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Chongqing Changan Automobile Company Limited
2016 Semi-annual Report

August 2016

I.Important directory and interpretation

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

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

For the first half of the year, 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. Hua Zhanbiao hereby declare that the financial statements enclosed in this semi-annual report are true, accurate and complete.

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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Definition

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

II. General Introduction to the Company

I. Company information

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

II. Contacts

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

III. Others

1. Way of contact

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

Applicable Not applicable

Registrations address, offices address and codes as well as website and email of the Company have no change in the reporting period. See more details in Annual Report 2015.

2. Information disclosure and preparation place

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

Applicable Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in the reporting period. See more details in Annual Report 2015.

3. Registration changes of the Company

Whether registration has changed in the reporting period or not

Applicable Not applicable

Date/place for registration of the Company, registration number for enterprise legal license, the number of taxation registration and organization code have no change in reporting period. See more details in Annual Report 2015.

4. Other relevant information

Whether other relevant information has changed in the reporting period or not

Applicable Not applicable

III. Accounting data and summary of financial indexes

I、 Main accounting data and financial indexes

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

Yes No

In RMB yuan

	Report period	Same period of last year	Increase/decrease y-o-y (%)
Operating revenue (RMB)	35,801,762,921.25	33,052,955,177.49	8.32%
Net profit attributable to shareholders of the listed company (RMB)	5,490,988,582.32	5,085,266,527.13	7.98%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	5,051,311,451.92	4,889,911,259.69	3.30%
Net cash flow arising from operating activities (RMB)	4,620,787,228.07	6,436,148,978.03	-28.21%
Basic earnings per share (RMB/Share)	1.18	1.09	8.26%
Diluted earnings per share (RMB/Share)	1.18	1.09	8.26%
Weighted average ROE (%)	15.43%	18.44%	Down 3.01%
	Report period	Same period of last year	Increase/decrease y-o-y (%)
Total assets (RMB)	95,478,684,158.37	89,413,988,669.66	6.78%
Net assets attributable to shareholder of the listed company (RMB)	36,797,443,602.56	34,385,189,070.36	7.02%

II、 The differences between domestic and international accounting standards

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

Applicable Not applicable

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

Applicable Not applicable

III、 non-recurring profit and loss project and cash

In RMB yuan

Project	Amount	Illustration
Gain/loss of non-current assets	-5,941,041.23	
The government subsidies included in the current profits and losses (except government subsidies closely related to corporate business, entitled in fixed quota or quantity)	496,486,470.68	
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	14,125,161.47	
Subtract: Influenced amount of income tax	63,165,939.22	
Influenced amount of minority shareholders' equity (after tax)	1,827,521.30	
Total	439,677,130.40	

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable Not applicable

In reporting period, the Company has no particular items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss.

IV. Report by Board of Director

I、 Overview

In the first half of 2016, the Company actively responded to the challenges of increasing market competition, and economic downward pressure, etc., while the production and operation reached a historical high. During the reporting period, the Company and its associated enterprises and subordinate joint ventures sold more than 1.4833 million vehicles in total, up 1.2% year-on-year. Among them, 0.62 million Changan brand passenger vehicles (including Sedan, SUV and MPV) have been sold, up 13% year-on-year, ranking first among Chinese brands. In China's auto market, the Company achieved a market share of about 11.6%, 0.3 percentage points higher than the previous year, and the sales volume continues to rank top 4 in Chinese automobile industry. (Data source: China Association of Automobile Manufacturers.)

II、 Analysis of Main Business

During the reporting period, the Company delivered operating revenue of RMB 35.802 billion Yuan (the operating revenue of 125.702 Billion Yuan in terms of full revenue from joint venture) and net profit attributable to shareholders of public Corporation RMB 5.491 billion Yuan, with year-on-year growth of 8.32% and 7.98% respectively. As of the end of the reporting period, the Company's total assets reached RMB 95.479 billion Yuan, up 6.78% compared with the beginning of the year, total liabilities RMB 58.907 billion Yuan, up 6.64% compared with the beginning of the year, debt asset ratio 61.70%, down 0.08 percentage points compared with the beginning of the year.

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	35,801,762,921.25	33,052,955,177.49	8.32%	Increase in scale of production and sales
Operating cost	29,867,338,185.68	27,249,934,200.22	9.61%	Increase in scale of production and sales
Business tax and surcharges	1,574,338,990.15	1,545,626,871.52	1.86%	
Operating expenses	2,120,708,553.33	2,135,150,631.89	-0.68%	
General and administrative expenses	2,212,296,933.23	2,039,913,264.88	8.45%	Increase in depreciation and technology development expenses
Financial expenses	-107,788,565.12	-75,769,863.16	-42.26%	Increase in interest expenses
Impairment loss on assets	142,232,585.34	128,153,351.20	10.99%	Impairment loss on fixed assets and intangible assets increasing over the previous period.
Investment income	5,208,991,269.98	4,962,949,794.75	4.96%	Large increase in investment income from associated enterprises and joint ventures
Non-operating income	538,423,261.88	253,309,797.80	112.56%	Increase in government grant.

Non-operating income	5,706,298,099.54	5,229,201,297.38	9.12%	Large increase in investment income from the joint ventures and the Chinese brand profits.
Income tax expense	229,546,499.16	171,465,058.19	33.87%	Increase in current income tax expenses and decrease in deferred income tax expenses.
Net profit attributable to owners	5,490,988,582.32	5,085,266,527.13	7.98%	Large increase in investment income from the joint ventures and improved profits from Changan Automobile itself
R&D investment	1,584,378,897.88	1,103,565,009.68	43.57%	Large increase in R&D investment during the reporting period
Subtotal of cash inflow from operating activities	4,620,787,228.07	6,436,148,978.03	-28.21%	Mainly due to the increase of cash paid for goods, payroll and other operational activities is higher than the cash increase in sales
Subtotal of cash inflow from investment activities	1,681,413,173.43	-1,201,620,752.08	239.93%	Mainly because of the large increase of cash dividends from JV
Subtotal of cash in-flow from financing activity	-2,935,209,603.13	-1,256,059,164.34	-133.68%	Mainly because of the increase of the cash dividend, the net profit and the payment of interest.
Net increase in cash and cash equivalents	3,364,226,826.01	3,982,053,336.06	-15.52%	

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

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

Applicable Not applicable

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

In the first half of the year 2016, the Company completed the business indicators decided at the beginning of the reporting period by the board of directors well. The total sales volume of the automobiles was 1.4833million, which completed 50.28% of the planned business indicators. Sales revenue is 125.702 Billion Yuan (including full revenue from joint venture) on statistic basis, with 49.68% over the annual plan, and 35.802 Billion Yuan from consolidated financial statements, with 49.66% over the annual plan.

III、Composition of Main Business

in RMB Yuan

	Operating revenue	Operating cost	Gross profit	Increase or decrease of operating revenue y-o-y	Increase or decrease of operating cost y-o-y	Increase or decrease of gross profit y-o-y

According to industries						
Automobile Production	35,181,466,125.50	29,458,322,038.34	16.27%	8.25%	9.20%	0.73 percentage points decreased
According to products						
Vehicles	35,100,676,715.85	29,372,709,236.16	16.32%	8.30%	9.15%	0.65 percentage points decreased
Outsourcing	80,789,409.65	85,612,802.18	-5.97%	-10.44%	29.54%	32.7 percentage points decreased
According to region						
China	34,767,490,150.29	29,049,188,785.60	16.45%	7.76%	8.62%	0.66 percentage points decreased
Overseas	413,975,975.21	409,133,252.74	1.17%	75.33%	76.52%	0.66 percentage points decreased

IV、 Analysis of Core Competitiveness

In the first half of 2016, CS75-2016, CS15, CX70 were successfully launched into the market. The Company simultaneously progressed its CS95, CS15-DCT, EADO EV-2017 as planned. The Company sped up the transformation of traditional car to smart car and R&D of NEV, forming a "654" intelligent strategy and "518" new energy strategy. The Company has mastered over 60 intelligent technology including intelligent interconnection, intelligent interaction, and intelligent driving. On April 12, 2016 Changan driverless vehicle departed from Changan Automobile Global R&D Center in Chongqing and arrived in Beijing on April 17 with total distance over 2000 kilometers, along Xi'an, Zheng Zhou, and Shi Jiazhuang. It set the record of the first longest-distance driverless driving test. Independent connected car platform was successfully launched by verifying 50 vehicles with total distance over 200,000 kilometers, solving over 1200 problems and mastering 32 key technologies. As the only Chinese representative, Changan automobile participated MTC standing for the highest international standards. In the new energy field, Changan automobile established the safe function development process completely complying with the national standards and self-developed 15 safe monitoring technologies including "torque monitoring", "high-pressure safe monitoring", etc. Development process system and CBU controllers passed the international authoritative organization certification, and got the first ISO-26262 process and product authentication certificate. Changan automobile was awarded the title of "China export quality and safety demonstration enterprise" by the State Quality Inspection Administration, and officially became the first enterprise winning the title as the group enterprise. Changan automobile won the C-NCAP "safety research and development team award" and "security technology progress award". Changan Yue Xiang V7 was recognized as "The 2016 most popular models of the year" by Tencent Car Forum. Changan Eado rally team ranked 1st in the S2 first station of 2016 China Rally Championship (CRC) opener group, and became the biggest dark horse.

V、Investment analysis

1、Foreign equity investment

(1) Foreign equity investment

√ Applicable □ Not applicable

Foreign equity investment		
investment amount during the report (Yuan)	investment amount at the same period of last year (Yuan)	Variance rate
274,595,895.00	-	-
Particulars of investees		
Companies	Principal business	Proportion in the investees' equity (%)
Shenzhen Changan New Energy Automobile Service Co.,Ltd.	Auto rental, sales of vehicles and components, vehicle repair and maintenance	100%
Chongqing Changan Vehicle Networking Technology Co., Ltd.	Sales of Changan brand vehicles and components	100%
Changan UK R&D Center Co.,Ltd.	Design and development of advanced powertrain of auto engine and transmission	100%

(2) A financial enterprise equity situation

Company name	Type of Company	Intinial investment cost (yuan)	At the beginning of the period number of shares (shares)	Initial share precent- age	The final number of shares (shares)	The final owner- ship	The final book value (yuan)	Reporting period income (yuan)	Account-in- g subject	Source of stock
Southwest Securities	Securities Companies	50,000,000	17,750,000	0.76%	35,500,000	0.76%	257,730,000	4,615,000	Available for sale financial assets	Initial investm ent
Financial Co. of CSGC	Others	80,000,000	-	5.33%	-	5.33%	80,000,000	-	Available for sale financial	Initial investm ent

									assets	
Chongqing Auto Finance	Others	1,155,000,000	-	35%	-	35%	1,112,376,505.83	-42,623,494.17	Long-term Equity Investment	Addition al investm ent
Total		1,285,000,000	17,750,000	--	35,500,000	--	1,450,106,505.83	-38,008,494.17	--	--

(3) Securities investments

Applicable Not applicable

There's no securities investment during the reporting period

(4) Holding of the equity in other Listing Company

Applicable Not applicable

There's no holding of the equity in other Listing Company during the reporting period.

2、Entrusted finance, derivative investments and entrusted loans

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

3、Use of raised funds

Applicable Not applicable

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

4、Analysis of main holding companies and equity companies

Unit: ten thousand yuan

Name	Registered capital	Equity held	Main businesses	Total assets	Main operating income	Net profit
Changan Ford Motor Co., Ltd	24,100 USD	50%	Produce and sell auto and parts	4,221,792	5,739,466	917,245
Changan Mazda Co., Ltd	11,097 USD	50%	Produce and sell auto and parts	1,275,975	1,054,600	94,872
Changan Ford Mazda Engine Co., Ltd	20,996 USD	50%	Produce and sell engine parts	254,188	159,581	17,003
Chongqing Changan Suzuki Automobile Co.,	19,000 USD	50%	Produce and sell auto and parts	649,637	477,956	183

Ltd						
Changan PSA Automobiles Co.,Ltd	400,000	50%	Produce and sell auto and parts	803,976	147,786	-7,973
JMC Holding Co., Ltd.	200,000	50%	Produce and sell auto and parts	945,083	504,512	30,497

During the reporting period, sale volume of joint venture Changan Ford kept stable, to achieve net profit of RMB 9.172 billion and an increase of 4.27% year-on-year; Changan Mazda with excellent performance of cx-5 and Mazda3 Axela , achieved the car sales of 91.2 thousand, an increase of 15.59% year-on-year, and the net profit of 0.949 billion yuan, an increase of 14.89% year-on-year.

5、Major projects with non-raised capital investment

Please refer to Notes to Financial Statement VII Items XII” Construction in progress”

VI、Prediction of business performance for Jan-Sept 2016

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

IX、The implementation of profit distribution during the reporting period

By May 24, 2016, the Company held the 2015 annual meeting of shareholders. The 2015 annual interest distribution scheme is: The company's existing total share capital of 4,662,886,108 shares as the base, to all shareholders 10 per share cash delivery 6.4 yuan (including tax). The equity allocation of A equity registration date is June 27, 2016, Ex dividend date is June 28, 2016, B share the last trading day of June 27, 2016, ex dividend date for June 28, 2016. The equity registration date for June 30, 2016. The profit distribution plan has been completed with a total of 2,987,918,471.58 yuan cash dividends.

Special explanation for cash dividend policy	
Whether compliance with the regulation stated in the articles of association and requirement for resolution of shareholders meeting	Yes
Whether the distribution standard and proportion is clear	Yes
Whether the related decision procedure and system is complete	Yes

Whether the independent directors work effective	Yes
Whether the minority shareholders have ample opportunity to express their advise and appeal and their legal right and interests is sufficiently protected	Yes
Whether the adjustment or change on cash dividend policy meets the requirement and procedure is compliance and transparent	Yes

X、Preplan of profit allocation and capital reserve converting into share equity during the reporting period

Applicable Not Applicable

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

Date	manner	Reception object type	Reception object	Research basic information
2016.1.4	On-Site Survey	Agency	First State Investments	See the details of “Changan Automobile: Registration form for investors relationship and activities on Jan,14, 2016 ” published in http://irm.cninfo.com.cn on Jan,15, 2016
2016.1.15	On-Site Survey	Agency	Invesco investment, macquarie capital securities	See the details of “Changan Automobile: Registration form for investors relationship and activities on Jan,15, 2016 ” published in http://irm.cninfo.com.cn on Jan,18, 2016
2016.1.18	On-Site Survey	Agency	Mingji International Investment Corporation	See the details of “Changan Automobile: Registration form for investors relationship and activities on Jan,18, 2016 ” published in http://irm.cninfo.com.cn on Jan,19, 2016
2016.1.20	On-Site Survey	Agency	China International Capital Co.,Ltd.、 Norway Sovereign Investment Funds	See the details of “Changan Automobile: Registration form for investors relationship and activities on Jan,20, 2016 ” published in http://irm.cninfo.com.cn on Jan,21, 2016
2016.1.21	On-Site Survey	Agency	Guotai Junan Securities、 ChinaUniversalAssetManagement Co.,Ltd、 Pingan Asset Management、 AHZG、 China International Capital	See the details of “Changan Automobile: Registration form for investors relationship and activities on Jan,21, 2016 ” published in http://irm.cninfo.com.cn on Jan,25, 2016

