

## 2007 First Quarter Report of

### Chongqing Changan Automobile Company Limited

#### §1 Important Notes

1.1 The Board of Directors, the Supervisory Committee and directors, supervisors and senior management of Chongqing Changan Automobile Company Limited (hereinafter referred to as “the Company”) warrant that this report does not contain any false or misleading statements or omit any material facts and all information set forth herein are true, accurate and complete.

1.2 None of the directors, supervisors, senior management demonstrated uncertainty or disagreement about the truthfulness, accuracy, and completeness of this quarterly report.

1.3 All directors attended the Board meeting.

1.4 The financial statements of this quarter have not been audited.

1.5 Chairman Mr. Yin Jiayu, General Manager Mr. Zhang Baolin, and Chief Accountant Mr. Cui Yunjiang guarantee the truthfulness and completeness of the financial statements of the quarter report.

1.6 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.

#### § 2 Company Profile

##### 2.1 Main accounting data and financial indicators

Unit: RMB thousand

	At the end of the report period	At the end of the previous year	Increase/decrease at the end of the report period compared with that at the end of the last year (%)
Total assets	22,075,331	21,378,452	3.26%
Owner's equity (or shareholders' equity)	6,940,032	6,778,836	2.38%
Net assets per share	4.28	4.18	2.39%
	From the beginning of the year to the end of the report period		Increase/decrease during the report period compared with that of the last year (%)
Net cash flow arising from operating activities	-297,292		14.67%
Net cash flow per share arising from operating activities	-0.18		-12.50%
	The report period	From the beginning of the year to the end of the report period	Increase/decrease during the report period compared with that of the last year (%)
Net profit	161,195	161,195	-13.54%
Earnings per share	0.10	0.10	-16.67%
Return on equity	2.32%	2.32%	-0.49%

##### 2.2 Total number of shareholders at the end of the report period and statement on shares held by the top ten tradable shareholders

Unit: share

Total shareholders number	97,218
Top ten shareholders of stock without limited sale	

Name of shareholders	Total number of shares without condition of limited sale	Share type
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	45,452,801	Foreign capital stock listed within China
NATIONAL SOCIAL INSURANCE FUND PORTFOLIO 108	30,750,000	Renminbi ordinary share
CHINA CONSTRUCTION BANK - BOSHI VALUE ADDED TWO SECURITIES INVESTMENT FUND	22,500,000	Renminbi ordinary share
CHINA AGRICULTURAL BANKF - DA CHENG ACTIVE GROW UP SECURITIES INVESTMENT FUND	19,732,468	Renminbi ordinary share
CHINA CONSTRUCTION BANK - HAIFUTONG STYLE SUPERIORITY SECURITIES INVESTMENT FUND	14,000,000	Renminbi ordinary share
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	13,864,500	Foreign capital stock listed within China
CHINA AGRICULTURAL BANKF - BAOYING STRATEGY INCREASE SECURITIES INVESTMENT FUND	13,589,987	Renminbi ordinary share
CHINA INDUSTRIAL AND COMMERCIAL BANK - BOSHI NICETY SELECTION SECURITIES INVESTMENT FUND	12,399,717	Renminbi ordinary share
DRAGON BILLION GREATER CHINA MASTER FUND	11,006,185	Foreign capital stock listed within China
GAO-LING FUND,L.P.	9,782,171	Foreign capital stock listed within China

### § 3 Important Matters

3.1 Particular about large-margin change of main accounting statement item and financial index and its reason  
Applicable Not Applicable

3.2 The progress and influence of significant events and the analysis and explanation on resolving proposal  
Applicable Not Applicable

3.3 The fulfillment of the commitment made by the Company, shareholders and the actual controller  
Applicable Not Applicable

#### Commitment of the controlling shareholder in the non-tradable shares reform :

1. Relevant laws, regulations and rules shall be followed, legal consent shall be implemented. . Relevant laws, regulations and rules shall be followed, legal consent shall be implemented.
- 2 The un-circulating stock should not be listed or transferred within at least 24 months from the date of having the right of listing; after the above mentioned 24 months, the shareholders can sell the share through listing in Stock exchange. The number of share for sale should not more than 5% of the total within 12 months and not more than 10% of the total within 24 months.
- 3.After reforming being completed, plan of encouragement on holding shares will be implemented according to state related management rules and measures.

3.4 Warnings of possible loss or large-margin change of the accumulated net profit made during the period from the beginning of the year to the end of the next report period compared with the same period of the last year according to prediction, as well as explanations on the reasons  
Applicable Not Applicable

3.5 The explanation on the discrepancy between the shareholders' equity at the year-beginning of 2007 in this quarter report's balance statement and the shareholders' equity at the year-beginning of 2007 in the reconciliation statement of shareholder's equity of old and new accounting standard

Applicable Not Applicable

3.6 The explanation to the changes of the consolidation scope of this reporting period

Applicable Not Applicable

The consolidation scope of this reporting period was changed, the consolidation scope of Chongqing Changan Suzuki Automobile CO., LTD was from full consolidation turn into rate consolidation.

