purchase of spare parts and accept service	22,284,149.38	0.08%	28,470,053.55	0.10%
Chongqing Changan Minsheng Logistics Co., Ltd	Transportation fee	768,217,130.41	2.69%	690,620,217.73	2.34%
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Purchase of spare parts	3,742,906.54	0.01%	7,014,208.03	0.02%
Chongqing Changan Property Management Co., Ltd.	Accept service	3,119,331.42	0.01%	2,836,763.43	0.01%

Related parties	Nature of the transaction	Current amount		Prior-period amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Purchase of spare parts	-	-	1,107,469.69	0.00%
China Changan Automobile Co., Ltd.	Purchase of spare parts	310,385.23	0.00%	-	-
China Changan Automobile Co., Ltd. -Chongqing Qingshan Transmission Branch	Purchase of spare parts	947,612,141.41	3.32%	1,000,109,229.39	3.39%
China Changan Automobile Co., Ltd. -Shichuan Jian'an Automobile Bridge Branch	Purchase of spare parts	470,981,559.71	1.65%	454,703,484.10	1.54%
China Changan Automobile Co., Ltd. -Chengdu Jian'an Automobile Bridge Branch	Purchase of spare parts	-	-	391,277.26	0.00%
South Air International Co.,Ltd.	Purchase of spare parts	227,232,590.96	0.80%	178,467,057.87	0.61%
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Purchase of spare parts	105,119,671.81	0.37%	67,488,935.91	0.23%
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.-Longchang Shock Absorber Branch	Purchase of spare parts	55,686,449.39	0.20%	53,388,729.51	0.18%
Chengdu Huachuan Electric Equipment Co., Ltd.	Purchase of spare parts	172,671,760.20	0.61%	175,138,389.64	0.59%
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Purchase of spare parts	20,665,043.14	0.07%	17,627,655.88	0.06%
Csgc Trw Chassis Systems Co.,Ltd.	Purchase of spare parts	255,910,955.40	0.90%	397,967,255.99	1.35%
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Purchase of spare parts	23,211,614.17	0.08%	8,991,534.00	0.03%
Harbin Dongan Auto Engine Co., Ltd.	Purchase of spare parts	470,425,124.49	1.65%	566,765,028.47	1.92%
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Purchase of spare parts	885,672,904.03	3.10%	1,185,619,574.94	4.02%
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Purchase of spare parts	41,495,725.39	0.15%	57,763,751.03	0.20%

Related parties	Nature of the transaction	Current amount		Prior-period amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
Chongqing Changrong Machinery Co., Ltd.	Purchase of spare parts	11,785,659.17	0.04%	25,967,737.34	0.09%
Chengdu Lingchuan Special Industry Co., Ltd.	Purchase of spare parts	13,228,609.04	0.05%	31,560,358.37	0.11%
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Purchase of spare parts	23,549,781.40	0.08%	42,039,692.66	0.14%
Yunnan Xiyi Industries Co., Ltd.	Purchase of spare parts	44,919,506.45	0.16%	46,577,677.83	0.16%
Chongqing Shangfang Automobile Fittings Co., Ltd.	Purchase of spare parts	37,750,754.20	0.13%	48,351,625.04	0.16%
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Purchase of spare parts	13,876,784.01	0.05%	24,373,775.79	0.08%
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Purchase of spare parts	1,683,008.98	0.01%	24,410.50	0.00%
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Purchase of spare parts	95,402,778.55	0.33%	108,836,966.55	0.37%
Chengdu Wanyou Economic Technological Development Co., Ltd.	Purchase of spare parts	57,762,014.69	0.20%	38,692,349.00	0.13%
Chengdu Wanyou Filter Co., Ltd.	Purchase of spare parts	99,629,474.41	0.35%	85,015,635.06	0.29%
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Purchase of spare parts	20,476,902.56	0.07%	22,922,405.91	0.08%
Chengdu Ningxing Automobile Spring Co., Ltd	Purchase of spare parts	5,857,317.24	0.02%	4,419,997.62	0.02%
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Purchase of spare parts	5,426,840.77	0.02%	1,278,053.57	0.00%
Chongqing Qingshan Transmission Sales Co., Ltd.	Purchase of spare parts	2,765,777.75	0.01%	3,976,293.99	0.01%
Chongqing Dajiang Jiexing Forging Co., Ltd.	Purchase of spare parts	2,152,623.81	0.01%	1,379,980.98	0.00%
Beijing Beiji Mechanical&Electric Industry Co., Ltd	Purchase of spare parts	69,412.93	0.00%	44,779.84	0.00%
Chongqing Jialing Yimin Special	Purchase of spare	-	0.00%	36,951.21	0.00%

Related parties	Nature of the transaction	Current amount		Prior-period amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
Equipment Co., Ltd.	parts				
CDGM Tanaka Environmental Catalyst Co., Ltd	Purchase of spare parts	-	0.00%	1,098,669.67	0.00%
United Prosperity Investment Co., Ltd(Note 1)	Accept service	-	0.00%	158,960.85	0.00%
Chongqing Nexteer steering system co., ltd	Purchase of spare parts	51,877,949.09	0.18%	-	-
Total		5,183,113,505.36	18.17%	5,570,182,836.53	18.87%

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

Note1: During the reporting period, United Prosperity Investment Co., Ltd did not provide trade financing services to the company for the overseas procurement of machine equipments.

(2) Goods sold and services offered

Unit: Yuan

Related parties	Nature of the transaction	Current amount		Prior-period Amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
Changan Ford Automobile Co.,Ltd.	Sales of spare parts, personnel support	15,719,208.35	0.05%	13,330,752.68	0.04%
Chongqing Changan Suzuki Automobile Co., Ltd.	Sales of spare parts, personnel support	8,890,992.31	0.03%	13,048,310.61	0.04%
Jiangling holdings co., ltd	Sales of spare parts, personnel support	29,782,109.60	0.09%	-	-
Chongqing Changan Minsheng Logistics Co., Ltd	Sales of spare parts, service charges	-	-	2,721.09	0.00%
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Sales of raw material	1,074,846.49	0.00%	3,594,642.55	0.01%
China Changan Automobile Co., Ltd. -Chongqing Qingshan Transmission	Sales of raw material	52,935.85	0.00%	-	-