			Co.,Ltd、Huarong Securities、Harvest Fund、China Securities	
2016.1.29	On-Site Survey	Agency	Guotai Junan Securities、Western Securities、Huarong Securities、Tianan Property Insurance	See the details of “Changan Automobile: Registration form for investors relationship and activities on Jan,29, 2016 ” published in http://irm.cninfo.com.cn on Feb 1st, 2016
2016.2.03	On-Site Survey	Agency	Southwest Securities、Tianan Property Insurance、HSBC Jintrust Fund、China Southern Fund Management、UBS Investment Fund Management Co. , Ltd.	See the details of “Changan Automobile: Registration form for investors relationship and activities on Feb,3, 2016 ” published in http://irm.cninfo.com.cn on Feb,4, 2016
2016.2.19	On-Site Survey	Agency	Origin Asset Management 、CITIC Securities	See the details of “Changan Automobile: Registration form for investors relationship and activities on Feb,19, 2016 ” published in http://irm.cninfo.com.cn on Feb,23, 2016
2016.2.24	On-Site Survey	Agency	Shanghai Zhengxiang Investment Management Co. , Ltd.	See the details of “Changan Automobile: Registration form for investors relationship and activities on Feb,24, 2016 ” published in http://irm.cninfo.com.cn on Feb,26, 2016
2016.2.26	On-Site Survey	Agency	Zeal Asset、Bank of China Asset Management 、Yingfeng Investment 、Yinhua Fund、Hongshang Asset、ICBC Credit Suisse、Jianan Fund、China International Capital Co.,Ltd、Guosen Securities	See the details of “Changan Automobile: Registration form for investors relationship and activities on Feb,26, 2016 ” published in http://irm.cninfo.com.cn on Mar,1st, 2016
2016.3.02	On-Site Survey	Agency	Ontario Teachers' Pension Fund	See the details of “Changan Automobile: Registration form for investors relationship and activities on Mar ,2nd, 2016 ” published in http://irm.cninfo.com.cn on Mar,3rd, 2016
2016.3.03	On-Site Survey	Agency	Societe Generale Global、- Truvalue Asset Management、Fosun Group、China Post Fund、Pingan Securities	See the details of “Changan Automobile: Registration form for investors relationship and activities on Mar,3rd, 2016 ” published in http://irm.cninfo.com.cn on Mar,7, 2016
2016.3.03	On-Site	Agency	Northeast Securities	See the details of “Changan Automobile:

	Survey			Registration form for investors relationship and activities on Feb,26, 2016 ” published in http://irm.cninfo.com.cn on Mar,1st, 2016
2016.5.11	On-Site Survey	Agency	Yingfeng Asset、 HSBC Jintrust Fund、 Star Rock Investment、 South China PE Investment Fund、 China International Capital Co.,Ltd	See the details of “Changan Automobile: Registration form for investors relationship and activities on May,11, 2016 ” published in http://irm.cninfo.com.cn on May,13, 2016
2016.5.12	On-Site Survey	Agency	Janus Capital、 CITIC Lyons Securities	See the details of “Changan Automobile: Registration form for investors relationship and activities on May,12, 2016 ” published in http://irm.cninfo.com.cn on May,13, 2016
2016.5.12	On-Site Survey	Agency	Dacheng Fund	See the details of “Changan Automobile: Registration form for investors relationship and activities on May,11, 2016 ” published in http://irm.cninfo.com.cn on May,13, 2016
2016.5.20	On-Site Survey	Agency	Bernstein、 USS、 Marshall Wace	See the details of “Changan Automobile: Registration form for investors relationship and activities on May,11, 2016 ” published in http://irm.cninfo.com.cn on May,13, 2016
2016.5.20	On-Site Survey	Agency	Bank of Paris	See the details of “Changan Automobile: Registration form for investors relationship and activities on May,20, 2016 ” published in http://irm.cninfo.com.cn on May,24, 2016
2016.5.26	On-Site Survey	Agency	Bank of Paris Asset Magement	See the details of “Changan Automobile: Registration form for investors relationship and activities on May,26, 2016 ” published in http://irm.cninfo.com.cn on May,27, 2016
2016.5.27	On-Site Survey	Agency	Minsheng Securities	See the details of “Changan Automobile: Registration form for investors relationship and activities on May,27, 2016 ” published in http://irm.cninfo.com.cn on May,30, 2016
2016.5.27	On-Site Survey	Agency	Bosera Fund、 Southwest Securities	See the details of “Changan Automobile: Registration form for investors relationship and activities on May,20, 2016 ” published in http://irm.cninfo.com.cn on May,24, 2016
2016.6.15	On-Site Survey	Agency	Mitsubishi UFJ	See the details of “Changan Automobile: Registration form for investors relationship and activities on Jun,15, 2016 ” published in http://irm.cninfo.com.cn on Jun,17, 2016

2016.6.17	On-Site Survey	Agency	Blue Box Financial Management Corporation、SK Group 、Synergy Fund	See the details of “Changan Automobile: Registration form for investors relationship and activities on Jun,17, 2016 ” published in http://irm.cninfo.com.cn on Jun,21, 2016
2016.6.20	On-Site Survey	Agency	Hufu Securities	See the details of “Changan Automobile: Registration form for investors relationship and activities on Jun,20, 2016 ” published in http://irm.cninfo.com.cn on Jun,21, 2016
2016.6.23	On-Site Survey	Agency	Fuguo Securities	See the details of “Changan Automobile: Registration form for investors relationship and activities on Jun,23, 2016 ” published in http://irm.cninfo.com.cn on Jun,24, 2016
2016.6.28	On-Site Survey	Agency	Fuxing Group	See the details of “Changan Automobile: Registration form for investors relationship and activities on Jun,28, 2016 ” published in http://irm.cninfo.com.cn on Jun,29, 2016

V. Significant Events

I、Governance status

The company strictly complies with laws and rules, such as “Company Law”, “Security Law” and “Management Standard of Listed Company”, and with standard operation based on the standard documents of listed company administration. During the reporting period, the company issued “Self Evaluation Report of 2015 Internal Control”, and Ernst&Yong Huaming Accounting Firm issued standard audit report of internal control.

II、Major litigation and arbitration matters

applicable not applicable

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

III、Questioned situation by media

applicable not applicable

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

IV、Related matters of bankruptcy and restructure

applicable not applicable

During the report period the company has no related matters of bankruptcy and restructure.

V、Assets transaction matters

1、Acquisition of assets

applicable not applicable

2、sales of assets

applicable not applicable

3、Enterprise merger

applicable not applicable

VI、Implementation and influence of the company equity incentive.

applicable not applicable

On Mar 30th, 2016, the 2nd conference of the 7th board of directors approved “The company stock option incentive plan (draft)”

aiming at granting 31.225 million stock options to incentive targets. The 31.225 million shares account for 0.67% of the total shares when the incentive plan was signed. From the end of reporting period to the announcement date, on Aug 12th, 2016, the 9th conference of the 7th board of directors approved “The company stock option incentive plan (revised draft)” aiming at granting 29.275 million stock options to incentive targets. The 29.275 million shares account for 0.628% of the total shares when the incentive plan was signed. The related matters of the stock option incentive plan shall be approved by the 5th temporary stockholders' meeting.

VII、Major relevant transaction.

1、Related party transaction related with daily operation.

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

2、Related party transaction at asset acquisition and sales.

applicable not applicable

3、Joint investment of significant related party transactions

applicable not applicable

4、Related credits and liabilities

Available Not available

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

5、Other major related transaction.

Name of temporary announcement	Temporary announcement date	Temporary announcement website name
About non-public A-share stock issue involving related-party transactions	2016.3.31	http://www.cninfo.com.cn
About stock option incentive involving related-party transactions	2016.3.31	http://www.cninfo.com.cn
The Estimate of Daily Related-party Transactions Announcement for 2016	2016.4.19	http://www.cninfo.com.cn
Related-party transactions announcement about the Financial Co. of CSGC providing financial service for the company	2016.4.19	http://www.cninfo.com.cn
Related-party transactions announcement about using United Prosperity (HongKong) Investment Co., Ltd for trade financing	2016.4.19	http://www.cninfo.com.cn
Related-party transactions announcement about Chongqing	2016.4.19	

Automobile Finance Co., LTD providing financial service for the company		http://www.cninfo.com.cn
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VIII、 The non-operating fund occupation situation of the controlling shareholders and their affiliates to the listed companies

applicable not applicable

IX、 Important contract and implementation.

1、 Matters regarding hosting, contracting and leasing.

(1) Hosting

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

applicable not applicable

(2) Contracting

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

applicable not applicable

(3) Leasing

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

applicable not applicable

2、 Guarantee

During the report period, the company has no guarantee.

3、 Other important contract.

applicable not applicable

4、 Other important transaction.

applicable not applicable

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

Commitment Item	Promisee	Promise content	Performance
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The commitments of stock reform	China Changan	<p>1.The Company will abide by the laws, regulations and rules, to perform the legal obligations.</p> <p>2. Held by the original non-tradable shares from obtaining the right to list and trade date, At least 24 months is not publicly traded or transferred, The 24 months after the expiration of the term of, Non-tradable shareholders stock exchange through the sale of shares, The sale of shares of the company accounted for the proportion of the total number of within 12 months and not more than five percent, In 24 months of no more than ten percent.</p> <p>3. The company implementing the management equity incentive plan after the stock split reform according to the national related management systems and methods.</p>	<p>As of the end of the reporting period, CCAG, the Company's shareholder held 373,358,342 shares with selling restrictions, which will be lifted after the implementation of management share incentive plan according to the commitments of shareholding reform. During the reporting period, according to CCAG's document "A Supplementary Explanation to Participating in the Share Split Reform of Chongqing Changan Automobile Co., Ltd.", the Company confirmed that it would implement the management share incentive plan before June 30, 2016, according to relevant national regulations and measures. During the reporting period, "The company stock option incentive plan(draft)" was passed in the 2nd conference of the 7th board of directors. From the end of the reporting period to the announcement date, "The company stock option incentive plan (revised draft)" was passed in the 9th conference of the 7th board of directors and shall be approved by the 5th temporary shareholders meeting.</p>
Other small shareholders commitment	China Changan	<p>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</p> <p>commitment: In two consecutive years profit of Harbin Hf Automobile Industry Group Co, With the continuous development ability and management level is improved significantly under the condition of, Proposed that enterprises into the company.</p>	<p>The Harbin Hf Automobile Industry Group Co at present is still running at a loss, The conditions have not yet reached the profitable for two consecutive years.</p>

XI、Cases of employing and dismissing accounting firm

Whether the semi-annual financial report has been audited or not

applicable not applicable

XII、Punishment and rectification case

Statement of rectification

applicable not applicable

XIII、Illegal delisting risk disclosure

applicable not applicable

XIV、Statement of other important matters

applicable not applicable

On Mar 7, 2016, the 42th conference of the 6th board of directors approved the “Bill about the 7th board of directors election”. The company elected Xu Liuping, Zhang Baolin, Zhu Huarong, Zhou Zhiping, Tan Xiaogang, Wang Xiaoxiang, and Wang Kun as the candidates of the 7th board of directors. At the same time, the board of directors nominated Shuai Tianlong, Liu Jipeng, Li Xiang, Li Qingwen, Tan Xiaosheng, Hu Yu, Pang Yong, Chen Shiquan as the independent director candidates of the 7th board of directors. On Mar 7, 2016, the 19th conference of the 6th board of supervisors approved the “bill the 7th board of supervisors election”. The company elected Xiao Yong, Sun Dahong, Zhao Huixia as the supervisor candidates of the 7th board of supervisors. The employee representatives meeting elected Zhang Anguo, Luo Yan as the employee supervisors of 7th board of supervisors. On Mar 23, 2016, the 1st temporary stockholders' meeting approved the “Bill about the 7th board of directors election” and “Bill about the 7th board of supervisors election”.

The company stock was suspended trading since March 2 for planning major matters. On Mar 30, 2016, the 2nd conference of the 7th board of directors approved “Bill about withdrawing the 2016 non-public offering application documents” and “plan about 2016 non-public offering” and other bill documents. The 2016 non-public shares were issued to China Changan Automobile Co., Ltd. with total subscription amount of 2 billion Yuan. At the end of the reporting period, the withdrawing of 2015 non-public offering application document has been approved by the CSRC (China Securities Regulatory Commission). The 2016 non-public offering application related matters has been approved by SASAC (State-owned Assets Supervision and Administration Commission) and the 2nd temporary stockholders' meeting. (Bulletin Number: 2016-51). On Jun 29, 2016, the 2016 non-public offering application were approved by the issuance examination committee of CSRC.

XV、Corporate bonds

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

Applicable non-applicable

1、Basic information of corporate bonds

bond name	bond short name	bond code	issue day	due day	Bond balance (ten thousand yuan)	interest rate	Servicing way
Corporate bonds of Chongqing Changan Automobile	12 Changan debt	112079	2012.04.23	2017.04.23	198,000	5.30%	On/up interest day: April 23, 2012. Payment date: from 2013 to 2017 every year on April 23 for a draw on the annual payment date (in case of legal holidays or rest days, automatically postponed to the following first

e Co., LTD., 2012							working day). To honour day: April 23 of 2017 (in case of legal holidays or rest days, automatically postponed to the following first working day). Servicing way: using simple interest rate on a yearly basis, regardless of compound interest, extra interest doesn't incur form overdue situation. Due payments once a year, maturing debt at a time. In the final phase, interest is paid together with the principal redemption.
Corporate bonds listed or trading places	Listed in Shenzhen Stock Exchange						
Investors appropriate arrangement	For qualified investors						
During the reporting period, interest payment situation of the company bonds	According to 2012 company bond rate announcement of Chongqing Changan Automobile Co., LTD., the current bond rate is 5.30%. Each 1000-yuan face value of bonds entails the interest of RMB 53.00 yuan (including tax). After the tax collection, the actual distributing interest for the individual and the securities investment fund bond holders is RMB42.40 yuan for each; after the tax collection, the actual distributing interest of a non-resident enterprise (including QFII, RQFII) is RMB 47.70 yuan for each. The company in 2016 pays RMB 104.88 million yuan of bond interest; Creditor's rights registration day: April 22, 2016; Ex-dividend day: April 25, 2016. Payment date: April 25, 2016.						

2、Bond trustee and the credit rating agency information

Bond trustee:							
Name	Haitong Securities Co., LTD. (hereinafter referred to as the "Haitong securities")	office address	No. 1101, the 11st floor of Taikang International Building, No. 2 of Wudinghou Street, of West city district, Beijing.	contact	Li Shiwen	Tel	010-58067801
The credit rating agencies which follow and rate the corporate bond during the reporting period							
Name	Joint Credit Rating Co., LTD		office address	No. 2 PICC Building 12 layer, Broadway street, Chaoyang District, Beijing (100022)			

3、 The usage of corporate bonds to raise money

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

4、 Corporate bond rating information

According to the China securities regulatory commission "corporate bond issuance and trading management measure" (hereinafter referred to as the "management measures"), the listing rules for "corporate bonds" of Shenzhen Stock Exchange and other regulations, Joint Credit Rating Co., LTD followed the credit rating for the company's issuance of corporate bonds. Joint Credit Rating Co., LTD issued the analysis report of tracking rating 2012 corporate bonds for Chongqing changan automobile co., ltd. on June 15, 2016 and maintained the credit rating of "AAA" for Changan Automobile with the outlook of "stable"; At the same time it maintained "AAA" credit rating" for 12 changan debt. (Detailed information, please refer to <http://www.cninfo.com.cn> for the 2016 analysis report of tracking rating 2012 corporate bonds for Chongqing changan automobile co.,ltd. On June 16, 2016).