**§4. Attachment**

4.1 CHONGQING CHANGAN AUTOMOBILE CO., LTD.

CONSOLIDATED BALANCE SHEET

AS AT 31 March 2007

(all amounts in RMB thousands)	31-Mar-07	31-Dec-06
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	8,126,243	7,936,437
Lease prepayments	462,107	501,284
Intangible assets	110,194	110,844
Investments in associates	1,484,746	1,427,415
Available-for-sale financial assets	114,989	114,989
Other non-current assets	3,614	3,614
Deferred income tax assets	218,137	220,121
	10,520,030	10,314,704
Current assets		
Inventories	3,815,634	3,457,256
Trade and other receivables	4,218,282	3,496,188
Restricted cash	203,545	203,545
Cash and cash equivalents	3,317,840	3,906,759
	11,555,301	11,063,748
<b>Total assets</b>	<b>22,075,331</b>	<b>21,378,452</b>

CHONGQING CHANGAN AUTOMOBILE CO., LTD.

CONSOLIDATED BALANCE SHEET

AS AT 31 March 2007 (CONTINUED)

(all amounts in RMB thousands)	31-Mar-07	31-Dec-06
<b>EQUITY</b>		
Capital and reserves attributable to equity holders of the Company		
Ordinary shares	1,620,849	1,620,849
Share premium	1,743,168	1,743,168
Other reserves	1,731,460	1,731,460

Retained earnings	1,844,555	1,683,359
	6,940,032	6,778,836
Minority interests	619,296	612,571
Total equity	7,559,328	7,391,407
<b>LIABILITIES</b>		
Non-current liabilities		
Borrowings	1,760,683	1,474,655
Deferred income tax liabilities	82,820	82,820
Retirement benefit obligations	27,501	29,891
Deferred income	353,994	356,342
Other non-current liabilities	2,422	2,422
	2,227,420	1,946,130
Current liabilities		
Trade and other payables	10,115,358	9,583,897
Current income tax liabilities	165,844	102,714
Borrowings	1,516,740	1,895,495
Derivative financial instruments	16,874	16,874
Provisions for other liabilities and charges	473,767	441,935
	12,288,583	12,040,915
Total liabilities	14,516,003	13,987,045
Total equity and liabilities	22,075,331	21,378,452

#### 4.2 Chongqing Changan Automobile Co., Ltd.

##### Consolidated income statement

(all amounts in RMB thousands)	Jan~Mar 2007	Jan~Mar 2006
Sales	6,638,534	5,895,442
Sales tax and surcharge	(262,084)	(225,086)
Net sales	6,376,450	5,670,356
Cost of goods sold	(5,608,435)	(4,910,719)
Gross profit	768,015	759,637
Selling and marketing costs	(474,035)	(448,672)
Administrative expenses	(379,058)	(293,799)
Other income	240,240	198,575
Operating profit	155,162	215,741
Finance cost	(17,895)	(27,044)
Share of profit of associates	57,966	69,389
Profit before income tax	195,233	258,086
Income tax expense	(27,313)	(34,204)
Profit for the year	167,920	223,882

Attributable to:		
Equity holders of the Company	161,195	186,443
Minority interests	6,725	37,439
	167,920	223,882
Earnings per share for profit attributable to the equity holders of the Company during the year (RMB per share)		
- Basic and diluted	0.10	0.12

4.3 CHONGQING CHANGAN AUTOMOBILE CO., LTD.  
CONSOLIDATED CASH FLOW STATEMENT

(all amounts in RMB thousands)	Period ended 31 March	
	2007	2006
Cashflow from Operating Activities		
Cash generated from sales of goods and service supply	6,098,948	4,777,596
Tax Received	8,989	5,685
Cash generated from other operating activities	133,138	64,936
Subtotal of cash inflow	6,241,075	4,848,217
Cash paid relating to purchase of goods and services	4,787,989	3,620,485
Cash paid relating to the employees	263,460	238,675
Tax paid	584,915	612,206
Cash paid relating to other operating activities	902,003	636,114
Subtotal of cash outflow	6,538,367	5,107,480
Net cash generated from operating activities	(297,292)	(259,263)
Cashflow from Investing Activities		
Cash generated from other investing activities	635	12,625
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	2,645	1,022
Proceeds from disposal of holded company and other company	800	
Cash generated from other operating activities	91	189
Subtotal of cash inflow	4,171	13,836
Purchase of fixed assets, intangible assets and other long-term assets	674,212	475,107
Cash paid for holded company and other company	3,376	3,761
Cash paid relating to other investing activities		30,663
Subtotal of cash outflow	677,588	509,531
Net cash generated from investing activities	(673,417)	(495,695)
Cashflow from Financing Activities		
Cash generated from investment		1,500
Proceeds from borrowings	687,518	407,317

Proceeds from debenture	500,000	500,000
Cash generated from other financing activities	154	
Subtotal of cash inflow	1,187,672	908,817
Repayment of borrowings	797,841	291,166
Cash for dividends assignment, profit or interest liquidation	60,960	30,233
Cash paid relating to other financing activities	914	1,153
Subtotal of cash outflow	859,715	322,552
Net cash generated from financing activities	327,957	586,265
Fluctuation of exchange rate impacted on the cash and cash equivalent	(641)	(450)
Net Increase in cash and cash equivalents	(643,393)	(169,143)
Cash and cash equivalents at beginning of year	4,110,305	3,475,841
Cash and cash equivalents at end of year	3,466,912	3,306,698

#### 4.4 Auditors' Report Auditing Opinion: Unaudited