Branch					
Chengdu Huachuan Electric Equipment Co., Ltd.	Sales of spare parts	24,075.47	0.00%	-	-
Csgc Trw Chassis Systems Co.,Ltd.	Sales of spare parts	72,181.13	0.00%	-	-
Chongqing Anfu Automobile Co., Ltd.	Sales of vehicles, spare parts	22,148,398.28	0.07%	2,326,692.31	0.01%
China Changan Automobile Group Tianjin Sales Co., Ltd.	Sales of vehicles, spare parts	74,515,797.49	0.23%	77,802,315.38	0.22%
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Technical service	18,944,981.56	0.06%	4,134,642.56	0.01%
Harbin Dongan Auto Engine Co., Ltd.	Sales of spare parts	27,764,630.20	0.09%	31,418,692.31	0.09%
Wanyou Automobile Investment Co.,Ltd	Sales of vehicles, spare parts	437,016,833.02	1.34%	591,402,100.86	1.68%
Chengdu Lingchuan Special Industry Co., Ltd.	Sales of spare parts	4,082,092.31	0.01%	50,192,579.49	0.14%
Yunnan Xiyi Industries Co., Ltd.	Sales of spare parts	2,645,320.52	0.01%	889,815.43	0.00%
Chongqing Changan Kuayue Automobile Co., Ltd.	Sales of spare parts	632,918.59	0.00%	112,334.59	0.00%
South Air International Co.,Ltd.	Sales of spare parts	4,708.49	0.00%	7,804.72	0.00%
Chongqing Wanyou Economic Technological Development Co., Ltd.	Sales of vehicles, spare parts	731,784,709.20	2.24%	1,054,760,629.64	3.00%
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	154,535,311.08	0.47%	128,637,164.23	0.37%
Nanning Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	32,281,963.18	0.10%	61,201,545.30	0.17%
Sichuan Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	542,474,119.33	1.66%	535,545,824.64	1.52%
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	471,785,083.17	1.45%	768,919,170.42	2.19%
Chongqing Shangfang Automobile Fittings Co., Ltd.	Chongqing Shangfang Automobile Fittings Co., Ltd.	14,445.28	0.00%	-	-
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	50,513.21	0.00%	-	-

Yunan Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	401,384,549.34	1.23%	451,301,491.41	1.28%
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	539,172,575.27	1.65%	570,880,470.30	1.62%
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	38,598,636.78	0.12%	66,282,249.58	0.19%
Chengdu Wanyou Filter Co., Ltd.	Sales of vehicles, spare parts	48,120.75	0.00%	-	-
China South Industries Group Finance Co.,Ltd	Regulatory charges	53,011,538.65	0.16%	10,613,866.87	0.03%
Total		3,608,513,594.90	11.06%	4,436,405,816.97	12.61%

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

(3) Related-party leasing

Related-party leasing

Unit: Yuan

Lesser	Lessee	Type of leased assets	Starting date	Expiring date	Yearly recognized rental
Chongqing Changan Min Sheng Logistics Co., Ltd.	Chongqing Changan	building	2017.01.01	2017.12.31	1,181,760.00

Rent assets from related parties

Lesser	Type of leased assets	Starting date	Expiring date	Yearly recognized rental
Chongqing Changan Real Estate Development Co., Ltd.	Building/ Storage	2017.01.01	2017.12.31	1,344,908.58
Hafei Motor Co., Ltd.	Building	2017.01.01	2017.12.31	410,943.40

(4) Other related transactions

Integrated service charges

Related parties	Nature of the transaction	Report period		Same period of last year	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Industries Group Co. Ltd	Payment of land rental fees	122,460.45	0.25%	11,859,085.50	10.24%
	Payment of building rental fees	-	-	18,174,709.12	15.69%
	Payment of utilities	45,214,566.89	91.99%	77,576,267.28	66.97%
	Payment of fire fighting fees	685,000.00	1.40%	913,333.34	0.79%
	Others	3,127,196.57	6.36%	7,304,411.24	6.31%
Total		49,149,223.91	100.00%	115,827,806.48	100.00%

Purchase of project materials

Related parties	Report period		Same period of last year	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Construction Co., Ltd	101,429,877.83	7.90%	123,917,178.80	10.38%
Chongqing Changan Min Sheng Logistics Co., Ltd.	5,493,075.52	0.43%	7,952,839.02	0.66%
Changan Industries Group Co. Ltd	-	-	744,293.00	0.06%
Chongqing wanyou engineering installation co., ltd	20,944,360.81	1.63%	-	-
Total	127,867,314.16	9.96%	132,614,310.82	11.10%

Techonology development service charges

Related parties	Report period		Same period of last year	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Mazda Automobile Co.,Ltd.	5,132,075.47	32.29%	1,343,386.90	8.24%
Chongqing Changan Suzuki Automobile Co., Ltd.	-	-	255,142.00	1.57%
Jiangling Holdings co., ltd	-	-	1,365,998.46	8.38%
Hafei Group Automobile Co., Ltd.	-	-	15,435.11	0.09%
Changan Ford Automobile Co.,Ltd.	10,762,414.02	67.71%	13,322,672.52	81.72%
Total	15,894,489.49	100%	16,302,634.99	100%

Staff expenses for technical supporting

Related parties	Report period		Same period of last year	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan PSA Automobiles Co., Ltd.	-	-	618,000.00	100%
Total	-	-	618,000.00	100%

Collection of trademark use rights fees

Related parties	Report period		Same period of last year	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)

Chongqing Changan Kuayue Automobile Co., Ltd.	3,744,169.81	100.00%	5,957,433.96	100.00%
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Related party monetary funds

Related parties	Ending		期初数	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
China South Industries Group Finance Co., Ltd	4,460,458,611.77	16.35%	3,932,976,564.53	16.55%
Changan automobile finance co., ltd	1,500,000,000.00	5.50%	1,000,000,000.00	4.21%

In the first half of 2017, the annual rate of return of the company in the financial limited liability company of China South Industries Group Finance Co., Ltd and Changan automobile finance co., ltd is 1.94 % and 3.915 % respectively.