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

Applicable non-applicable

(1) The credit mechanism

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

(2) The repayment plan

①The interest payment

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

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

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

②The payment of the principal

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

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

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

(3) The debt repayment guarantee measures

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

①Develop the bondholder meeting rules

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

②Hire a bond trustee

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

③Strict capital management plan

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

④Strict information disclosure

The Company will follow the principle of true, accurate and complete information disclosure, and the company debt paying ability, the usage situation of the raised money and so on will be supervised by bond holders, bond entrusted managers and shareholders in order to guard against insolvency risk. According to the bond trustee agreement and the relevant provisions of China securities regulatory commission on information disclosure of important matters, the following matters are included at least: The difficulty of repaying the maturing debt interest and/or principal; the company guarantees and other important contracts may impact majorly on the servicing ability; A major loss or substantial losses with more than 10% of the Company's net worth; The decreasing

investment, merger, division, dissolution, filed for bankruptcy and other situations change the subject of the company; A major arbitration or litigation may heavily influence the company's servicing ability; the major restructuring of debt may heavily influence the company servicing ability; the Company changes the guarantee way of related information; The Company or the bond credit rating encounters a serious adverse change; the change of the bond trustee; the trading of the bonds are suspended; Other significant matters may affect the interests of the bondholders; Other circumstances stipulated by the China securities regulatory commission.

⑤ Other security measures

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

6、 During the reporting period the bondholder meeting

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

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

According to the China securities regulatory commission "corporate bond issuance and trading management measure" (hereinafter referred to as the "management measures"), the listing rules for "corporate bonds" of Shenzhen Stock Exchange and other regulations, Haitong Securities issued "Trustee transaction report Chongqing Changan Automobile 2012 Corporate Bonds (2015)" on May 19th, 2016 (Detailed information, please refer to <http://www.cninfo.com.cn>).

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

Project	At the end of the reporting period	At the end of last year	Comparison between the reporting period and the end of last year
liquidity ratio	101.57%	106.14%	-4.57%
Asset-liability ratio	61.70%	61.78%	-0.08%
Quick action ratio	80.94%	87.67%	-6.73%
Project	The reporting period	The same period of last year	Comparison between the reporting period and the end of last year
EBITDA multiple of interest safeguard(earnings before interests,taxation, depreciation and amortization/interest expense included in the financial charge+ capitalization interest expense)	118.11	105.88	11.55%

Loan payment rate(actual loan payment/ demanded loan payment)	100.00%	100.00%	0.00%
Interest rate of pay(actual interest rate of pay/ demanded interest rate of pay)	100.00%	100.00%	0.00%

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

Applicable non-applicable

9、Property rights limits by the end of report period

Unit: Yuan

Item	book value at the end of this year	Limited company	Limited Reason
Monetary fund	241,660,389.85	Chongqing Changan Special Automobile Sales Co., Ltd Baoding Changan Bus Manufacturing Co., Ltd.	Used to open the acceptance deposit
Accounts receivable	614,589,359.14	Baoding Changan Bus Manufacturing Co., Ltd.	Accounts receivable pledge for short-term borrowing from the South Industry Group
Notes receivable	38,000,000.00	Baoding Changan Bus Manufacturing Co., Ltd.	Notes receivable pledge to issue notes payable
Fixed assets	36,724,819.62	Baoding Changan Bus Manufacturing Co., Ltd.	Notes receivable pledge to issue notes payable
Intangible assets	28,416,034.04	Baoding Changan Bus Manufacturing Co., Ltd.	The land use right mortgage for short-term borrowing from the South Industry Group
Total	959,390,602.65		

Note: Changan Baoding Bus Manufacturing Co., Ltd. is a wholly owned subsidiary of the company; Chongqing Changan Special Automobile Sales Co., Ltd. is a subsidiary of the company, the shareholding ratio of 50%.

10、overdue debt

Applicable non-applicable

There is no overdue debt in the company.

11、 During the report period interest payment for other bonds and debt financing tool

Applicable non-applicable

12、 During the reporting period obtain bank credit, its use situation and repayment of bank loans

At the end of June,2016, the company got the bank credit amount of RMB 31.2 billion yuan. Until June 30, 2016, the actual use of credit is 21.9 billion yuan; in 2016 the Company repaid all bank loans on time with no late repayment.

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

On April 25, 2016 the company paid the interest bonds of "12 Changan Debt" from April 23, 2015 to April 22, 2016 (details refer to 2012 corporate bonds 2016 interest-payment announcement by the company on April 19, 2016 on the website <http://www.cninfo.com.cn>).

14、 Major events occurring in the period of report

Applicable non-applicable

See details in the 6th item "the company equity incentive implementation and influence" and the 14th item "other major events illustration" of the fifth section of the 2016 semi-annual report.

15、 Whether there is a guarantor corporate bonds

Applicable non-applicable

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

Applicable non-applicable

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

Applicable non-applicable

15、 The guarantor financial statements during the reporting period

Content can be found in relevant announcements on August 30, 2016, and published on the website of network (www.cninfo.com.cn).

VI Stake Change and shareholders Information

I、 Stake changes

	before this change		increase or decrease of this change					after this change	
	Amount	Proportion (%)	issue new shares	Bonus	Equity Fund	Other	Subtotal	Amount	Proportion (%)
1、 Shares of limited sale condition	373,377,242	8.01%						373,377,242	8.01%
(1)Shareholdings of state-owned legal personnel	373,358,342	8.01%						373,358,342	8.01%
(2)Shares of senior managers	18,900	0%						18,900	0%
2、 Shares of infinite sale condition	4,289,508,866	91.99%						4,289,508,866	91.99%
(1)RMB common stake	3,387,522,724	72.65%						3,387,522,724	72.65%
(2)Foreign shares listed abroad	901,986,142	19.34%						901,986,142	19.34%
3、 Total shares	4,662,886,108	100%						4,662,886,108	100%

Reason of stake change

applicable not applicable

Approval of stake change

applicable not applicable

Ownership transfer of stake change

applicable not applicable

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

applicable not applicable

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

applicable not applicable

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

□ applicable √ not applicable

Change in Non-circulated shares

Name of shareholders	Non-circulated shares held at the year-begining	Decrease during the reporting period	Increase during the reporting period	Non-circulated shares held at the year-end	Reason for non-circulated shares	Date for the circulated shares
China Changan Automobile Co., Ltd.	373,358,342	-	-	373,358,342	Stock reform commitment	After the listed company implement equity incentive
Zhu Huarong	18,900	-	-	18,900	Mangement shares	6 months after the retirement
Total	373,377,242	-	-	373,377,242	--	--

II、 Amount of shareholders and shareholdings

Unit: 1 share

Total amount of shareholders at the end of report period	The total amount of shareholders is 178,136, and A shareholder is 155,308, B shareholder is 22,828.							
Shareholders' holdings whose shares are over 5%.								
Shareholder Name	Nature of shareholders	stake (%)	Shareholding amount at the end of report period	changes during the report period	Share amount of limited sale condition	Share amount of infinite share condition	Pledge or freezing situation	
							share status	amount
China Changan Automobile Co., Ltd.	State-owned legal person shares	39.11%	1,823,595,216	-	373,358,342	1,450,236,874	No pledge or freeze	
China securities finance Co, Ltd	Domestic general legal person shares	3.07%	143,045,927	3,623,079		143,045,927	No pledge or freeze	
GIC PRIVATE LIMITED	Foreign legal person shares	1.26%	58,556,735	14,009,684		58,556,735	No pledge or freeze	
Central Huijin Investment Ltd.	Domestic general legal person shares	1.19%	55,393,100	-		55,393,100	No pledge or freeze	
United Prosperity Investment Co., Limited	Foreign legal person shares	0.97%	45,195,100	-		45,195,100	No pledge or freeze	
National Social Security Fund-	Domestic general legal person	0.75%	34,999,794	4,999,921		34,999,794	No pledge or freeze	

Portfolio 102	shares							
HTHK-MANULIFE CHINA VALUE FUND	Foreign legal person shares	0.74%	34,445,336	-74,445		34,445,336	No pledge or freeze	
National Social Security Fund-Portfolio 103	Domestic general legal person shares	0.69%	32,009,961	8,909,976		32,009,961	No pledge or freeze	
National Social Security Fund-Portfolio 113	Domestic general legal person shares	0.67%	31,074,961	31,074,961		31,074,961	No pledge or freeze	
VALUE PARTNERS HIGH-DIVIDEND STOCKS FUNDS	Foreign legal person shares	0.62%	28,823,840	17,916,548		28,823,840	No pledge or freeze	
Top 10 Shareholder Information of Infinite Sale Condition								
Shareholder Name	Share amount of infinite sale condition at the end of report period	stock class						
		stock class	amount					
China Changan Automobile Co., Ltd.	1,450,236,874	RMB Common Stock	1,450,236,874					
China securities finance Co, Ltd	143,045,927	RMB Common Stock	143,045,927					
GIC PRIVATE LIMITED	58,556,735	domestic foreign share	58,556,735					
Central Huijin Investment Ltd.	55,393,100	RMB Common Stock	55,393,100					
United Prosperity Investment Co., Limited	45,195,100	domestic foreign share	45,195,100					
National Social Security Fund- Portfolio 102	34,999,794	RMB Common Stock	34,999,794					
HTHK-MANULIFE CHINA VALUE FUND	34,445,336	domestic foreign share	34,445,336					
National Social Security Fund- Portfolio 103	32,009,961	RMB Common Stock	32,009,961					
National Social Security Fund- Portfolio 113	31,074,961	RMB Common Stock	31,074,961					
VALUE PARTNERS HIGH-DIVIDEND STOCKS FUNDS	28,823,840	domestic foreign share	28,823,840					
Correlation or concerted action among top 10 infinite sale tradable share holders, and between top 10 infinite sale tradable share holders and top 10 shareholders.	Among the top 10 shareholders, China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity Investment Co., Limited belong to the concerted actor regulated							

	by “Disclosure Administration of Shares Change Information of The Listed Company”.
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If any repurchase transaction appointment of shareholders during the reporting period

Yes No

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.

III、 Changes of controlling shareholders or actual controller.

Changes of controlling shareholders during the reporting period

applicable not applicable

Changes of actual controllers during the reporting period

applicable not applicable

VII Directors, Supervisors and Senior Managers Information

I、Share ownership of directors, supervisors and senior managers

applicable not applicable

The share ownership of the directors, supervisors and senior managers has no change during the reporting period. For details, please refer to 2015 annual report.

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

Name	Duties	Type	Date	Reason
Xu Liuping	Board Chairman	Voted	2016.3.23	Job demand
Zhang Baolin	Vice Chairman	Voted	2016.3.23	Job demand
Zhu Huarong	Director and President	Voted	2016.3.23	Job demand
Zhou Zhiping	Director and secretary of party committee	Voted	2016.3.23	Job demand
Tan Xiaogang	Director	Voted	2016.3.23	Job demand
Wang Xiaoxiang	Director	Voted	2016.3.23	Job demand
Wang Kun	Director, Vice President and Board Secretary (acting)	Voted	2016.3.23	Job demand
Shuai Tianlong	Independent director	Outgoing	2016.6.21	pass away for illness
Liu Jipeng	Independent director	Voted	2016.3.23	Job demand
Li Xiang	Independent director	Outgoing	2016.8.22	Personal reasons
Li Qingwen	Independent director	Voted	2016.3.23	Job demand
Tan Xiaosheng	Independent director	Voted	2016.3.23	Job demand
Hu Yu	Independent director	Voted	2016.3.23	Job demand
Pang Yong	Independent director	Voted	2016.3.23	Job demand
Chen Quanshi	Independent director	Voted	2016.3.23	Job demand
Xiao Yong	Chairman of the Board of Supervisors	Voted	2016.3.23	Job demand
Sun Dahong	Supervisor	Voted	2016.3.23	Job demand
Zhao Huixia	Supervisor	Voted	2016.3.23	Job demand
Zhang Anguo	Staff supervisor	Voted	2016.3.23	Job demand
Luo Yan	Staff supervisor	Voted	2016.3.23	Job demand
Huang Zhongqiang	Vice President	Appointment	2016.3.23	Job demand
Luo Minggang	Vice President	Appointment	2016.3.23	Job demand
Du Yi	Vice President	Appointment	2016.3.23	Job demand
Gong Bing	Vice President	Appointment	2016.3.23	Job demand
Wang Jun	Vice President	Appointment	2016.3.23	Job demand
Liu Bo	Vice President	Appointment	2016.3.23	Job demand

He Chaobing	Vice President	Appointment	2016.3.23	Job demand
Zhang Jingjing	Vice President	Appointment	2016.3.23	Job demand
Yuan Mingxue	Vice President	Appointment	2016.3.23	Job demand
Li Wei	Vice President	Appointment	2016.3.23	Job demand
Lian Gang	Director	Outgoing	2016.3.23	Change the term of board of directors
Zhang Dongjun	Director	Outgoing	2016.3.23	Change the term of board of directors
Ma Junpo	Director	Outgoing	2016.3.23	Change the term of board of directors
Ouyang Minggao	Independent director	Outgoing	2016.3.23	Change the term of board of directors
Dong Yang	Independent director	Outgoing	2016.3.23	Change the term of board of directors
Chen Zhong	Independent director	Outgoing	2016.3.23	Change the term of board of directors
Wang Zhixiong	Independent director	Outgoing	2016.3.23	Change the term of board of directors
Peng Shaoping	Independent director	Outgoing	2016.3.23	Change the term of board of directors
Yang Jian	Chairman of the Board of Supervisors	Outgoing	2016.3.23	Change the term of board of supervisors
Cai Yong	Supervisors	Outgoing	2016.3.23	Change the term of board of supervisors
Xie ShiKang	Supervisors	Outgoing	2016.3.23	Change the term of board of supervisors
Liang Guangzhong	Supervisors	Outgoing	2016.3.23	Change the term of board of supervisors
Liu Hong	Staff Supervisors	Outgoing	2016.3.23	Change the term of board of supervisors
Fan Chaodong	Staff Supervisors	Outgoing	2016.3.23	change the term of board of supervisors
Wang Lijun	Staff Supervisors	Outgoing	2016.3.23	change the term of board of supervisors

VIII Audited 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	21,358,313,852.95	18,035,109,674.21
Notes receivable	19,833,239,225.55	22,683,096,211.46
Accounts receivable	1,479,933,520.99	875,479,556.55
Prepayments	990,813,049.92	852,071,794.54
Interest receivable	16,881,866.68	15,295,866.67
Dividends receivable	23,684,883.31	23,684,883.31
Other receivables	1,237,474,240.98	1,001,485,245.40
The purchase of resold financial assets	-	-
Inventories	10,211,642,671.44	8,129,075,131.92
Divided into holding assets on sale		
Non-current assets due within one year		
Other current assets	6,933,522.91	8,909,736.44
Total current assets	55,158,916,834.73	51,624,208,100.50
Non-current assets:		
Available-for-sale financial assets	437,091,274.00	530,811,274.00
Held-to-maturity assets		
Long-term receivables		
Long-term equity investments	15,780,876,706.47	14,906,500,436.49
Investment properties	7,896,340.18	8,009,695.96

Fixed assets	13,776,741,576.90	13,910,237,530.81
Construction in progress	4,651,721,477.89	3,063,874,006.92
Construction materials	96,690.75	96,690.75
Liquidation of fixed assets	-	12,412.53
Intangible assets	3,449,486,686.82	2,843,331,742.67
Development expenditure	848,690,026.77	1,093,462,382.64
Goodwill	9,804,394.00	9,804,394.00
Long-term deferred expenses	13,848,467.13	8,028,811.27
Deferred tax liabilities	1,343,513,682.73	1,415,611,191.12
Other non-current assets		
Total non-current assets	40,319,767,323.64	37,789,780,569.16
Total assets	95,478,684,158.37	89,413,988,669.66
Current liabilities:		
Short-term loans	166,214,513.55	50,000,000.00
Notes payable	22,144,405,905.63	18,662,900,601.34
Accounts payable	15,782,320,390.98	14,973,826,566.55
Advances from customers	7,213,729,625.15	7,326,612,631.20
Payroll payable	1,038,333,674.50	1,499,613,879.78
Taxes payable	64,371,483.38	356,749,196.49
Interest payables	20,988,000.00	73,458,000.00
Dividend payables	79,742.80	79,742.80
Other payables	1,799,244,498.69	1,762,874,858.05
Non-current liabilities due within one year	1,977,061,559.83	
other current liabilities	4,098,277,954.87	3,930,898,961.15
Total current liabilities	54,305,027,349.38	48,637,014,437.36
Non-current liabilities:		
Long-term loans		
Bonds payable	-	1,975,102,599.85
Long-term payable	8,140,247.07	-
Long term payroll payable	100,643,134.39	106,622,000.00
Special payable	159,830,536.97	164,121,780.05
Contingent liabilities	1,697,938,675.19	1,641,676,220.15
Deferred earnings	2,598,917,112.18	2,666,543,408.82

Deferred tax liabilities	36,546,829.50	49,285,500.00
Other current liabilities		
Total other current liabilities	4,602,016,535.30	6,603,351,508.87
Total liabilities	58,907,043,884.68	55,240,365,946.23
Owners' equity:		
Share capital	4,662,886,108.00	4,662,886,108.00
Capital reserves	3,227,489,320.83	3,227,489,320.83
reduce: inventory shares		
Other Comprehensive Income	147,870,075.29	242,110,844.54
Special reserves	25,461,670.25	22,036,479.54
Special reserves	2,331,443,054.00	2,331,443,054.00
Preparation for general risk		
Retained earnings	26,402,293,374.19	23,899,223,263.45
Equity attributable to owners	36,797,443,602.56	34,385,189,070.36
Minority interests	-225,803,328.87	-211,566,346.93
Total equity	36,571,640,273.69	34,173,622,723.43
Total liabilities and owener's equity	95,478,684,158.37	89,413,988,669.66

2、Balance sheet

Account	Ending Balance	Opening Balance
Current assets:		
Cash	20,438,337,541.18	17,223,403,333.90
Financial assets at fair value through profit or loss		
Derived financial assets		
Notes receivable	19,391,280,333.50	22,362,236,477.47
Accounts receivable	5,154,585,484.22	3,395,349,268.28
Prepayments	844,683,802.07	671,459,087.17
Interest receivable	16,881,866.68	15,295,866.67
Dividend receivable	23,684,883.31	23,684,883.31
Other receivables	1,162,079,696.56	1,020,947,609.26
Inventories	9,060,112,614.45	7,034,843,877.19
Assets classified as available for sale		
Non-current assets within one year		

Other current assets	-9,354.21	-
Total current assets	56,091,636,867.76	51,747,220,403.25
Non-current assets		
Available-for-sale financial assets	437,091,274.00	530,811,274.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	17,383,612,426.83	16,234,640,261.85
Investment properties		
Fixed assets	11,071,572,846.22	11,439,456,287.51
Construction in progress	4,007,109,188.82	2,694,046,285.96
Construction materials	96,690.75	96,690.75
Intangible assets	2,843,917,168.17	2,549,877,967.28
Development expenditure	736,899,868.69	973,680,610.53
Goodwill		
Long-term deferred expenses	12,819,616.00	5,734,664.00
Deferred tax assets	1,279,417,762.34	1,311,976,033.85
Other non-current assets	-	184,595,895.00
Total non-current assets	37,772,536,841.82	35,924,915,970.73
Total assets	93,864,173,709.58	87,672,136,373.98
Current liabilities:		
Short-term loans		
Notes payable	21,373,132,358.13	17,867,862,639.24
Accounts payable	13,718,790,257.42	12,261,927,977.59
Advances from customers	7,144,172,116.74	7,244,681,597.34
Payroll payable	926,670,974.07	1,340,616,604.42
Taxes payable	342,277,187.93	685,518,624.02
Interest payables	20,988,000.00	73,458,000.00
Dividend payables		
Other payables	1,645,788,284.26	1,715,127,488.12
Liabilities classified as available for sale		
Non-current liabilities within one year	1,977,061,559.83	-
Other current liabilities	3,751,355,647.57	3,751,184,504.59

Total current liabilities	50,900,236,385.95	44,940,377,435.32
Non-current liabilities:		
Long-term loans		
Bonds payable	-	1,975,102,599.85
Long-term payroll payables	82,435,294.94	87,565,000.00
Special payables	104,479,827.57	103,856,111.50
Provisions	1,509,114,594.17	1,610,185,432.44
Deferred income	2,162,538,499.33	2,212,002,396.55
Deferred tax liabilities	35,227,500.00	49,285,500.00
Other non-current liabilities		
Total non-current liabilities	3,893,795,716.01	6,037,997,040.34
Total liabilities	54,794,032,101.96	50,978,374,475.66
Owners' equity:		
Share capital	4,662,886,108.00	4,662,886,108.00
Capital reserves	2,831,662,835.16	2,831,662,835.16
Less: Treasury shares		
Other comprehensive income	201,528,781.91	281,190,781.91
Special reserves	14,005,299.28	12,723,372.00
Surplus reserves	2,331,443,054.00	2,331,443,054.00
Retained earnings	29,028,615,529.27	26,573,855,747.25
Total Owners' equity	39,070,141,607.62	36,693,761,898.32
Total liabilities and owners' equity	93,864,173,709.58	87,672,136,373.98

3、Consolidated Income Statement

Account	Current Period	Prior Period
I、 Total operating revenue	35,801,762,921.25	33,052,955,177.49
Including: operating revenue	35,801,762,921.25	33,052,955,177.49
II、 Total operating cost	35,809,126,682.61	33,023,008,456.55
Including: Operating cost	29,867,338,185.68	27,249,934,200.22
Business tax and surcharges	1,574,338,990.15	1,545,626,871.52
Operating expenses	2,120,708,553.33	2,135,150,631.89
General and administrative expenses	2,212,296,933.23	2,039,913,264.88
Financial expenses	-107,788,565.12	-75,769,863.16
Impairment loss on assets	142,232,585.34	128,153,351.20

Add: Profit and loss from fair value changes (“—”represent loss)		
Investment income (“—”represent loss)	5,208,991,269.98	4,962,949,794.75
Including: Investment income from associates and from joint venture	5,204,376,269.98	4,910,730,579.44
III、 Net foreign exchange differences (“—”means loss)	5,201,627,508.62	4,992,896,515.69
Add: Non-operating income	538,423,261.88	253,309,797.80
Including: gain on disposal of non-current assets		
Less: Non-operating expenses	33,752,670.96	17,005,016.11
Including: loss on disposal of non-current assets	6,056,945.55	2,420,217.68
IV、 Total profit (“—”represent loss)	5,706,298,099.54	5,229,201,297.38
Less: Income tax expense	229,546,499.16	171,465,058.19
V、 Net profit (“—” represent net loss)	5,476,751,600.38	5,057,736,239.19
Net profit attributable to owners	5,490,988,582.32	5,085,266,527.13
Minority interests	-14,236,981.94	-27,530,287.94
VI、 Other comprehensive income after tax	-94,240,769.25	-55,461,463.52
VII、 Total comprehensive income	5,382,510,831.13	5,002,274,775.67
Total comprehensive income attributable to owners	5,396,747,813.07	5,029,805,063.61
Total comprehensive income attributable to minority interest	-14,236,981.94	-27,530,287.94
VIII、 Earnings per share:		
Basic earnings per share	1.18	1.09
Diluted earnings per share	1.18	1.09

4、 Income Statement

Account	Current Period	Prior Period
I、 Operating revenue	35,293,163,947.87	32,515,813,857.05
Less: Operating cost	30,058,276,365.82	27,233,358,002.09
Business tax and surcharges	1,316,112,619.40	1,418,666,970.14
Operating expenses	1,915,038,483.20	1,958,088,618.34

General and administrative expenses	1,850,922,327.11	1,784,731,700.98
Financial expenses	-98,286,753.07	-63,610,178.21
Impairment loss on assets	134,683,832.36	131,306,302.80
Add: Profit and loss from fair value Changes (“—” represent loss)		
Investment income (“—” represent loss)	5,212,572,956.94	4,962,949,794.75
Including: Investment income from associates and from joint venture	5,204,376,269.98	4,910,730,579.44
II、Operating profit (“—” represent loss)	5,328,990,029.99	5,016,222,235.66
Add: Non-operating income	298,801,754.71	195,534,855.82
Including: gain on disposal of non-current assets		
Less: Non-operating expenses	29,823,354.91	15,224,346.18
Including: loss on disposal of non-current assets	2,925,675.81	2,127,667.41
III、 Total profit (“—” represent loss)	5,597,968,429.79	5,196,532,745.30
Less: Non-operating expenses	155,290,176.19	133,650,530.23
IV、 Net profit (“—” represent net loss)	5,442,678,253.60	5,062,882,215.07
V、 Other comprehensive income after tax	-79,662,000.00	-39,831,000.00
VI、 Total comprehensive income	5,363,016,253.6	5,023,051,215.07
VII、 Earnings per share		
Basic earnings per share	1.18	1.09
Diluted earnings per share	1.18	1.09

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	40,845,649,735.99	35,141,800,670.55
Refunds of taxes	166,138,691.28	79,197,122.73
Cash received relating to other operating activities	694,946,535.96	293,128,460.73
Sub-total of cash inflows	41,706,734,963.23	35,514,126,254.01

Cash paid for goods and services	27,752,516,799.98	20,825,746,616.91
Cash paid to and on behalf of employees	3,209,319,877.09	2,646,019,208.40
Cash paid for all types of taxes	3,037,630,435.22	3,159,896,007.83
Cash paid relating to other operating activities	3,086,480,622.87	2,446,315,442.84
Sub-total of cash outflows	37,085,947,735.16	29,077,977,275.98
Net cash flows from operating activities	4,620,787,228.07	6,436,148,978.03
II、Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from return on investments	4,334,615,000.00	52,219,215.31
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,307,153.36	601,825.61
Cash and cash equivalents of subsidiary receipts upon a acquisition		
Cash received relating to other investing activities	500,000.00	300,000.00
Sub-total of cash inflows	4,336,422,153.36	53,121,040.92
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	2,655,001,579.93	1,254,680,057.74
Cash paid for acquisition of investments	-	16,735.26
Cash paid relating to other investing activities	7,400.00	45,000.00
Sub-total of cash outflows	2,655,008,979.93	1,254,741,793.00
Net cash flows from investing activities	1,681,413,173.43	-1,201,620,752.08
III、Cash flows from financing activities:		
Cash received from borrowings	115,000,000.00	60,000,000.00
Cash received from issuing bond		
Cash received relating to other financing activities	61,286,090.42	59,542,544.63
Sub-total of cash inflows	176,286,090.42	119,542,544.63

Cash repayments of borrowings	-	70,000,000.00
Cash paid for distribution of dividends or profits and interest expenses	3,091,127,085.12	1,267,345,683.09
Including: cash paid for dividends or profits and interest expenses to minority interest of subsidiary		
Cash paid relating to other financing activities	20,368,608.43	38,256,025.88
Sub-total of cash outflows	3,111,495,693.55	1,375,601,708.97
Net cash flows from financing activities	-2,935,209,603.13	-1,256,059,164.34
IV、Effect of changes in exchange rate of cash	-2,763,972.36	3,584,274.45
V、Net increase in cash and cash equivalents	3,364,226,826.01	3,982,053,336.06
Add: Opening balance of cash and cash equivalents	17,725,921,341.22	9,362,853,917.71
VI、Closing balance of cash and cash equivalents	21,090,148,167.23	13,344,907,253.77

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	38,832,608,755.31	33,582,257,227.09
Refunds of taxes	50,000,000.00	-
Cash received relating to other operating activities	642,305,204.01	241,396,550.70
Sub-total of cash inflows	39,524,913,959.32	33,823,653,777.79
Cash paid for goods and services	27,616,360,183.76	20,278,237,719.02
Cash paid to and on behalf of employees	2,535,375,211.21	2,171,374,068.18
Cash paid for all types of taxes	2,578,042,491.59	2,909,386,502.31
Cash paid relating to other operating activities	2,881,752,596.62	2,241,148,509.78
Sub-total of cash outflows	35,611,530,483.18	27,600,146,799.29
Net cash flows from operating activities	3,913,383,476.14	6,223,506,978.50

II、Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from return on investments	4,338,301,141.67	52,219,215.31
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	830,223.68	70,105,285.24
Cash received from disposal of subsidiary and other business units		
Cash received relating to other investing activities	50,000,000.00	-
Sub-total of cash inflows	4,389,131,365.35	122,324,500.55
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,861,257,635.92	1,141,743,757.62
Cash paid for acquisition of investments	90,000,000.00	16,735.26
Cash paid for acquisition of subsidiary and other business units		
Cash paid relating to other investing activities	50,000,000.00	
Sub-total of cash outflows	2,001,257,635.92	1,141,760,492.88
Net cash flows from investing activities	2,387,873,729.43	-1,019,435,992.33
III、Cash flows from financing activities:		
Cash received from absorbing investment		
Cash received from borrowings		
Cash received from issuing bond		
Cash received relating to other financing activities		
Sub-total of cash inflows		
Cash repayments of borrowings		
Cash paid for distribution of dividends or profits and interest expenses	3,086,217,833.01	1,264,932,963.64
Cash paid relating to other	105,165.28	

financing activities		
Sub-total of cash outflows	3,086,322,998.29	1,264,932,963.64
Net cash flows from financing activities	-3,086,322,998.29	-1,264,932,963.64
IV、 Effect of changes in exchange rate of cash		
V、 Net increase in cash and cash equivalents	3,214,934,207.28	3,939,138,022.53
Add: Opening balance of cash and cash equivalents	17,223,403,333.90	8,828,152,864.35
VI、 Closing balance of cash and cash equivalents	20,438,337,541.18	12,767,290,886.88

7、 Consolidated statement of changes in shareholders' equity

Items	Current period									
	Equity attributable to owners								Minority interest	Total equity
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General reserves	Retained earnings	Others		
I. At end of last year	4,662,886,108.00	3,227,489,320.83	-	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

Prior period

Items	Current period									
	Equity attributable to owners								Minority interest	Total equity
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General reserves	Retained earnings	Others		
I. At end of last year	4,662,886,108.00	3,227,489,320.83	-	7,864,849.94	2,331,443,054.00	-	15,115,601,819.79	292,013,397.24	-181,886,852.58	25,455,411,697.22
II. At beginning of year	4,662,886,108.00	3,227,489,320.83	-	7,864,849.94	2,331,443,054.00	-	15,115,601,819.79	292,013,397.24	-181,886,852.58	25,455,411,697.22
III. Changes during the year ('-' means less)	-	-	-	6,543,764.03	-	-	3,916,173,802.70	-55,461,463.52	-27,530,287.94	3,839,725,815.27
1.Total comprehensive income	-	-	-	-	-	-	5,085,266,527.13	-55,461,463.52	-27,530,287.94	5,002,274,775.67
2.Input by investors and decrease in capital	-	-	-	-	-	-	-	-	-	-
3.Distribution of profits	-	-	-	-	-	-	-1,169,092,724.43	-	-	-1,169,092,724.43
Distribution to owners	-	-	-	-	-	-	-1,169,092,724.43	-	-	-1,169,092,724.43
4.Special reserve	-	-	-	6,543,764.03	-	-	-	-	-	6,543,764.03
(1) Pick-up in current period	-	-	-	24,945,260.20	-	-	-	-	-	24,945,260.20
(2) Used in current period	-	-	-	-18,401,496.17	-	-	-	-	-	-18,401,496.17
IV. At end of year	4,662,886,108.00	3,227,489,320.83	-	14,408,613.97	2,331,443,054.00	-	19,031,775,622.49	236,551,933.72	-209,417,140.52	29,295,137,512.49

8、Statement of changes in shareholders' equity

Items	Current period							
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	Others	Retained earnings	Total equity
I. At end of last year	4,662,886,108.00	2,831,662,835.16	-	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

Prior period

Items	Current period							
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	Others	Retained earnings	Total equity
I. At end of last year	4,662,886,108.00	2,831,662,835.16	-	3,127,864.50	2,331,443,054.00	317,440,375.00	17,744,494,650.50	27,891,054,887.16
II. At beginning of year	4,662,886,108.00	2,831,662,835.16	-	3,127,864.50	2,331,443,054.00	317,440,375.00	17,744,494,650.50	27,891,054,887.16
III. Changes during the year (“-” means less)	-	-	-	2,422,938.92	-	-39,831,000.00	3,893,789,490.64	3,856,381,429.56
1.Total comprehensive income	-	-	-	-	-	-39,831,000.00	5,062,882,215.07	5,023,051,215.07
2.Distribution of profits	-	-	-	-	-	-	-1,169,092,724.43	-1,169,092,724.43
Distribution to owners	-	-	-	-	-	-	-1,169,092,724.43	-1,169,092,724.43
3.Special reserve	-	-	-	2,422,938.92	-	-	-	2,422,938.92
(1) Pick-up in current period	-	-	-	15,574,692.00	-	-	-	15,574,692.00
(2) Used in current period	-	-	-	-13,151,753.08	-	-	-	-13,151,753.08
IV. At end of year	4,662,886,108.00	2,831,662,835.16	-	5,550,803.42	2,331,443,054.00	277,609,375.00	21,638,284,141.14	31,747,436,316.72

III、Corporate information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 15 October 2015, the Company obtained a new business license with registration number of 9150000020286320X6.