Borrowing

Short-term borrowing

Related parties	Ending		Beginning	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
China South Industries Group Finance Co., Ltd	155,000,000.00	82.09%	150,000,000.00	85.71%

Interest income of deferred payment

	Report period	Same period of last year
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Related parties	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Wanyou Economic Technological Development Co., Ltd.	131,052.14	0.04%	22,099.00	0.12%
Wanyou Automobile Investment Co., Ltd.	705,979.48	0.23%	535,742.13	3.01%
Guangxi Wanyou Auto Sales and Service Co., Ltd.	19,045.30	0.01%	16,621.24	0.09%
Guizhou Wanyou Auto Sales and Service Co., Ltd.	81,722.22	0.03%	240,097.00	1.35%
Yunan Xiangyu Auto Sales and Service Co., Ltd.	12,622.23	0.00%	109,010.00	0.61%
Sichuan Wanyou Auto Sales and Service Co., Ltd.Ltd.	816,674.36	0.27%	541,478.81	3.04%
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	520,312.83	0.17%	365,659.00	2.05%
Yunan Wanyou Auto Sales and Service Co., Ltd.	1,115,457.26	0.37%	873,810.00	4.91%
Total	3,402,865.82	1.12%	2,704,517.18	15.18%

5、Payment and receivables of related parties

Payment receivables of related listed companies

Items	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad-debts	Book balance	Provision for bad-debts
notes receivable	Tianjin Sales Co., Ltd.CCAG	38,869,135.00	-	58,420,503.00	-
notes receivable	Wanyou Automobile Investment Co., Ltd.	2,346,650,000.00	-	2,664,065,800.00	-
notes receivable	Chongqing Wanyou Automobile Sales and Service Co., Ltd	5,000,000.00	-	6,700,000.00	-
notes receivable	Sichuan Wanyou Automobile Sales and Service Co., Ltd	5,000,000.00	-	16,500,000.00	-
notes receivable	Yunnan Wanyou Automobile Sales and Service Co., Ltd	10,000,000.00	-	28,788,700.00	-
notes receivable	Guangxi Wanyou Automobile Sales and Service Co., Ltd	-	-	3,800,000.00	-
Sub-total		2,405,519,135.00	-	2,778,275,003.00	-
account receivable	Changan Ford Automobile Co.,Ltd.	19,775,292.36	-	30,561,372.95	-
account receivable	Chongqing Changan Suzuki Automobile Co., Ltd.	103,297,683.60	-	86,827,183.54	-
account receivable	Jiangling Holding Co., Ltd	38,355,697.98	-	5,463,207.59	-
account receivable	Changan PSA Automobile Co., Ltd.	22,758,165.00	-	22,758,165.00	-
account receivable	Chongqing Changan Kuayue Automobile Co., Ltd	81,126,789.26	-	9,008,385.36	-
account receivable	Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	1,325,600.89	-	-	-
account receivable	Chongqing Changan Min Sheng Logistics Co., Ltd.	190,460.00	-	-	-
account receivable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	31,291,434.40	-	11,254,461.05	-
account receivable	Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	53,544.00	-	-	-

account receivable	Sichuan Wanyou Automobile Sales and Service Co., Ltd	1,477,798.80	-	-	-
account receivable	Yunnan Wanyou Automobile Sales and Service Co., Ltd	8,479,536.08	-	-	-
account receivable	China South Industries Group Finance Co., Ltd.	-	-	2,852,480.00	-
account receivable	United Prosperity Investment (Hong Kong) Co., Ltd	-	-	1,224,544.70	-
account receivable	Chongqing Changan Industries Group Co. Ltd	-	-	1,372,559.29	-
Sub total		308,132,002.37	-	171,322,359.48	-
Other receivable	Chongqing Changan Suzuki Automobile Co., Ltd.	45,733,700.36	-	80,000,000.00	-
Other receivable	Chongqing Changan Kuayue Automobile Co., Ltd	70,874,735.54	-	-	-
Other receivable	Chongqing Changan Min Sheng Logistics Co., Ltd.	73,431.95	-	-	-
Other receivable	Harbin Dongan Auto Engine Co., Ltd.	484,040.00	-	-	-
Sub total		117,165,907.85	-	80,000,000.00	-
advanced payment	Chongqing Changan Suzuki Automobile Co., Ltd.	295,474.25	-	-	-
Sub total		295,474.25	-	-	-

Accounts payable to related parties of listed companies

Unit: Yuan

Items	Related parties	Ending balance	Beginning balance
notes payable	Changan Ford Automobile Co.,Ltd.	186,333,505.47	-
notes payable	Chongqing Changan Suzuki Automobile Co., Ltd.	178,039,272.66	17,251,738.34
notes payable	Chongqing Changan Kuayue Automobile Co., Ltd.	283,857,077.05	-
notes payable	Chongqing Xiyi Automobile Linkage Rod Co.	320,000.00	-
notes payable	Chongqing Changan Construction Engineering Co., Ltd.	96,461,750.00	11,110,829.00
notes payable	Sichuan Hongguang Machinery and Electrics Co., Ltd	460,000.00	410,000.00

notes payable	China Changan Automobile Co., Ltd. –Chongqing Qingshan Transmission Branch	174,870,000.00	900,000.00
notes payable	South Air International Co.,Ltd.	109,990,000.00	14,770,000.00
notes payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	19,180,000.00	2,550,000.00
notes payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd Longchang Shock Absorber Branch	12,670,000.00	3,760,000.00
notes payable	Chengdu Huachuan Electric Equipment Co., Ltd	2,280,000.00	2,030,000.00
notes payable	Csgc Trw Chassis Systems Co.,Ltd.	155,740,000.00	58,160,000.00
notes payable	Chongqing Changan Min Sheng Logistics Co., Ltd.	121,932,453.00	27,821,486.29
notes payable	Harbin Dongan Auto Engine Co., Ltd.	616,690,000.00	130,870,000.00
notes payable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	599,800,000.00	154,400,000.00
notes payable	Hubei Xiaogan Huazhong Automobile Light Co., Ltd	15,170,000.00	5,190,000.00
notes payable	Chengdu Lingchuan Special Industry Co., Ltd.	1,600,000.00	-
notes payable	Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	23,470,000.00	3,470,000.00
notes payable	Chongqing Changfeng Jiquan Machinery Co., Ltd.	4,250,000.00	-
notes payable	Yunnan Xiyi Industries Co., Ltd.	33,710,000.00	7,020,000.00
notes payable	Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	60,730,000.00	20,000,000.00
notes payable	Chongqing Wanyou Construction Co., Ltd.	20,603,708.00	1,502,000.00
notes payable	Chengdu Wanyou Filter Co., Ltd.	41,590,000.00	7,950,000.00
notes payable	Chongqing Yihong Engineering Plastic Products Co., Ltd.	4,570,000.00	-
notes payable	Chengdu Ningxing Automobile Spring Co., Ltd	2,580,000.00	640,000.00