As at 30 June 2016, the Company's parent company and ultimate controlling company is China Changan and South Industries respectively.

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

IV BASIS OF PREPERATION

1. Basis of preparation

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

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

2. Going operations

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

V Significant accounting policies and accounting estimates

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully, the financial position of the Company as at June 30, 2015 and the financial results and the cash flows for 1-6 month then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

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

3. Functional currency

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

4、Business combination

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

Business combination involving entities under common control

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

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

Business combination involving entities not under common control

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

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

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

immediately in the income statement for the current period.

5、 Consolidated financial statements

The scope of consolidation of consolidated financial statements is determined based on control, and includes the financial statements of the Company and its subsidiaries as at June 30, 2016. A subsidiary is an enterprise or entity that is controlled by the Group (including an enterprise, separable part of the investee and a structured entity controlled by the Company).

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

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

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

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

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

6、 Joint venture arrangement classification and joint operation

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

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

7、 Cash and cash equivalents

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

8. Foreign currency translation

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

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

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

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

9. Financial instruments

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

Recognition and derecognition

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

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

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

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

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

Classification and measurement of financial assets

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as at fair value through profit or loss. A financial asset held for trading is the financial asset that meets one of the following conditions: the financial asset is acquired for the purpose of selling it in a short term; the financial asset is a part of a group of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this group for the purpose of short-term profits; the financial asset is a derivative, except for a derivative that is designated as effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled

by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement. All the realized or unrealized gains or losses on these financial assets are recognized in profit or loss for the current period. Dividend or interest income related to financial assets at fair value through profit or loss is recognized in profit or loss for the current period.

Held-to-maturity investments

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Classification and measurement of financial liabilities

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those

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

Other financial liabilities

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

Offsetting of financial instrumentsts

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

Impairment of financial assets

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

Financial assets carried at amortized cost

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

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

impairment.

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

Available-for-sale financial assets

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

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

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

Financial assets carried at cost

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

Transfer of financial assets

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

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

associated liability.

10、Accounts receivable

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

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

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

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

Group 1, the provision analyzed according to aging analysis:

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

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

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

	book value is recognized individually.
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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 be transferred to the current income statement on settlement of the equity investment on the disposal proportion.

13、 Investment property

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

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

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

14、 Fixed asset

(1) Recognition of fixed assets

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

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

(2) Depreciation method of fixed assets

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

Category	Deprecation period	Residual rate (%)	Yearly depreciation rate (%)
Buildings	20 to 35 years	3%	2.77%-4.85%
Machinery (Note)	5 to 20 years	3%	4.85%-19.40%
Vehicles	4 to 12 years	3%	8.08%-24.25%
Others	3 to 21 years	3%	4.62%-32.33%
Note: the moulds in machinery should be depreciated in units-of-production method.			

(3) Others

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

15、 Construction in progress

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

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

16、 Borrowing costs

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

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

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

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

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

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

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

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

17、 Intangible asset

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

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

The useful lives of the intangible assets are as follow:

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

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

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

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

18、 Research and development expenditures

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

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

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

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

19、 Long-term deferred expenses

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

20、 Contingent liabilities

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

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

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

21、 Revenue

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

Revenue from the sale of goods

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

Revenue from the rendering of services

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

Interest income

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

Royalty income

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

Rental income

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

22、 Government grants

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

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

grant. The one whose basic condition was to purchase and construct the long-term assets shall be recognized as the government grant related to assets.

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

23、 Leases

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

The Group recording the operating lease as a lessee

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

The Group recording the operating lease as a lessor

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

24、 Employee benefits

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

Short-term employee salaries

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

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plan)

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

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

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

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

Termination benefits

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

Other long-term employee benefits

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

25、Income tax

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

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

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

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

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

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

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

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

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

26、 Impairment of assets

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

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

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

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

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

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

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

27、 Profit distribution

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

28、 Safety fund

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

29、 Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or

liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

30、 Significant accounting judgments and estimates

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

Judgments

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

Operating leases - as lessor

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

Uncertainty of accounting estimates

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

Impairment of available-for-sale

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity.

When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognized in the income statement.

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

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

Bad debt provisions

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

Inventory impairment based on the net realizable value

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

Development expenditures

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

Deferred tax assets

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

Warranty

The Group provides warranties on automobile and undertakes to repair or replace items that fail to perform satisfactorily based on certain pre-determined conditions. Management estimates the related warranty claims based on historical warranty claim information including level of repairs and returns as well as recent trends that

might suggest that past cost information may differ from future claims. Factors that could impact the estimated claim information include the success of the Group's quality controls, as well as parts and labour costs. Any increase or decrease in the provision would affect profit or loss in future years.

Depreciation and amortization

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

31、 The change of major accounting policies and estimates

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

Yes No

(1) the change of accounting policy

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

Yes No

(2) the change of accounting estimates

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

Yes No

VI、 Taxes

1、 The major categories of taxes and surcharges

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

2、 Tax benefits

In accordance to Circular for Further Implementation of Tax Incentives In the Development of Western Regions (Cai Shui [2011] No.

58) collectively issued by the ministry of Finance, the Customs General Administration and the National Taxation Bureau of PRC, from 1 January 2011 to 31 December 2020, enterprises located in the Western Region and engaged in encouraged business would be entitled to a preferential CIT rate of 15%. 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
Cash	61,044.00	43,967.74
Cash at bank	21,090,087,123.23	17,725,877,373.48
Other cash	268,165,685.72	309,188,332.99
Total	21,358,313,852.95	18,035,109,674.21

As at 30 June 2016, the book value of restricted cash and cash equivalents is RMB268,165,685.72, which was mainly restricted for the issuance of acceptance bill.

As at 30 June 2016, the cash at bank oversea is equivalent to RMB 181,812,203.05.

2、Notes receivable

(1) Classification of notes receivable

Type	Ending	Beginning
Commercial acceptance bill	5,556,189,335.50	6,532,799,490.50
Bank acceptance bill	14,277,049,890.05	16,150,296,720.96
Total	19,833,239,225.55	22,683,096,211.46

(2) 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	-	-	45,000,000.00	-
Bank acceptance bill	3,978,644,010.00	-	2,103,475,070.03	-
Total	3,978,644,010.00	-	2,148,475,070.03	-

3、Accounts receivable

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

Item	Ending				Beginning			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	722,732,478.42	46.43	6,640,100.00	0.92	106,141,701.22	11.29	-	-
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	652,729,716.49	41.93	60,211,358.90	9.22	655,787,930.16	69.74	54,821,759.22	8.36
Group 2. Accounts receivable from related parties	171,322,359.48	11.01	-	-	168,371,684.39	17.90	-	-
Group subtotal	824,052,075.97	52.94	60,211,358.90	7.31	824,159,614.55	87.64	54,821,759.22	6.65
Individually insignificant items but analyzed individually for provision	9,887,063.92	0.64	9,886,638.42	100.00	10,037,100.70	1.07	10,037,100.70	100.00
Total	1,556,671,618.31	100.00	76,738,097.32	4.93	940,338,416.47	100.00	64,858,859.92	6.90

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

Aging	Ending			Beginning		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 6 months	417,821,364.41	64.01	-	535,515,703.25	81.66	-
6 to 12 months	140,641,728.08	21.55	7,032,086.40	20,626,137.08	3.15	1,031,306.85

Within 1 year subtotal	558,463,092.49	85.56	7,032,086.40	556,141,840.33	84.81	1,031,306.85
1 to 2 years	40,165,823.96	6.15	4,016,117.46	43,659,191.63	6.65	4,365,919.16
2 to 3 years	3,053,600.00	0.47	916,080.00	5,521,200.00	0.84	1,656,360.01
3 to 4 years	5,219,950.00	0.80	2,609,975.00	4,752,350.00	0.72	2,376,175.00
4 to 5 years	950,750.00	0.15	760,600.00	1,606,750.00	0.25	1,285,400.00
Over 5 years	44,876,500.04	6.88	44,876,500.04	44,106,598.20	6.73	44,106,598.20
Total	652,729,716.49	100.00	60,211,358.90	655,787,930.16	100.00	54,821,759.22

Individually significant items and analyzed individually for provision:

√ Yes □ No

Accounts receivable	Balance	Provision	Proportion of impairment (%)	Reason
Chengde Kaixiang Urban and Rural Bus Co.	15,996,000.00	809,600.00	5.06	Significant amount of individual
Laishui Huizetong Bus Co. Ltd.	15,200,000.00	760,000.00	5.00	Significant amount of individual
Qingxian Public Transport Co., Ltd.	16,180,000.00	809,000.00	5.00	Significant amount of individual
Quyong Public Transportation Co., Ltd.	30,230,000.00	1,511,500.00	5.00	Significant amount of individual
Yixian Minyi City Bus Service Center	15,200,000.00	760,000.00	5.00	Significant amount of individual
Zhangjiakou JinMeng Transport Co., Ltd.	15,900,000.00	795,000.00	5.00	Significant amount of individual
Zhangjiakou Xuanhua Bus Transport Co., Ltd.	23,900,000.00	1,195,000.00	5.00	Significant amount of individual
Virtual Dealers with New Energy Subsidies from Central Finance	213,570,000.00	-	-	Significant amount of individual
Virtual Dealers with New Energy Subsidies from Local Finance	108,510,000.00	-	-	Significant amount of individual
Beijing Changfeng Trading Company	62,203,517.22	-	-	Significant amount of individual
Sichuan Zhongcheng Industrial Co., Ltd.	44,853,252.49	-	-	Significant amount of individual
Beijing Xinxingkuaima Automobile Service Co.	32,654,206.86	-	-	Significant amount of individual
Zhengzhou Xinjiyuan Auto Sales Co., Ltd.	19,406,690.12	-	-	Significant amount of individual

SAIPA AUTO ENGINEERING & TRADING CO. (SETCO)	54,705,804.90	-	-	Significant amount of individual
ARAB MOTORS	54,223,006.83	-	-	Significant amount of individual
合计 Total	722,732,478.42	6,640,100.00	0.92	--

(2) In June 30, 2016, provision for impairment of accounts receivable amounting to RMB 11,879,237.40 has been accrued. Provision for impairment of accounts receivable amounting to RMB 0 has been reversed.

(3) As at 30 June 2016, there are no provisions written off.

(4) As at 30 June 2016, top five debtors of accounts receivable are as follows:

Debtors	Ending balance	Duration	Proportion of total accounts receivable (%)
First	213,570,000.00	Within 1 year	13.72
Second	108,510,000.00	Within 1 year	6.97
Third	86,827,183.54	Within 1 year	5.58
Fourth	68,715,199.09	Within 1 year	4.41
Fifth	62,203,517.22	Within 1 year	4.00
Total	539,825,899.85		34.68

4. Other receivables

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

Item	Ending				Beginning			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	812,293,957.60	65.41	-	-	812,880,000.00	80.82	-	-
Other receivables analyzed as groups for provision								
Group 1: Other receivables analyzed for provision according to aging analysis	342,754,326.63	27.60	2,488,101.92	0.73	107,047,831.33	10.64	2,377,217.93	2.22
Group 2: Other receivables from related	80,000,000.00	6.44	-	-	83,934,632.00	8.35	-	-

parties								
Group subtotal	422,754,326.63	34.04	2,488,101.92	0.59	190,982,463.33	18.99	2,377,217.93	1.24
individually insignificant items but analyzed individually for provision	6,798,271.89	0.55	1,884,213.22	27.72	1,884,213.22	0.19	1,884,213.22	100
Total	1,241,846,556.12	100	4,372,315.14	0.35	1,005,746,676.55	100	4,261,431.15	0.42

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	334,218,505.07	97.51	-	101,517,856.97	94.83	-
6 to 12 months	5,663,660.40	1.65	283,183.02	2,102,465.20	1.96	105,123.25
Within 1 year subtotal	339,882,165.47	99.16	283,183.02	103,620,322.17	96.79	105,123.25
1 to 2 years	699,943.71	0.20	69,994.37	980,114.30	0.92	98,011.43
2 to 3 years	-	-	-	99,781.94	0.09	29,934.58
3 to 4 years	74,585.84	0.02	37,292.92	297,156.91	0.28	148,578.46
4 to 5 years	-	-	-	274,429.01	0.26	219,543.21
Over 5 years	2,097,631.61	0.61	2,097,631.61	1,776,027.00	1.66	1,776,027.00
Total	342,754,326.63	100.00	2,488,101.92	107,047,831.33	100	2,377,217.93

As at 30 June 2016, the individually significant items analyzed individually for provision as follows:

Other receivable	Balance	Provision	Proportion of impairment (%)	Reason
Nanjing Dongchi Automobile Industry (Group) Co., Ltd	1,884,213.22	1,884,213.22	100.00	Long aging, less possibility of receivable.
合计 Total	1,884,213.22	1,884,213.22	--	--

(2) For the year ended 30 June 2016, provision for impairment of other receivables amounted to RMB 297,169.49 has been accrued. For the year ended 30 June 2016, provision for impairment of other receivables amounted to RMB 186,285.50 has been reversed.

(3) For the year ended 30 June 2016, provision for impairment of other receivables amounted to 0.

(4) As at 30 June 2016, top five debtors of other receivables are as follows:

Debtors	Ending balance	Proportion of total accounts receivable (%)	Provision (%)
First	265,216,800.00	Within 6 months	21.36
Second	20,711,202.70	Within 6 months	1.67
Third	13,041,000.00	Within 6 months	1.05
Fourth	5,626,230.16	Within 6 months	0.45
Fifth	5,318,788.70	Within 6 months	0.43
Total	309,914,021.56	-	24.96

5、Prepayments

An aged analysis of the prepayments is as follows:

Aging	Ending		Beginning	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	980,604,675.43	98.97	845,113,206.61	99.19
1 to 2 years	8,487,960.68	0.86	5,057,781.43	0.59
2 to 3 years	375,538.70	0.03	1,215,374.60	0.14
Over 3 years	1,344,875.11	0.14	685,431.90	0.08
Total	990,813,049.92	100.00	852,071,794.54	100.00

As at 30 June 2016, top five debtors of other receivables are as follows:

Debtors	Ending balance	Proportion of total accounts receivable (%)	Provision
First	295,787,096.80	Within 6 months	Prepayment for steel and goods not received yet
Second	169,876,216.99	Within 6 months	Prepayment for steel and goods not received yet
Third	169,787,175.66	Within 6 months	Prepayment for steel and goods not received yet
Fourth	131,273,289.87	Within 6 months	Prepayment for steel and writing off procedures not finished yet
Fifth	78,763,683.05	Within 1-6 months	Prepayment for steel and goods not received yet
Total	845,487,462.37	--	--

6、Inventory

(1) Classification of inventory

Item	Ending	Beginning
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	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	306,683,452.48	123,670,733.88	183,012,718.60	540,301,100.91	112,671,279.09	427,629,821.82
Work in transit	44,564,629.57	-	44,564,629.57	55,664,733.61	-	55,664,733.61
Work in progress	521,248,960.39	25,429,251.20	495,819,709.19	468,242,137.94	33,014,300.12	435,227,837.82
Commodity stock	9,493,753,391.79	138,062,132.87	9,355,691,258.92	7,165,061,259.82	140,838,362.77	7,024,222,897.05
revolving material	-	-	-	48,430,606.84	-	48,430,606.84
consumptive biological assets	132,260,689.60	-	132,260,689.60	137,899,234.78	-	137,899,234.78
Spare parts	293,665.56	-	293,665.56	-	-	-
Total	10,498,804,789.39	287,162,117.95	10,211,642,671.44	8,415,599,073.90	286,523,941.98	8,129,075,131.92

(2) Provision for inventory

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	112,671,279.09	14,765,878.24	1,162,242.12	2,604,181.33	123,670,733.88
Work in progress	33,014,300.12	220,389.39	2,193,088.74	5,612,349.57	25,429,251.20
Commodity stock	140,838,362.77	123,642,979.58	7,258,644.71	119,160,564.77	138,062,132.87
Total	286,523,941.98	138,629,247.21	10,613,975.57	127,377,095.67	287,162,117.95

7、 Other current assets

Item	Ending	Beginning
Accrual input tax	-	-
Others	6,933,522.91	8,909,736.44
Total	6,933,522.91	8,909,736.44

8、 Available-for-sale financial assets

Item	Ending	Beginning
Available-for-sale equity securities	257,730,000.00	351,450,000.00
Other	179,361,274.00	179,361,274.00
Total	437,091,274.00	530,811,274.00

1. The available-for-sale equity securities are the 35.50 million shares of Southwest Securities Co., Ltd as of 30th ,June,2016.
2. Others: On 30th ,June,2016, 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	1,211,881,807.44	8,572,426.12	1,220,454,233.56	50	50	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,008,511,522.00	2,708,643,943.64	150,430,712.08	2,859,074,655.72	50	50	N/A	-	-	-
Changan Ford Automobile Co., Ltd (former name: Changan Ford Mazda Automobile Co., Ltd)	Equity	975,232,926.29	5,504,416,392.18	235,590,447.59	5,740,006,839.77	50	50	N/A	-	-	4,330,000,000.00
Changan Mazda Automobile Co., Ltd	Equity	1,097,839,635.00	1,998,126,415.64	475,489,615.75	2,473,616,031.39	50	50	N/A	-	-	-
Changan Ford Mazda Engine Co., Ltd	Equity	786,734,634.10	781,796,686.36	83,930,973.87	865,727,660.23	50	50	N/A	-	-	-
Changan PSA Automobiles Co., Ltd, a JV of the Company	Equity	2,007,841,700.00	1,462,904,374.63	-39,866,555.46	1,423,037,819.17	50	50	N/A	-	-	-
Associates											
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	7,600,027.62	7,511,430.77	-9,644.73	7,501,786.04	40	40	N/A	-	-	-

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Chongqing Changan Kuayue Automobile Co., Ltd	Equity	61,800,885.00	76,219,385.83	2,861,788.93	79,081,174.76	34.3	34.3	N/A	-	-	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	-	-	-	34.3	34.3	N/A	-	-	-
Beijing Fangan Taxi LLC	Equity	6,000,000.00	-	-	-	42.25	42.25	N/A	-	-	-
Chongqing Auto Finance Co.Ltd	Equity	1,155,000,000.00	1,155,000,000.00	-42,623,494.17	1,112,376,505.83	35	35	N/A	-	-	-
Total	--	7,344,281,264.34	14,906,500,436.49	874,376,269.98	15,780,876,706.47	--	--	--	-	-	4,330,000,000.00

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	2,040,404.04	113,355.78	-	2,153,759.82
Buildings	2,040,404.04	113,355.78	-	2,153,759.82
III. Net Value	8,009,695.96	-113,355.78	-	7,896,340.18
Buildings	8,009,695.96	-113,355.78	-	7,896,340.18
IV. Impairment Provision	8,009,695.96	-113,355.78	-	7,896,340.18
Buildings	8,009,695.96	-113,355.78	-	7,896,340.18

11、Fixed assets

Item	Beginning	Addition	Deduction	Ending
I. Original cost	23,017,735,783.58	646,815,886.15	68,404,297.36	23,596,147,372.37
Buildings	6,025,351,237.91	442,769,068.46	144,867.87	6,467,975,438.50
Machinery	12,918,726,114.92	134,071,650.34	51,100,173.31	13,001,697,591.95
Vehicles	102,607,140.62	3,640,226.49	2,638,840.03	103,608,527.08
Other Equipments	3,971,051,290.13	66,334,940.86	14,520,416.15	4,022,865,814.84
--	Beginning	Addition	Deduction	Ending
II. Accumulated depreciation	8,294,500,499.01	748,674,830.30	35,681,103.54	9,007,494,225.77
Buildings	1,096,331,550.20	87,101,538.30	51,690.79	1,183,381,397.71
Machinery	5,393,122,603.16	584,957,976.93	22,926,715.66	5,955,153,864.43
Vehicles	47,611,603.57	1,957,858.34	1,938,028.32	47,631,433.59
Other Equipments	1,757,434,742.08	74,657,456.73	10,764,668.77	1,821,327,530.04
--	Beginning	Addition	Deduction	Ending
III. Net Value	14,723,235,284.57	-101,858,944.15	32,723,193.82	14,588,653,146.60
Buildings	4,929,019,687.71	355,667,530.16	93,177.08	5,284,594,040.79
Machinery	7,525,603,511.76	-450,886,326.59	28,173,457.65	7,046,543,727.52
Vehicles	54,995,537.05	1,682,368.15	700,811.71	55,977,093.49
Other Equipments	2,213,616,548.05	-8,322,515.87	3,755,747.38	2,201,538,284.80
IV. Impairment Provision	812,997,753.76	2,227,192.31	3,313,376.37	811,911,569.70

Buildings	84,279,067.92	-	-	84,279,067.92
Machinery	667,183,282.50	2,227,192.31	3,297,067.65	666,113,407.16
Vehicles	9,011,534.73	-	16,308.72	8,995,226.01
Other Equipments	52,523,868.61	-	-	52,523,868.61
V. Book Value	13,910,237,530.81	-104,086,136.46	29,409,817.45	13,776,741,576.90
Buildings	4,844,740,619.79	355,667,530.16	93,177.08	5,200,314,972.87
Machinery	6,858,420,229.26	-453,113,518.90	24,876,390.00	6,380,430,320.36
Vehicles	45,984,002.32	1,682,368.15	684,502.99	46,981,867.48
Other Equipments	2,161,092,679.44	-8,322,515.87	3,755,747.38	2,149,014,416.19

This 748,674,830.30 yuan depreciation; During the period the construction in progress amounting to 646,815,886.15 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	154,445,540.15	-	154,445,540.15	90,984,573.86	-	90,984,573.86
Yuzui motor city project	1,408,427,400.12	-	1,408,427,400.12	758,263,413.23	-	758,263,413.23
Sedan production equipment	8,326,017.27	-	8,326,017.27	42,051,572.59	-	42,051,572.59
Engine production	1,888,696,373.45	-	1,888,696,373.45	1,324,035,600.35	-	1,324,035,600.35
Vehicle research institution	94,621,759.95	-	94,621,759.95	59,928,820.28	-	59,928,820.28
Car moulds	55,991,547.48	-	55,991,547.48	250,678,762.19	-	250,678,762.19
Hebei Bao Ke light vehicle project	36,083,517.63	-	36,083,517.63	48,649,227.54	-	48,649,227.54
Plant for vehicle test project	3,451,793.25	-	3,451,793.25	45,137,091.95	-	45,137,091.95
Beijing vehicle construction project	208,477,553.74	-	208,477,553.74	85,977,811.61	-	85,977,811.61
Nanjing engine base	1,276,138.23	-	1,276,138.23	3,543,517.10	-	3,543,517.10
Yuzui rectification plant	28,431,087.54	-	28,431,087.54	25,998,204.34	-	25,998,204.34
Hefei Changan vehicle project	235,975,776.73	-	235,975,776.73	162,436,108.67	-	162,436,108.67
Nanjing welding project	43,943,231.06	-	43,943,231.06	44,360,154.14	-	44,360,154.14
Others	483,573,741.29	-	483,573,741.29	121,829,149.07	-	121,829,149.07
Total	4,651,721,477.89	-	4,651,721,477.89	3,063,874,006.92	-	3,063,874,006.92

(2) Movement of major construction in progress projects

Item	Budget (ten thousand yuan)	Beginning	Addition	Transferred to fixed assets	Deduction	Ending
Mini-bus production equipment	250,000.00	90,984,573.86	93,017,218.62	29,556,252.33	-	154,445,540.15
Yuzui motor city project	750,000.00	758,263,413.23	656,832,627.22	6,668,640.33	-	1,408,427,400.12
Sedan production equipment	1,050,000.00	42,051,572.59	10,476,119.06	44,201,674.38	-	8,326,017.27
Engine production	650,000.00	1,324,035,600.35	602,699,167.16	38,038,394.06	-	1,888,696,373.45
Vehicle research institution	250,000.00	59,928,820.28	44,892,865.98	10,199,926.31	-	94,621,759.95
Vehicle moulds	180,000.00	250,678,762.19	33,465,001.31	228,152,216.02	-	55,991,547.48
Hebei Bao Ke light vehicle project	15,000.00	48,649,227.54	42,686,468.21	55,252,178.12	-	36,083,517.63
Plant for vehicle test project	260,000.00	45,137,091.95	5,871,318.51	47,556,617.21	-	3,451,793.25
Beijing vehicle construction project	280,000.00	85,977,811.61	137,384,898.10	14,885,155.97	-	208,477,553.74
Nanjing Engine project	12,000.00	3,543,517.10	465,594.94	2,732,973.81	-	1,276,138.23
Yuzui plant building	50,000.00	25,998,204.34	2,937,599.99	504,716.79	-	28,431,087.54
Hefei Changan Car project	60,000.00	162,436,108.67	76,780,457.22	3,240,789.16	-	235,975,776.73
Nanjing welding project	20,000.00	44,360,154.14		416,923.08	-	43,943,231.06
Others	68,000.00	121,829,149.07	527,154,020.80	165,409,428.58	-	483,573,741.29
合计 Total	3,895,000.00	3,063,874,006.92	2,234,663,357.12	646,815,886.15	-	4,651,721,477.89

(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
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machinery equipment	4,756.69	-
office equipment	7,655.84	-
Total	12,412.53	-

15、Intangible assets

(1) Details of intangible assets

Item	Beginning	Addition	Deduction	Ending
I. Original cost	4,695,016,247.14	852,558,123.80	-	5,547,574,370.94
Land use rights	2,137,762,363.93	218,088,206.00	-	2,355,850,569.93
Software use rights	370,981,530.88	3,439,386.97	-	374,420,917.85
Trademark use rights	211,784,400.00	110,585,058.92	-	322,369,458.92
Non-patent technology	1,974,487,952.33	520,445,471.91	-	2,494,933,424.24
II. Accumulated amortization	1,733,848,481.24	246,403,179.65	-	1,980,251,660.89
Land use rights	186,841,350.16	23,297,261.44	-	210,138,611.60
Software use rights	311,958,198.25	27,157,093.44	-	339,115,291.69
Trademark use rights	118,447,706.48	20,290,600.07	-	138,738,306.55
Non-patent technology	1,116,601,226.35	175,658,224.70	-	1,292,259,451.05
III. Net Value	2,961,167,765.90	606,154,944.15	-	3,567,322,710.05
Land use rights	1,950,921,013.77	194,790,944.56	-	2,145,711,958.33
Software use rights	59,023,332.63	-23,717,706.47	-	35,305,626.16
Trademark use rights	93,336,693.52	90,294,458.85	-	183,631,152.37
Non-patent technology	857,886,725.98	344,787,247.21	-	1,202,673,973.19
IV. Impairment Provision	117,836,023.23	-	-	117,836,023.23
Land use rights	-	-	-	-
Software use rights	21,319,804.81	-	-	21,319,804.81
Trademark use rights	-	-	-	-
Non-patent technology	96,516,218.42	-	-	96,516,218.42
V. Book Value	2,843,331,742.67	606,154,944.15	-	3,449,486,686.82
Land use rights	1,950,921,013.77	194,790,944.56	-	2,145,711,958.33
Software use rights	37,703,527.82	-23,717,706.47	-	13,985,821.35
Trademark use rights	93,336,693.52	90,294,458.85	-	183,631,152.37
Non-patent technology	761,370,507.56	344,787,247.21	-	1,106,157,754.77

As at 30 June 2016, the intangible assets from internal research and development account for 32% 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	1,093,462,382.64	1,002,179,889.33	612,934,383.56	634,017,861.64	848,690,026.77
Total	1,093,462,382.64	1,002,179,889.33	612,934,383.56	634,017,861.64	848,690,026.77

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
Gaobao Lake Reservoir Greening	180,080.00	-	90,040.00	-	90,040.00
Tools	1,611,611.27	608,965.66	1,943,551.29	-	277,025.64
Others	6,237,120.00	7,322,881.49	78,600.00	-	13,481,401.49
Total	8,028,811.27	7,931,847.15	2,112,191.29	-	13,848,467.13

19. Deferred tax assets and liabilities

Deferred tax assets and liabilities are listed separately.