notes payable	Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	4,880,000.00	-
notes payable	Chongqing Dajiang Jiexing Forging Co., Ltd.	2,640,000.00	-
notes payable	Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	-	4,990,000.00
Sub total		2,774,417,766.18	474,796,053.63
account payable	Changan Ford Automobile Co., Ltd.	47,927,135.49	23,094,942.04
account payable	Chongqing Changan Suzuki Automobile Co., Ltd.	100,090,153.07	69,340,827.79
account payable	Chongqing Changan Kuayue Automobile Co., Ltd.	1,382.56	1,382.56
account payable	Chongqing Xiyi Automobile Linkage Rod Co.	81,567.24	242,581.82
account payable	China South Industries Group Corporation	3,530,973.15	5,650,043.51
account payable	Chongqing Changan Construction Engineering Co., Ltd.	442,324.86	-
account payable	Sichuan Hongguang Machinery and Electrics Co., Ltd	1,074,482.95	1,509,301.52
account payable	Chongqing Changan Visteon Engine Control Systems Co., Ltd.	33,384.63	1,520,257.18
account payable	China Changan Automobile Co., Ltd. –Chongqing Qingshan Transmission Branch	109,436,515.97	191,692,518.64
account payable	China Changan Automobile Co., Ltd. – Shichuan Jian'an Automobile Bridge Branch	85,772,012.04	96,970,589.92
account payable	China Changan Automobile Co., Ltd. – Chengdu Jian'an Automobile Bridge Branch	20,257.22	481,469.18
account payable	South Air International Co.,Ltd.	72,557,794.85	63,400,974.03
account payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	23,212,700.30	38,206,940.97
account payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd.-Longchang Shock Absorber Branch	6,536,110.16	11,463,594.26
account payable	Chengdu Huachuan Electric Equipment Co., Ltd.	28,300,448.55	38,618,366.98
account	Chongqing Automobile Air-Conditioning Co.,	205,041.51	205,041.51

payable	Ltd.		
account payable	Csgc Trw Chassis Systems Co.,Ltd.	92,683,203.20	144,058,119.08
account payable	Chongqing Changan Min Sheng Logistics Co., Ltd.	30,537,646.65	10,510,851.25
account payable	Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	12,538,589.50	4,629,550.04
account payable	Harbin Dongan Auto Engine Co., Ltd.	345,640,382.97	517,691,578.38
account payable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	117,867,832.86	294,659,158.18
account payable	Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	13,471,867.49	26,272,596.31
account payable	Chongqing Changrong Machinery Co., Ltd.	2,996,591.13	6,235,727.14
account payable	Chengdu Lingchuan Special Industry Co., Ltd.	6,682,438.94	17,001,856.15
account payable	Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	7,923,223.33	10,990,942.77
account payable	Chongqing Changfeng Jiquan Machinery Co., Ltd.	8,385,880.60	8,287,391.09
account payable	Yunnan Xiyi Industries Co., Ltd.	14,481,728.93	13,966,398.87
account payable	Chongqing Shangfang Automobile Fittings Co., Ltd.	9,519,748.34	22,158,691.18
account payable	Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	10,191,553.24	8,424,098.39
account payable	Chongqing Dajiang Yuqiang Plastic Co., Ltd.	1,944,311.01	117,577.35
account payable	Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	32,533,312.26	42,369,615.35
account payable	Chongqing Wanyou Economic Development Co., Ltd.	32,444,117.18	31,337,655.72
account payable	Chengdu Wanyou Filter Co., Ltd.	36,866,813.14	47,580,080.10
account payable	Chongqing Yihong Engineering Plastic Products Co., Ltd.	3,846,703.99	3,446,594.13
account	Chengdu Ningxing Automobile Spring Co., Ltd	2,221,088.85	1,433,548.24

payable			
account payable	Beijing Beiji Mechanical and Electrical Industry Co., Ltd	81,213.13	158,672.09
account payable	Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	2,253,459.28	279,335.85
account payable	Chongqing Qingshan Transmission Sales Co., Ltd.	4,902,012.78	5,195,635.54
account payable	Chongqing Dajiang Jiexing Forging Co., Ltd.	533,137.74	413,151.57
account payable	Chongqing Nexteer steering system co., ltd	21,155,106.96	-
account payable	CDGM Tanaka Environmental Catalyst Co., Ltd	-	775,896.49
account payable	Chongqing Jialing Yimin Special Equipment Co., Ltd.	-	104,496.50
Sub total		1,290,924,248.05	1,760,498,049.67
advance receipts	Changan Mazda Automobile Co., Ltd	1,423,660.83	1,423,660.83
advance receipts	Changan Ford Mazda Engine Co., Ltd	3,256,185.92	3,256,185.92
advance receipts	Chongqing Changan Min Sheng Logistics Co., Ltd.	361,998.32	361,998.32
advance receipts	Guangxi Wanyou Auto Sales and Service Co., Ltd.	13,819,445.88	4,270,723.54
advance receipts	Nanning Wanyou Auto Sales and Service Co., Ltd.	6,013,160.87	1,230,682.87
advance receipts	Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	114,146,408.40	77,094,559.70
advance receipts	Chongqing Anfu Automobile Marketing Co., Ltd.	475,144.00	5,101,770.00
advance receipts	China Changan Automobile Group Tianjin Sales Co., Ltd.	7,366,927.00	573,003.00
advance receipts	Wanyou Automobile Investment Co., Ltd.	10,515,267.00	4,096,403.00
advance receipts	Chongqing Wanyou Auto Sales and Service Co., Ltd.	41,195,248.65	30,134,630.15
advance receipts	Chongqing Wanyou Economic Development Co., Ltd.-Jiangnan Branch	29,609,821.04	-

advance receipts	SichuanWanyou Auto Sales and Service Co., Ltd.	12,009,148.26	29,643,350.65
advance receipts	Yunnan Wanyou Auto Sales and Service Co., Ltd.	41,894,783.16	20,827,835.84
advance receipts	Guizhou Wanyou Auto Sales and Service Co., Ltd.	51,044,022.41	52,364,309.06
advance receipts	Yunnan Xiangyu Auto Sales and Service Co., Ltd.	4,603,046.12	903,151.00
advance receipts	Chongqing Wan Yu Long Rui auto sales Services Limited	-	659.60
advance receipts	Hafei Motor Co., Ltd.	-	670,500.00
Sub total		337,734,267.86	231,953,423.48
other payables	Changan Industries Group Co. Ltd.	889,253.09	4,332,918.10
other payables	Chongqing Changan Construction Co., Ltd	3,308,822.63	4,758,608.70
other payables	Chongqing Changan Property Management Co., Ltd.	4,059,227.48	1,769,936.92
other payables	China Changan Automobile Co., Ltd. – Shichuan Jian'an Automobile Bridge Branch	1,384,567.80	-
other payables	Chongqing Changan Min Sheng Logistics Co., Ltd.	209,260,149.48	449,568,366.16
other payables	Guangxi Wanyou Auto Sales and Service Co., Ltd.	50,000.00	171,475.10
other payables	Hafei Motor Co., Ltd.	839,226.36	4,278,783.60
other payables	Chongqing Anfu Automobile Marketing Co., Ltd.	100,000.00	-
other payables	Chongqing Wanyou Economic Development Co., Ltd	117,726.12	100,000.00
other payables	Chongqing Changan Construction Engineering Co., Ltd.	157,284.00	1,784,288.00
other payables	SichuanWanyou Auto Sales and Service Co., Ltd.	150,000.00	264,513.68
other payables	Yunnan Xiangyu Auto Sales and Service Co., Ltd.	104,000.00	549,012.40
other	Guizhou Wanyou Auto Sales and Service Co.,	154,000.00	249,898.80

payables	Ltd.		
other payables	United Prosperity (Hongkong) Investment Co., Ltd	-	332,188.10
other payables	Chongqing Fortune Supply Chain Management Co., Ltd.	-	315,740.00
other payables	Chengdu Wanyou Filter Co., Ltd.	-	120,000.00
other payables	Chongqing Changan Real Estate Development Co., Ltd.	-	81,192.78
other payables	Chengdu Wanyou Xiangyu Automobile Sales and Service Co., Ltd	-	399,981.12
Subtotal		220,574,256.96	469,076,903.46

XIII、Share-based payments

1. General information

	2017.6
The total amount of the employee services as a result of the share-based payments	139,527,600.00

The equity settled share based payments are as follows:

	2017.6
The accumulated amount of equity settled share-based payments included in capital reserve	38,908,400.00
The amount of equity settled share-based payments included in expense	25,192,500.00

2. Share-based payment scheme

On 23 September 2016, the share option was approved to be granted on 23 September 2016 by the 12th meeting of the seventh session of the Board of Directors and the 8th meeting of the seventh session of Board of Supervisors. According to the share option scheme, the Company granted 29,140,000 options to 202 employees, conferring rights to purchase 1 A share of Changan Automobile for each option before the expiration date. Share options are granted to directors, chief executive officers and key technical and management personnel.

The share option will expire in 5 years. After the vesting period of 24 month since the grant date, the option shall be exercised in three periods. In each exercise period, 1/3 of the total options could be exercised when the prescribed performance conditions are met. The exercise price is RMB14.12 per share. The options granted shall be exercised before the expiration date. The share should not be exercised unless the prescribed conditions are met. The exercisable shares not exercised in above periods will be written off by the Company. The company has disclosed in June 1, 2017 "The 2016 annual notice of the implementation of equity distribution".According to the company's stock option incentive plan (Revised Draft), the relevant provisions on the stock option price adjustment, if dividends and capital reserve capitalization, stock dividends, stock split delivery, allotment, issuance or reduced matters occur before the stock exercise,the stock option price should be adjusted. The exercise price of the adjusted stock option is 13.478 yuan.

The performance indicators of the share option includes:

- (1) Return on equity (ROE)
- (2) Net profit growth rate attributable to owners
- (3) Economic value added (EVA), and
- (4) The ratio of prime operating revenue to operating revenue

The above net profit and ROE are based on net profit and weighted average net assets attributable to owners deducting non-recurring gains and losses.

The exercise terms of share options:

Exercise Period	Exercise Ratio	Exercise Time	Exercise Terms
The 1 st exercise period	1/3	The 1st trading day since 24 month after the grant date to the last trading day since 36 month after the grant date	2017 net profit growth rate based on 2015 average growth rate $\geq 3.2\%$ (growth amount equivalent to RMB10,182,000,000); ROE $\geq 15\%$ The above indicators \geq benchmark average, and ≥ 75 quartile Δ EVA >0 ; The ratio of prime operating revenue to operating revenue $\geq 95\%$
The 2 nd exercise period	1/3	The 1st trading day since 36 month after the grant date to the last trading day since 48 month after the grant date	2018 net profit growth rate based on 2015 average growth rate $\geq 3.2\%$ (growth amount equivalent to RMB10,507,000,000); ROE $\geq 15\%$ The above indicators \geq benchmark average, and ≥ 75 quartile Δ EVA >0 ; The ratio of prime operating revenue to operating revenue $\geq 95\%$
The 3 rd exercise period	1/3	The 1st trading day since 48 month after the grant date to the last trading day since 60 month after the grant date	2019 net profit growth rate based on 2015 average growth rate $\geq 3.2\%$ (growth amount equivalent to RMB10,844,000,000); ROE $\geq 15\%$ The above indicators \geq benchmark average, and ≥ 75 quartile Δ EVA >0 ; The ratio of prime operating revenue to operating revenue $\geq 95\%$

The fair value of share options granted amounted to RMB139,527,600, in which the Company recognized a share option expense of RMB25,192,500.00 in June, 2017.

The fair value of the equity-settled share option is determined using Black-Scholes model based on the estimate in accordance with the terms and conditions of the share options. The input variables are as follows:

Valuation factors	2016
Dividend rate (%)	0%
Expected volatility (%)	29.78%
Historical volatility (%)	29.78%
Risk-free rate (%)	2.4987%
Expected duration (year)	4
Share price as at the grant date (yuan)	15.43

The expected duration of the option is based on the historical data of the past, which is not necessarily reflected in the exercise of the right in future. The expected volatility is based on the assumption that the historical volatility reflects the future trend, but not necessarily the actual results.

XIV、 Commitments and Contingencies

1、 Significant commitments

Investment commitment

By June 30th 2017, the group has no investment commitment that has been signed but not yet fully fulfilled.

2、 Contingencies

By June 30th 2017, the company has no significant contingencies that need to be published.