(1) Recognized deferred tax assets and liabilities:

Item	Ending	Beginning
Deferred tax assets		
Provision for the impairment of assets	167,709,129.15	164,719,478.60
Accrued expenses and contingent liabilities	646,605,643.76	735,719,281.09
Unpaid tech development expense and advertisement expense	24,973,573.46	46,147,184.88
Deferred income	328,739,537.14	364,678,745.96

Unpaid salary and bonus and others	175,485,799.22	104,346,500.59
Subtotal	1,343,513,682.73	1,415,611,191.12
Deferred tax liabilities		
Available-for-sale financial assets on the changes in fair value	35,227,500.00	49,285,500.00
Others	1,319,329.50	-
Subtotal	36,546,829.50	49,285,500.00

20、Provision for the impairment of assets

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	69,120,291.07	12,176,406.90	186,285.51	-	81,110,412.46
II. Provision for obsolete inventory	286,523,941.98	138,629,247.21	10,613,975.57	127,377,095.67	287,162,117.95
III. Provision for the impairment of fixed assets	812,997,753.76	2,227,192.31	-	3,313,376.37	811,911,569.70
IV. Impairment of construction in progress	-	-	-	-	-
V. Provision for the impairment of intangible assets	117,836,023.23	-	-	-	117,836,023.23
VI. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
Total	1,359,943,345.04	153,032,846.42	10,800,261.08	130,690,472.04	1,371,485,458.34

21、Other non-current assets

None

22、Short-term loans

Item	Ending	Beginning
Pledge loans	150,000,000.00	50,000,000.00
Guaranteed loans	-	-
Credit loans	16,214,513.55	-
Total	166,214,513.55	50,000,000.00

23、Notes payable

Item	Ending	Beginning
Commercial acceptance bill	-	53,240,000.00
Bank acceptance bill	22,144,405,905.63	18,609,660,601.34
Total	22,144,405,905.63	18,662,900,601.34

24、Accounts payable

Item	Ending	Beginning
Accounts payable	15,782,320,390.98	14,973,826,566.55
total	15,782,320,390.98	14,973,826,566.55

25、Advances from customers

Item	Ending	Beginning
Advances from customers	7,213,729,625.15	7,326,612,631.20
total	7,213,729,625.15	7,326,612,631.20

26、Payroll payable

30 June 2016

Item	Beginning	Addition	Deduction	Ending
Short term salary benefits	1,429,426,563.28	3,108,341,833.11	3,570,985,357.18	966,783,039.21
Defined contribution plans	65,948,316.50	284,465,531.39	284,581,943.25	65,831,904.64
Early retirement benefits	4,239,000.00	1,479,730.65	-	5,718,730.65
Total	1,499,613,879.78	3,394,287,095.15	3,855,567,300.43	1,038,333,674.50

Short term salary benefits

30 June 2016

Item	Beginning	Addition	Deduction	Ending
Salary, bonus, allowance and subsidy	1,106,536,422.36	2,290,569,992.88	2,487,731,893.65	909,374,521.59
Employee benefit	161,138,872.11	109,095,545.18	266,737,353.48	3,497,063.81
Social insurance	-6,121,466.85	467,135,776.86	445,582,426.09	15,431,883.92
Housing accumulation fund	116,439,265.39	175,569,844.08	285,080,110.20	6,928,999.27
Labor fund and employee	51,433,470.27	65,970,674.11	85,853,573.76	31,550,570.62

education fund				
Total	1,429,426,563.28	3,108,341,833.11	3,570,985,357.18	966,783,039.21

Defined contribution plans as follows:

30 June 2016

Item	Beginning	Addition	Deduction	Ending
Basic retirement security	58,211,141.01	276,557,313.83	276,667,832.43	58,100,622.41
Unemployment insurance	7,737,175.49	7,908,217.56	7,914,110.82	7,731,282.23
Total	65,948,316.50	284,465,531.39	284,581,943.25	65,831,904.64

27、Taxes payable

Item	Ending	Beginning
Value-added tax	-418,574,311.13	-360,750,164.89
Consumption tax	253,336,519.30	311,777,113.20
Business tax	68,694.30	565,292.82
Corporate income tax	210,995,320.86	365,940,064.81
Individual Income tax	7,997,542.81	5,211,932.14
City maintenance and construction tax	10,623,630.17	16,162,814.08
Education additional expenses	6,942,628.60	10,880,123.71
Others	-7,018,541.53	6,962,020.62
total	64,371,483.38	356,749,196.49

28、Interest payable

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

29、Dividend payable

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

30、 Other payables

Item	Ending	Beginning
Dealer earnest money	55,039,040.83	90,495,974.80
Warranty	10,605,773.71	11,414,931.08
Repair fees	188,025,769.04	144,637,609.14
Sales bonus	12,143,866.00	25,811,691.00
Advertisement fees	215,064,659.20	311,636,628.96
Warehousing and transport fees	334,579,903.06	291,730,945.64
Loans temporarily	116,006,713.92	134,906,227.28
Project funds	613,215,026.77	628,894,264.49
Others	254,563,746.16	123,346,585.66
total	1,799,244,498.69	1,762,874,858.05

31、 Contingent liabilities

Item	Beginning	Addition	Deduction	Ending
Warranty	1,641,676,220.15	449,951,103.03	393,688,647.99	1,697,938,675.19
total	1,641,676,220.15	449,951,103.03	393,688,647.99	1,697,938,675.19

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

32、 Other current liabilities

Item	Ending	Beginning
Accrued utilities	18,057,355.58	36,290,509.84
Accrued transportation fee	732,965,200.43	647,225,692.02
Accrued labor service fee	-	59,077,891.33
Accrued technology royalty	159,815,764.70	136,205,899.23
Accrued commercial discount payable	2,232,487,817.90	2,351,905,956.34
Accrued market development expense	345,132,557.12	259,403,771.61
Accrued extending warranty	344,231,967.52	344,231,967.52
Others	265,587,291.62	96,557,273.26
total	4,098,277,954.87	3,930,898,961.15

33、 Bonds payables

Item	Date	Beginning	Addition	Deduction	Ending
Corporate bonds	23 April 2012	1,971,184,679.89	1,958,959.98	0.00	1,973,143,639.87

With the permission of the China securities regulatory commission regulatory approval [2012] no. 2012, the company to the public in April 2012, issue corporate bonds, face value of RMB 1,980,000,000.00 coupon for fixed rate 5.30%, according to the annual interest payments, FuXiRi for every year on April 23, the final payment date is April 23, 2017. After deducting distribution costs RMB 19589600.00, raised RMB 1960410400.00. The bond is provided by the parent company China changan full unconditional irrevocable joint and several guarantee. During the reporting period, the company has to pay on April 23, 2015 to April 22, 2016, during the period of interest at a pre-determined (fourth year).

Note: Due to the Changan debt due in April 23, 2017, according to the accounting standards, the company has adjusted the balance of bonds to the non current liabilities due within one year.

34、Special payables

Item	Beginning	Addition	Deduction	Ending
Project 863	2,627,172.95	-	71,500.00	2,555,672.95
Test on key technology of hybrid electric vehicles	2,324,391.07	-	549,051.63	1,775,339.44
New Vehicle product	6,663,072.47	-	131,338.03	6,531,734.44
Automobile product chain sharing platform	6,530,459.44	-	30,369.00	6,500,090.44
Gasoline Engine Development	2,033,834.26	2,490,000.00	2,214,283.06	2,309,551.20
Development and industrialization of the embedded software platform for automotive electronic controllers	263,547.70	-	-	263,547.70
Changan automobile E class Gasoline engine cylinder block, cylinder head production line project	60,357,617.64	-	6,600.00	60,351,017.64
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	3,175,689.00	1,150,000.00	1,196,000.00	3,129,689.00
Industrialization of patented technologies	8,670,532.59	-	1,726,029.62	6,944,502.97
Vehicle network intelligent information terminal middleware key technologies research and application	-237,413.99	1,956,600.00	35,291.42	1,683,894.59

Development and industrialization of C206 pure electric cars	-28,922,057.58	-	3,743,575.13	-32,665,632.71
System development of electromagnetic compatibility of key accessories on electric cars	3,120,683.25	1,740,000.00	139,282.28	4,721,400.97
Smart production special projects	29,912,733.30	-	747,858.14	29,164,875.16
Others	12,088,987.73	250,000.00	1,286,664.77	11,052,322.96
Total	164,121,780.05	7,586,600.00	11,877,843.08	159,830,536.97

35. Deferred income

30 June, 2016

Item	Beginning	Addition	Deduction	Ending
Government grants related to assets	2,662,177,255.96	1,740,000.00	70,084,245.18	2,593,833,010.78
Others	4,366,152.86	717,948.54	-	5,084,101.40
Total	2,666,543,408.82	2,457,948.54	70,084,245.18	2,598,917,112.18

2015

Item	Beginning	Addition	Deduction	Ending
Government grants related to assets	2,687,392,181.26	112,341,999.62	137,556,924.92	2,662,177,255.96

As at 30 June 2016, details of liabilities related to government grants are as follows:

Item	Beginning (Restated)	Addition	Recorded to non-operating income	Ending	Relates to asset/gain
Subsidies for the automobile comprehensive testing ground project	544,301,916.66	-	14,099,583.34	530,202,333.32	Relates to asset
Funds for Yuzui motor city project	250,081,632.64	-	2,841,836.74	247,239,795.90	Relates to asset
Funds for Beijing Changan project	1,065,749,966.56	-	15,529,556.28	1,050,220,410.28	Relates to asset
Funds for technology innovation	16,150,000.00	-	-	16,150,000.00	Relates to asset
Funds for expansion of production capacity of auto mold	17,420,000.00	-	290,333.33	17,129,666.67	Relates to asset
Funds for H series engine	48,000,000.05	-	2,666,666.67	45,333,333.38	Relates to asset
Industry upgrading project for small displacement engine and technological transformation project	124,585,694.48	-	7,982,916.66	116,602,777.82	Relates to asset

for CB type engine production line					
Expansion of production capacity project	51,506,332.01	-	2,343,303.42	49,163,028.59	Relates to asset
Subsidies for the construction of Hebei new plant	19,960,000.00	-	1,370,000.00	18,590,000.00	Relates to asset
Funds for the project of Ministry of Industry and Information Technology	5,000,000.00	-	-	5,000,000.00	Relates to asset
Subsidies for engine produce base of Nanjing Changan	9,380,223.70	-	99,436.98	9,280,786.72	Relates to asset
Light vehicle technical transformation project of Baoding Changan Bus	148,800,647.00	-	-	148,800,647.00	Relates to asset
Subsidies for initial capital of new basebut and research and development	210,200,213.38	-	14,172,992.34	196,027,221.04	Relates to asset
Premium rebate from Dingzhou local bureau of finance	10,900,818.41	-	-	10,900,818.41	Relates to asset
Hebei M201 bus production plant project	3,527,777.78	-	166,666.66	3,361,111.12	Relates to asset
Productization of automobile lightweight components	15,278,642.84	-	4,379,661.42	10,898,981.42	Relates to asset
Development and industrial application of high-effective and clean turbocharged direct injection gasoline engine	11,347,874.15	1,740,000.00	59,370.15	13,028,504.00	Relates to asset
Development and industrial application of the intelligent vehicle terminal with Beidou compatible GPS	4,340,516.34	-	4,071,921.17	268,595.17	Relates to asset
Restructure project of engine production capacity	100,000,000.00	-	-	100,000,000.00	Relates to asset
Funds for the infrastructure construction of Changan Yuzui plant	5,380,000.00	-	-	5,380,000.00	
Coal-fired boiler renovation project	264,999.96	-	10,000.02	254,999.94	
Total	2,662,177,255.96	1,740,000.00	70,084,245.18	2,593,833,010.78	

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

Item	Beginning	Addition	Recorded to non-operating income	Ending	Relates to asset/gain
Subsidies for the automobile comprehensive testing ground project	571,317,416.66	-	27,015,500.00	544,301,916.66	Relates to asset
Funds for Yuzui motor city project	255,765,306.12	-	5,683,673.48	250,081,632.64	Relates to asset
Funds for Beijing Changan project	1,096,809,079.12	-	31,059,112.56	1,065,749,966.56	Relates to asset
Funds for technology innovation	16,150,000.00	-	-	16,150,000.00	Relates to asset
Funds for expansion of production capacity of auto mold	17,420,000.00	-	-	17,420,000.00	Relates to asset
Funds for H series engine	53,333,333.38	-	5,333,333.33	48,000,000.05	Relates to asset

Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line	140,551,527.80	-	15,965,833.32	124,585,694.48	Relates to asset
Expansion of production capacity project	56,192,938.84	-	4,686,606.83	51,506,332.01	Relates to asset
Subsidies for the construction of Hebei new plant	22,700,000.00	-	2,740,000.00	19,960,000.00	Relates to asset
Funds for the project of Ministry of Industry and Information Technology	5,000,000.00	-	-	5,000,000.00	Relates to asset
Subsidies for engine produce base of Nanjing Changan	9,545,952.00	-	165,728.30	9,380,223.70	Relates to asset
Light vehicle technical transformation project of Baoding Changan Bus	150,500,647.00	5,000,000.00	6,700,000.00	148,800,647.00	Relates to asset
Subsidies for initial capital of new basebut and research and development	238,546,198.06	-	28,345,984.68	210,200,213.38	Relates to asset
Premium rebate from Dingzhou local bureau of finance	10,900,818.41	-	-	10,900,818.41	Relates to asset
Hebei M201 bus production plant project	3,861,111.11	-	333,333.33	3,527,777.78	Relates to asset
Productization of automobile lightweight components	23,697,013.51	-	8,418,370.67	15,278,642.84	Relates to asset
Development and industrial application of high-effective and clean turbochargeddirect injection gasoline engine	10,022,200.00	1,750,000.00	424,325.85	11,347,874.15	Relates to asset
Development and industrial application of the intelligent vehicle terminal with Beidou compatible GPS	4,990,638.87	-	650,122.53	4,340,516.34	Relates to asset
Development of the key technology of the laser micro texture on the surface of energy-efficient and anti-friction internal combustion	88,000.38	(88,000.38)	-	-	Relates to asset
Engine production restructure program	-	100,000,000.00	-	100,000,000.00	Relates to asset
Changan Yuzui infrastructure subsidy	-	5,380,000.00	-	5,380,000.00	Relates to asset
Coal boiler retrofit project	-	300,000.00	35,000.04	264,999.96	Relates to asset
Total	2,687,392,181.26	112,341,999.62	137,556,924.92	2,662,177,255.96	

36、Share capital

	Beginning	Current movement					Ending
		Issuance of shares	Stock dividend	Transfer of reserve to common shares	others	Subtotal	

the sum of shares	4,662,886,108.00	-	-	-	-	-	4,662,886,108.00
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37、Capital reserves

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

38、Other comprehensive income

item	Report period	Same period of last year
1. Profits (loss) generated from available for sale financial assets	-93,720,000.00	-46,860,000.00
Less: Available for sale financial assets arising from income tax effect	-14,058,000.00	-7,029,000.00
Net - through other comprehensive income into the profits and losses of the current	-	-
Subtotal	-79,662,000.00	-39,831,000.00
2. Translation differences of foreign currency financial statements	-14,578,769.25	-15,630,463.52
total	-94,240,769.25	-55,461,463.52

39、Surplus reserves

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

40、Retained earnings

Item	sum
Retained earnings at beginning of year before adjustments	23,899,223,263.45
Adjust the early undistributed profits total	-
Retained earnings at beginning of year after adjustments	23,899,223,263.45
Add: Net profit belong to parent company	5,490,988,582.32
Less: the statutory surplus reserves	-
common stock dividends payable	2,987,918,471.58
Retained earnings at the end	26,402,293,374.19

41、Operating revenue and cost

(1) Operating revenue

item	Report period	Same period of last year
Operating revenue	35,181,466,125.50	32,500,273,613.80
Other operating revenue	620,296,795.75	552,681,563.69
Operating cost	29,867,338,185.68	27,249,934,200.22

(2) Main business (divisions)

item	Report period		Same period of last year	
	Total revenue	Operating cost	Total revenue	Operating cost
motor industry	35,181,466,125.50	29,458,322,038.34	32,500,273,613.80	26,975,703,171.68
total	35,181,466,125.50	29,458,322,038.34	32,500,273,613.80	26,975,703,171.68

(3) Main business (product)

item	Report period		Same period of last year	
	Total revenue	Operating cost	Total revenue	Operating cost
Sale of goods	35,100,676,715.85	29,372,709,236.16	32,410,068,040.76	26,909,610,981.03
Outsourcing processing	80,789,409.65	85,612,802.18	90,205,573.04	66,092,190.65
total	35,181,466,125.50	29,458,322,038.34	32,500,273,613.80	26,975,703,171.68

(4) Main business areas (points)

Item	Report period		Same period of last year	
	Total revenue	Operating cost	Total revenue	Operating cost
domestic	34,767,490,150.29	29,049,188,785.60	32,264,164,073.00	26,743,919,822.88
overseas	413,975,975.21	409,133,252.74	236,109,540.80	231,783,348.80
total	35,181,466,125.50	29,458,322,038.34	32,500,273,613.80	26,975,703,171.68