XV、 Events after the balance sheet date

1、 Significant non-adjusting events

Applicable not Applicable

2、 Distribution of profit

Applicable not Applicable

3、 Sales return

Applicable not Applicable

XVI、 Other important events

1、 Correction of accounting error of earlier stage

□Applicable √not Applicable

2、 Debt restructuring

□Applicable √not Applicable

3、 Asset replacement

□Applicable √not Applicable

4、 Annuity plan

□Applicable √not Applicable

5、 Discontinuing operation

□Applicable √not Applicable

6、 Information on business branch

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

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

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

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

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

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

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

XVII、 Notes to the main items of the parent company's financial statements**1、 Account Receivables****(1) Account Receivables**

Items	Ending				Beginning			
	book balance		provision for bad-debts		book balance		provision for bad-debts	
	amount	(%)	amount	(%)	amount	(%)	amount	(%)
Individually significant amount and account receivables of individually	89,613,600.77	1.69	-	-	-	-	-	-

provision for bad debts								
Account receivables of provision for bad-debts calculated and extracted by groups								
Group 1: account receivables of provision for bad-debts calculated and extracted by aging analysis	265,028,932.46	5.01	12,333,313.73	4.65	199,462,633.59	4.60	11,776,256.96	5.90
Group 2: Account receivables for related parties	4,939,711,119.62	93.30	-	-	4,141,200,393.15	95.40	-	-
Group subtotal	5,204,740,052.08	98.31	12,333,313.73	0.24	4,340,663,026.74	100.00	11,776,256.96	0.27
Not individually significant amount but other receivables of individually provision for bad debts	-	-	-	-	-	-	-	-
Total	5,294,353,652.85	100.00	12,333,313.73	0.23	4,340,663,026.74	100.00	11,776,256.96	0.27

Types of account receivables

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

√Applicable □not Applicable

account receivable age	ending			beginning		
	book balance		provision for bad-debts	book balance		provision for bad-debts
	account	(%)		account	(%)	
within 1 year						
Including	--	--	--	--	--	--
0- 6 months	241,674,968.33	91.19	-	187,249,804.89	93.88	-
6 to 12 months	11,141,135.43	4.20	557,056.77	-	-	-
Within 1 year subtotal	252,816,103.76	95.39	557,056.77	187,249,804.89	93.88	-
1 to 2 years	42,444.52	0.02	4,244.45	42,444.52	0.02	4,244.45
2 to 3 years	26,216.67	0.01	7,865.00	26,216.67	0.01	7,865.00
3 to 4 years	-	-	-	-	-	-
4 to 5 years	1,900,100.00	0.72	1,520,080.00	1,900,100.00	0.95	1,520,080.00
Over 5 years	10,244,067.51	3.87	10,244,067.51	10,244,067.51	5.14	10,244,067.51

Total	265,028,932.46	100.00	12,333,313.73	199,462,633.59	100.00	11,776,256.96
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Within groups, account receivables of provision for bad-debts are calculated and extracted by balance percentage

Applicable Not applicable

(2) Top 5 amount in account receivables

Unit: Yuan

Companies	relationship with Changan Automobile	amount	years	proportion of total account receivables (%)
First	subsidiary	2,300,765,929.53	Within 1 year	43.46
Second	subsidiary	920,430,583.46	Within 1 year	17.39
Third	subsidiary	663,271,996.00	Within 1 year	12.53
Fourth	subsidiary	378,913,752.15	Within 1 year	7.16
Fifth	subsidiary	158,668,159.42	Within 1 year	3.00
Total	--	4,422,050,420.56	--	83.52

(3) Account receivables of related parties

Unit: Yuan

Companies	Relationship with the Company	Amount	Proportion of total account receivables (%)
Baoding Changan Bus Manufacturing Co., Ltd.	subsidiary	158,668,159.42	3.00
Hebei Changan Automobile Co., Ltd.	subsidiary	76,592,250.49	1.45
Nanjing Changan Automobile Co., Ltd.	subsidiary	2,300,765,929.53	43.46
Hefei Changan Automobile Co., Ltd.	subsidiary	378,913,752.15	7.16
Chongqing Changan Vehicle Networking Technology Co., Ltd.	subsidiary	663,271,996.00	12.53
Chongqing Changan International Automobile Sales and Service Co., Ltd.	subsidiary	920,430,583.46	17.39
Chongqing Changan Automobile Customer Service Co., Ltd.	subsidiary	70,947,372.12	1.34
Chongqing Changan Special Automobile sales Co., Ltd.	subsidiary	16,616,199.77	0.31

Heilongjiang Changan Automobile Sales Co., Ltd.	subsidiary	55,574,213.19	1.05
Changan PSA Automobile Co., Ltd	joint venture	22,758,165.00	0.43
Changan Ford Automobile Co., Ltd	joint venture	19,775,292.36	0.37
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	controlled by the same parent company	31,291,434.40	0.59
Jiangling Holding Co., Ltd	joint venture	38,355,697.98	0.72
Chongqing Changan Industries Group Co. Ltd	controlled by the same ultimate holding company	1,325,600.89	0.03
Chongqing Changan Kuayue Automobile Co., Ltd	Associated Enterprise	81,126,789.26	1.53
Chongqing Changan Suzuki Automobile Co., Ltd	joint venture	103,297,683.60	1.95
Total	--	4,939,711,119.62	93.30

2、Other receivables

(1) Other receivables

Items	ending				beginning			
	book balance		provision for bad-debts		book balance		provision for bad-debts	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Individually significant amount and account receivables of individually provision for bad debts	341,231,000.00	31.60	-	-	573,938,000.00	39.39	-	-
Account receivables of provision for bad-debts calculated and extracted by groups								
Group 1: account receivables of provision for bad-debts calculated and extracted by aging analysis	362,010,754.10	33.52	1,066,022.99	0.29	105,367,648.00	7.23	995,559.54	0.94
Group 2: Account receivables of provision for bad-debts calculated and extracted by related parties	376,536,954.87	34.87	-	-	777,706,896.45	53.38	-	-
Group subtotal	738,547,708.97	68.39	1,066,022.99	0.14	883,074,544.45	60.61	995,559.54	0.11
no Individually significant amount but other receivables of individually provision for bad debts	99,781.94	0.01	99,781.94	100	-	-	-	-

Total	1,079,878,490.91	100.00	1,165,804.93	0.11	1,457,012,544.45	100.00	995,559.54	0.07
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Types of the account receivables

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

√Applicable □ not Applicable

account receivable Age	ending			beginning		
	book balance		provision for bad-debts	book balance		provision for bad-debts
	amount	(%)		amount	(%)	
Within 1 year						
Among:	--	--	--	--	--	--
0-6 months	356,389,690.03	98.45	-	102,631,260.66	97.40	-
6 to 12 months	4,030,619.61	1.11	201,530.98	908,083.19	0.86	45,404.16
Within 1 year subtotal	360,420,309.64	99.56	201,530.98	103,539,343.85	98.26	45,404.16
1 to 2 years	690,593.68	0.19	69,059.37	798,497.37	0.76	79,849.74
2 to 3 years	149,168.77	0.04	44,750.63	227,858.77	0.22	68,357.63
3 to 4 years	-	-	-	-	-	-
4 to 5 years	-	-	-	-	-	-
Over 5 years	750,682.01	0.21	750,682.01	801,948.01	0.76	801,948.01
Total	362,010,754.10	100.00	1,066,022.99	105,367,648.00	100.00	995,559.54

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

□Applicable √not Applicable

(2) Other account receivables of related parties

Unit: Yuan

Companies	relationship with Changan Automobile	amount	Proportion of total account receivables (%)
Changan Automobile Russia Co., Ltd.	subsidiary	24,782,800.00	2.29
Nanjing Changan Automobile Co., Ltd.	subsidiary	25,409,297.57	2.35
Chongqing Changan Suzuki Automobile Co., Ltd.	joint venture	40,784,896.53	3.78
Baoding Changan Bus Manufacturing Co., Ltd.	subsidiary	100,000,000.00	9.26
Hefei Changan Automobile Co., Ltd.	subsidiary	99,185,225.23	9.18
Shanghai Changan Automotive Engineering and Technology Co., Ltd.	subsidiary	15,500,000.00	1.44

Chongqing Changan Kuayue Automobile Co., Ltd	Associated Enterprise	70,874,735.54	6.56
Total	--	376,536,954.87	34.87

3、Long-term equity investment

Unit: Yuan

Invested in	Accounting method	capitalized cost	beginning amount	increase/decrease	ending amount	Share proportion in the company invested (%)	Voting proportion in the company invested (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	impairment provision in current period	cash bonus in current period
1、 Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	237,719,933.33	1,230,836,876.85	-19,611,249.14	1,211,225,627.71	50	50	None	-	-	
Jiangling Holding Co., Ltd	Equity	1,008,511,522.00	2,991,207,303.06	96,573,362.50	3,087,780,665.56	50	50	None	-	-	
Changan Ford Automobile Co., Ltd	Equity	975,232,926.29	5,663,808,819.68	-1,363,174,006.73	4,300,634,812.95	50	50	None	-	-	4,458,000,000.00
Changan Mazda Automobile Co., Ltd	Equity	1,097,839,635.00	2,146,340,500.42	600,278,338.63	2,746,618,839.05	50	50	None	-	-	
Changan Ford Mazda Engine Co., Ltd	Equity	786,734,634.10	908,715,700.67	55,447,236.74	964,162,937.41	50	50	None	-	-	
Changan PSA Automobile Co., Ltd	Equity	2,007,841,700.00	647,839,655.26	-45,643,059.35	602,196,595.91	50	50	None	-	-	
2、 Associated Enterprises											
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	7,600,027.62	7,556,448.42	127,449.67	7,683,898.09	40	40	None	-	-	
Chongqing Changan Kuayue	Equity	61,800,885.00	83,406,464.16	6,419,549.33	89,826,013.49	34.3	34.3	None	-	-	

Automobile Co., Ltd												
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	-	-	-	34.3	34.3	None	-	-		
Beijing Fang'an taxi Co., Ltd	Equity	6,000,000.00	-	-	-	20.7	20.7	None	-	-		
Chongqing Auto Finance Co., Ltd.	Equity	1,155,000,000.00	1,063,655,241.51	43,201,357.02	1,106,856,598.53	35	35	None	-	-		
3、Subsidiaries												
Nanjing Changan Automobile Co., Ltd	Cost	422,183,259.00	422,533,259.00	-	422,533,259.00	84.73	91.53	minority shareholders authorize the company to exercise voting right	-	-		
Hebei Changan Automobile Co., Ltd	Cost	438,573,236.00	438,223,236.00	-	438,223,236.00	94.22	95.62	minority shareholders authorize the company to exercise voting right	-	-		
Chongqing Changan International Automobile Sales and Service Co., Ltd	Cost	13,068,581.00	13,068,580.00	1.00	13,068,581.00	100	100	None	-	-		
Chongqing Changan Automobile Customer Service Co., Ltd.	Cost	29,700,000.00	29,700,000.00	-	29,700,000.00	99	99	None	-	-		
Chongqing Changan Vehicle Networking Technology Co., Ltd.	Cost	88,500,000.00	88,500,000.00	-	88,500,000.00	100	100	None	-	-		
Chongqing Changan Automobile Sales Co., Ltd	Cost	3,600,000.00	5,600,000.00	-2,000,000.00	3,600,000.00	90-100.00	90-100.00	None	-	-		
Chongqing Changan Special	Cost	2,500,000.00	2,500,000.00	-	2,500,000.00	50	50	None	-	-		

Automobile Sales Co., Ltd												
Chongqing Changan Europe Design Center Co., Ltd	Cost	155,872,524.00	155,872,524.00	-	155,872,524.00	100	100	None	-	-		
Chongqing Changan new Engergy Automobile Co. Ltd	Cost	18,850,000.00	18,850,000.00	-	18,850,000.00	65	65	None	-	-		
Changan United Kingdom R&D Center Co., Ltd.	Cost	236,387,395.40	236,387,395.40	-	236,387,395.40	100	100	None	-	-		
Beijing Changan Automotive engineering and Technology Reseach Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100	100	None	-	-		
Harbin Changan Automotive Technology Reseach Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100	100	None	-	-		
Shanghai Changan Automotive Engineering and Technology Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100	100	None	-	-		
Changan Japan Design Center Co., Ltd.	Cost	1,396,370.15	1,396,370.15	-	1,396,370.15	100	100	None	-	-		
Changan United States R&D Center Co., Ltd.	Cost	10,243,460.00	1,317,720.00	8,925,740.00	10,243,460.00	100	100	None	-	-		
Baoding Changan Bus Manufacturing Co., Ltd.	Cost	176,002,613.18	176,002,613.18	-	176,002,613.18	100	100	None	-	-		
Hefei Changan Automobile Co., Ltd	Cost	35,367,765.23	35,367,765.23	-	35,367,765.23	100	100	None	-	-		
Changan Automobile Russia Co., Ltd.	Cost	1,242,589.15	1,242,589.15	-	1,242,589.15	100	100	None	-	-		

Changan Brazil Holding Co., Ltd	Cost	2,584,556.97	2,584,556.97		2,584,556.97	100	100	None	-	-	
Shenzhen Changan New Energy Automobile Service Co. Ltd	Cost	50,000,000.00	50,000,000.00	-	50,000,000.00	100	100	None	-	-	
Total	--	9,033,353,614.42	16,425,513,619.11	-619,455,280.33	15,806,058,338.78				-	-	4,458,000,000.00

4、Operating revenue and cost

(1) Operating revenue

Items	current amount	prior-period amount
main business income	31,674,932,332.88	34,406,157,940.41
other business income	1,164,589,896.82	887,006,007.46
Total	32,839,522,229.70	35,293,163,947.87
operating cost	28,904,081,124.37	30,058,276,365.82

(2) Main business (classified by industries)

Industries	current amount		prior-period amount	
	revenue	cost	revenue	cost
Automobile manufacturing industry	31,674,932,332.88	28,528,331,081.30	34,406,157,940.41	29,588,612,268.30
Total	31,674,932,332.88	28,528,331,081.30	34,406,157,940.41	29,588,612,268.30

(3) Main business (classified by products)

Products	current amount		prior-period amount	
	revenue	cost	revenue	cost
Sales of goods	31,601,267,068.68	28,416,569,899.88	34,325,368,530.76	29,502,999,466.12
Outsourcing processing	73,665,264.20	111,761,181.42	80,789,409.65	85,612,802.18
Total	31,674,932,332.88	28,528,331,081.30	34,406,157,940.41	29,588,612,268.30

(4) Revenue from top 5 customers

Unit: Yuan

customers	total revenue	proportion of total revenue (%)
First	845,261,790.62	2.57
Second	656,514,356.01	2.00
Third	554,273,011.32	1.69
Fourth	511,377,296.16	1.56
Fifth	480,050,338.68	1.46
Total	3,047,476,792.79	9.28

5、Investment income

(1) Details of investment income

Items	current amount	prior-period amount
Long-term equity investment income measured by cost method	-	-

Long-term equity investment income measured by equity method	3,831,618,978.64	5,204,376,269.98
investment income from long -term equity investment disposition	-2,000,000.00	-
investment income from financial assets available for sale	-	4,615,000.00
others	1,028,907.27	3,581,686.96
Total	3,830,647,885.91	5,212,572,956.94

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

None

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

invested in	current amount	prior-period amount
Changan Ford Automobile Co., Ltd.	3,094,825,993.27	4,565,590,447.59
Changan Mazda Automobile Co., Ltd.	600,278,338.63	475,489,615.75
Changan Suzuki Automobile Co., Ltd.	-19,611,249.15	8,572,426.12
Changan Ford Mazda Engine Co., Ltd.	55,447,236.74	83,930,973.87
Jiangling Holding Co., Ltd	96,573,362.50	150,430,712.08
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	127,449.67	-9,644.73
Changan PSA Automobile Co., Ltd.	-45,643,059.35	-39,866,555.46
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	6,419,549.31	2,861,788.93
Chongqing Auto Finance Co., Ltd.	43,201,357.02	-42,623,494.17
Total	3,831,618,978.64	5,204,376,269.98

6、Supplementary information of cash flow statement

Supplementary information	Current amount	Prior-period amount
1. Cash flow relating to operating activities calculated by adjusting the net profit	--	--
net profit	3,831,471,921.43	5,442,678,253.60
add: provision for assets impairment	133,639,836.86	134,683,832.36
Depreciation of fixed assets, oil and gas assets, productive biological assets	638,817,928.22	1,001,364,922.13
amortization of intangible assets	267,263,626.81	220,418,638.59
amortization of long-term deferred expense	-	90,040.00
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets(with "-" for gains)	684,027.55	-2,131,570.26
Loss on discarding of fixed assets(with "-" for gains)	-	-
Loss from fair value changes (with "-" for gains)	-	-
Financial expense(with "-" for gains)	-256,888,513.32	-98,286,753.07
Investment loss(with "-" for gains)	-3,830,647,885.91	-5,212,572,956.94
Decrease in deferred tax assets(with "-" for gains)	-113,878,150.78	32,558,271.51
increase in deferred income tax assets (with "-" for decrease)	-	-
Decrease in inventory(with "-" for gains)	-3,660,997,018.33	-2,025,268,737.26
decrease of operational receivables (with "-" for increase)	5,693,325,815.98	896,355,780.90

increase of operational payables (with "-" for decrease)	1,346,003,463.96	3,523,493,754.58
others	-	-
net cash flow from operating activities	4,048,795,052.47	3,913,383,476.14
2. major investment and financing activities involving no cash incomings / outgoings	--	--
3. net change in cash and cash equivalent	--	--
ending balance of cash	25,409,019,964.44	20,438,337,541.18
Less: beginning balance of cash	22,326,566,084.67	17,223,403,333.90
Net increase in cash and cash equivalents	3,082,453,879.77	3,214,934,207.28

XVIII、Additional information

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

Items	amount	explanation
profit and loss of non-current assets disposition	8,914,486.07	
government subsidies counted in current profit and loss (except the government subsidies which are closely related with business events, and given certain amount according to national standards)	1,153,834,905.86	
net profit and loss of the subsidiary company merged by the same controlling company from the beginning of report period to date of merging.	-	
investment income from disposition of financial assets available for sale	-	
other non-business incomings and outgoings except above-mentioned items	30,630,628.07	
Interest on deferred payment of funds received from non - financial enterprises	16,835,480.06	
Less: amount influenced by income tax	66,312,801.29	
amount influenced by minority shareholders' interest (after tax)	80,118,406.33	
Total	1,063,784,292.44	--

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

applicable not applicable

2、Return on equity and earnings per share

Profit in report period	Weighted average return on equity	Earnings per share	
		Basic EPS	Diluted EPS
Net profit belonging to the Company's common stockholders	10.42%	0.96	0.96
Net profit belonging to the Company's common stockholders after deducting non-recurring profit and loss	8.02%	0.74	0.74

3、Accounting data difference by domestic and foreign accounting standards

(1) Net profit and net asset differences from financial statements by global GAAC and prc GAAC

applicable not applicable

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

applicable not applicable

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

None

4、Others

applicable not applicable

Chapter 10 Documents for Future Reference

Catalogue of Reference Files

- 1、 semi-annual report with signature of legal representative;
- 2、 financial statements, with the signatures and seals of legal representative, person in charge of accounting, and person in accounting agency;
- 3、 BOD resolutions and written confirmation documents signed by board members and senior executives;
- 4、 written auditing opinions in form of resolution by the Board of Supervisors;
- 5、 All original copies of company documents and announcements disclosed in China Securities Journal, Securities Time, and Hong Kong Commercial Daily in reporting period.

The company will provide the the abovementioned reference files timely when required by China Securities Regulatory Commission and Shenzhen Stock Exchange, and required by shareholders according to law and corporate regulations.

Chairman: Xu Liuping

Submit Date Approved by BOD: August 31, 2017