42、 Business tax and surcharges

item	Report period	Same period of last year
Consumption tax	1,350,755,620.86	1,298,240,340.17
Business tax	4,141,984.66	10,061,570.30
City maintenance and construction tax	147,842,460.48	160,918,999.15
Education additional expenses	71,551,620.75	76,356,274.10
Others	47,303.40	49,687.80
total	1,574,338,990.15	1,545,626,871.52

43、 Operating expenses

item	Report period	Same period of last year
Payroll and welfare	190,252,969.55	134,956,336.92
Promotion fee	591,941,577.63	478,571,789.65
Transportation expenses	1,068,934,334.31	1,042,820,106.95
Travelling expenses	31,297,917.00	30,530,276.77
Package expenses	9,453,307.65	6,575,440.70
Administrative expenses	7,344,193.33	6,658,362.91
Selling service fee	218,651,074.93	525,379,058.48
Sales discount	-30,271,721.61	-142,150,000.00
Others	33,104,900.54	51,809,259.51
total	2,120,708,553.33	2,135,150,631.89

44、 General and administrative expenses

item	Report period	Same period of last year
Payroll and welfare	1,010,220,272.41	816,862,056.63
Technology research expenses	504,713,570.09	495,299,687.29
Administrative expenses	7,641,548.23	4,928,473.32
Depreciation and amortization	360,730,100.38	318,144,953.11
Miscellaneous service charges	3,257,436.77	6,631,643.12
Tax fee	127,086,377.16	127,436,015.13
Traffic expenses	31,792,949.22	25,266,502.50
Travelling expenses	15,166,425.72	10,360,918.55
Entertainment expenses	1,941,999.45	1,363,858.33
Others	149,746,253.80	233,619,156.90
total	2,212,296,933.23	2,039,913,264.88

45、 Financial expenses

item	Report period	Same period of last year
Interest expense	61,349,410.76	55,625,821.57
Less: interest income	169,660,115.51	132,549,376.19
Exchange gain or loss	11,536,776.06	11,530,314.80
Others	12,058,915.69	12,684,006.26
total	-107,788,565.12	-75,769,863.16

46、 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	5,204,376,269.98	4,910,730,579.44
Stock dividend income from available-for-sale financial assets	4,615,000.00	52,219,215.31
Available-for-sale financial assets investment income through disposal	-	-
total	5,208,991,269.98	4,962,949,794.75

47、 Impairment loss on assets

item	Report period	Same period of last year
1. Bad debt loss	11,990,121.39	357,069.61
2. Impairment provision of obsolete inventory	128,015,271.64	80,047,561.92
3. Impairment provision of fixed assets	2,227,192.31	47,748,719.67
4. Impairment provision of intangible assets	-	-
total	142,232,585.34	128,153,351.20

48、 Non-operating income

item	Report period	Same period of last year
Non-current assets disposal gains in total	4,889,217.28	609,783.28
Gain on the disposal of fixed assets	4,889,217.28	609,783.28
Donations	-	-
Government grants	496,486,470.68	214,704,329.34
others	37,047,573.92	37,995,685.18
Total	538,423,261.88	253,309,797.80

49、 Non-operating expenses

item	Report period	Same period of last year
Non-current assets disposal has lost	6,056,945.55	2,420,217.68
Loss on the disposal of fixed assets	6,056,945.55	2,420,217.68
Donation	199,000.00	200,000.00
Others	27,496,725.41	14,384,798.43
Total	33,752,670.96	17,005,016.11

50、 Income tax expense

item	Report period	Same period of last year
Current income tax expense	198,825,308.25	379,069,503.23
Deferred income tax adjustment	30,721,190.91	-207,604,445.04
total	229,546,499.16	171,465,058.19

51、Notes to cash flow statement

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

item	Amount
Interest income	149,697,905.21
Government grants related to operating activities	510,956,652.28
Others	34,291,978.47
Total	694,946,535.96

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

item	Amount
Selling expense	1,930,455,583.78
Administrative expense	841,346,560.44
Others	314,678,478.65
Total	3,086,480,622.87

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

item	Amount
Government grants	500,000.00
Total	500,000.00

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

item	Amount
Counter Fee	-
others	7,400.00
Total	7,400.00

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

Item	Amount
Withdraw for deposit of bill	61,286,090.42
Others	-

Total	61,286,090.42
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(6) The major cash paid relating to other financing activities:

Item	Amount
Payment for deposit of bill	20,263,443.15
Others	105,165.28
Total	20,368,608.43

52、Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Unit: Yuan

Supplementary information	Current Amount	Prior-period Amount
1. Cash flow relating to operating activities calculated by adjusting the net profit	--	--
Net profit	5,476,751,600.38	5,057,736,239.19
Add: provision for assets impairment	142,232,585.34	128,153,351.20
Depreciation of fixed assets, oil and gas assets, productive biological assets	1,232,153,547.87	885,034,987.03
Amortization of intangible assets	246,288,446.15	220,443,346.43
Amortization of long-term deferred expense	168,640.00	233,276.20
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets(with "-" for gains)	894,064.49	-66,568,668.28
Loss on discarding of fixed assets(with "-" for gains)	-	1,197.74
Loss from fair value changes (with "-" for gains)	-	-
Financial expense(with "-" for gains)	-107,788,565.12	-75,769,863.16
Investment loss(with "-" for gains)	-5,208,991,269.98	-4,962,949,794.75
Decrease in deferred tax assets(with "-" for gains)	72,097,508.39	-173,197,419.13
Decrease in inventory(with "-" for gains)	-2,082,567,539.51	-947,251,727.57
Decrease in operating receivables(with "-" for gains)	1,869,665,425.58	-38,489,961.80
Increase in operating payables(with "-" for gains)	2,959,611,634.78	6,471,528,980.04
Others	20,271,149.70	-62,754,965.11
Net cash flows from operating activities	4,620,787,228.07	6,436,148,978.03
2. Investment and financing activities involving no cash incomings / outgoings	--	--
3. Movement of cash and cash equivalents	--	--

Ending balance of cash equivalents	21,090,148,167.23	13,344,907,253.77
Less: beginning balance of cash equivalents	17,725,921,341.22	9,362,853,917.71
Net increase in cash and cash equivalents	3,364,226,826.01	3,982,053,336.06

(2) Cash and cash equivalents

Unit: Yuan

Item	Ending balance	Beginning balance
I. Cash	21,090,148,167.23	17,725,921,341.22
Including: Cash on hand	61,044.00	43,967.74
Bank deposits that can be readily used	21,090,087,123.23	17,725,877,373.48
Other monetary assets that can be readily used	-	-
II. ending balance of cash and cash equivalents	21,090,148,167.23	17,725,921,341.22

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

Name	Registered Address	Type of business	Total shareholding ratio of the group	Proportion of voting rights enjoyed by the group	Note
Shenzhen Changan New Energy Automobile Service Co., Ltd	Shenzhen	Car sale	100%	100%	Note1

Note1: Shenzhen Changan New Energy Automobile Service Co., Ltd registered in Shenzhen, China, as a wholly owned subsidiary of the group is included in the consolidated scope of the group for this year.

(2) Subsidiary clearing during the reporting period

Subsidiary clearing during the reporting period and its relevant circumstances: None

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 establish or investment						
Hebei Changan Automobile Co., Ltd. (note 1)	Dingzhou	Dingzhou	Manufacturing	46,469	94.22	-
Chongqing Changan International Automobile Sales Co., Ltd.	Chongqing	Chongqing	sales	1,376	95.00	-
Chongqing Changan Automobile Sales Co., Ltd.	Chongqing	Chongqing	sales	4,850	100.00	-
Chongqing Changan Special Automobile Sales Co., Ltd (note 2)	Chongqing	Chongqing	sales	500	50.00	-
Chongqing Changan Automobile Supporting Service Co., Ltd.	Chongqing	Chongqing	sales	3,000	100.00	-
Chongqing Changan New Energy Automobile Co. Ltd.	Chongqing	Chongqing	R&D	2,900	65.00	-
Chongqing Changan Europe Design Academy Co., Ltd.	Turin, Italy	Turin, Italy	R&D	EUR1,460	100.00	-
Changan United Kingdom R&D Center Co., Ltd.	Birmingham, United Kingdom	Birmingham, United Kingdom	R&D	GBP1,903	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	
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	850	100.00	-
Hebei Baoding Changan Bus Co., Ltd.	Dingzhou	Dingzhou	Manufacturing	3,000	100.00	-
Hefei Changhe Automobile Co.,Ltd.	Hefei	Hefei	Manufacturing	77,500	100.00	-

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

Note 2: The remaining shareholders of Chongqing Changan Special Automobile Co., Ltd. made an agreement with the Company that the remaining shareholders are to vote in accordance with the Company. The main financial and operating policies have been controlled by the Company, so it is included in the scope of consolidated financial statements.

As at June 30,2016, 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

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. (Note)	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	Regional taxi operation	1,420	42.25	-	Equity
Chongqing Auto Finance Co., Ltd.	Chongqing	Chongqing	For the car loan business; provide car dealers to buy vehicles loans and operating equipment loans , Including the exhibition hall construction loans and 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 30,2016	Loans and accounts receivable	Available-for-sale financial assets	Total
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Cash	21,358,313,852.95	-	21,358,313,852.95
Notes receivable	19,833,239,225.55	-	19,833,239,225.55
Accounts receivable	1,479,933,520.99	-	1,479,933,520.99
Other receivables	1,237,474,240.98	-	1,237,474,240.98
Available-for-sale financial assets	-	437,091,274.00	437,091,274.00
Interest receivable	16,881,866.68	-	16,881,866.68
Total	43,925,842,707.15	437,091,274.00	44,362,933,981.15

Financial liabilities

	June 30,2016	2015
Short-term loans	166,214,513.55	50,000,000.00
Notes payable	22,144,405,905.63	18,662,900,601.34
Accounts payable	15,782,320,390.98	14,973,826,566.55
Interest payable	20,988,000.00	73,458,000.00
Dividend payable	79,742.80	79,742.80
Other payables	1,799,244,498.69	1,762,874,858.05
Bonds payable	-	1,975,102,599.85
Non-current liabilities due within one year	1,977,061,559.83	-
Total	41,890,314,611.48	37,498,242,368.59

Note: Due to the Changan debt due in April 23, 2017, according to the accounting standards, the company has adjusted the balance of bonds to the non current liabilities due within one year.

2、Transfer of financial assets

The transferred financial assets that entirely derecognized but continuing involved

As of June 30 2016, the Group has endorsed bank acceptance bill with a carrying amount of RMB3,978,644,010.00 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 2016, 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 2016, among the Group's collections with specific credit risk, 34.68% of accounts receivables of the Group are due from top five clients respectively.

An analysis of financial assets of individual impairment:

June 30,2016

	Total	Book value	Impairment provision
Accounts receivable	1,479,933,520.99	1,556,671,618.31	76,738,097.32
Other receivables	1,237,474,240.98	1,241,846,556.12	4,372,315.14
Notes receivable	19,833,239,225.55	19,833,239,225.55	-
Available-for-sale financial assets	437,091,274.00	437,091,274.00	-
Interest receivable	16,881,866.68	16,881,866.68	-

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 riskInterest rate risk

The Group's revenue and operating cash flows are seldomly influenced by the interest fluctuation. As at June 30, 2016, 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 2016, 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 9) as at June 30, 2016. 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, 2016			
Shanghai- Available for sale	257,730,000.00	5%	12,886,500.00
Shanghai- Available for sale	257,730,000.00	(5%)	(12,886,500.00)
2015			
Shanghai- Available for sale	351,450,000.00	5%	17,572,500.00

Shanghai- Available-for-sale	351,450,000.00	(5%)	(17,572,500.00)
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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 2016.

In June 30, 2016 and December 31, 2015 ,The Group's leverage ratio on the balance sheet date is as follows:

	June 30, 2016	December 31, 2015
Leverage ratio	<u>61.70%</u>	<u>61.78%</u>

XI、Disclosure of fair value

1、Assets and liabilities measured at fair value

June 30, 2016

	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	257,730,000.00	-	-	257,730,000.00

December 31, 2015

	Input measured at fair value			
	Quoted price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The second level)	Total
Available-for-sale financial assets- equity instruments	351,450,000.00	-	-	351,450,000.00

2、Assets and liabilities disclosed in fair value

June 30, 2016

	Input measured at fair value
--	------------------------------

	Quoted market price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The second level)	Total
Non current liabilities due within one year	2,021,580,000.00	-	-	2,021,580,000.00

Note: Due to the Changan debt due in April 23, 2017, according to the accounting standards, the company has adjusted the balance of bonds to the non current liabilities due within one year.

December 31, 2015

	Input measured at fair value			
	Quoted market price in active market (The first level)	Quoted price in active market (The first level)	Quoted price in active market (The first level)	Quoted price in active market (The first level)
Bonds payable	2,039,400,000.00	-	-	2,039,400,000.00

For the In June 30, 2016, 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, 2016	2015	June 30, 2016	2015
Financial assets	-	-	-	-
Financial assets available for sale- equity instruments	257,730,000.00	351,450,000.00	257,730,000.00	351,450,000.00
Financial liabilities	-	-	-	-
Bonds payable	-	1,975,102,599.85	-	2,039,400,000.00
Non current liabilities due within one year	1,977,061,559.83	-	2,021,580,000.00	-

Note: Due to the Changan debt due in April 23, 2017, according to the accounting standards, the company has adjusted the balance of bonds to the 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 2016 and 31 December 2015, which are traded in open and active market.

XII. Related parties and related party transactions

1. Parent company of the Company

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

Introduction to Parent company of the Company

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

Legal representative: Xu Liuping

Date of establishment: December 26, 2005

Organization code: 71093394-8

Registered capital: RMB 4582373700

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

2. Subsidiaries

See subsidiaries in (8) Equity in other entities

3. Other related parties

Other Related parties	Relationship
Changan Ford Automobile Co.,Ltd.	joint venture
Changan Mazda Automobile Co.,Ltd.	joint venture
Changan Ford Mazda Engine Co., Ltd.	joint venture
Chongqing Changan Suzuki Automobile Co., Ltd.	joint venture
Jiangling Holding Co., Ltd.	joint venture
Jiangling Holding Landwind Plant	joint venture
Changan PSA Automobiles Co., Ltd.	joint venture
Chongqing Changan Kuayue Automobile Co., Ltd.	Associated enterprise
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Associated enterprise
Changan Industries Group Co. Ltd.	subordinate company of South Group
Chongqing Changan Real Estate Development Co., Ltd.	subordinate company of Changan Industries
Chongqing Changan Construction Engineering Co., Ltd.	subordinate company of Changan Industries
Sichuan Hongguang Machinery and Electrics Co., Ltd.	subordinate company of Changan Industries
Chongqing Changan Property Management Co., Ltd.	subordinate company of Changan Industries
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	subordinate company of Changan Industries
China Changan Automobile Co., Ltd.	Parent company
China Changan Automobile Co., Ltd. –Chongqing Qingshan Transmission Branch	Branch of China Changan
China Changan Automobile Co., Ltd. – Chengdu Jian'an Automobile Bridge Branch	Branch of China Changan
China Changan Automobile Co., Ltd. – Shichuan Jian'an Automobile Bridge Branch	Branch of China Changan
South Air International Co.,Ltd.	subordinate company of China Changan
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	subordinate company of China Changan
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.-Longchang Shock Absorber Branch	subordinate company of China Changan
Chengdu Huachuan Electric Equipment Co., Ltd.	subordinate company of China Changan
Chongqing Changfeng Jiquan Machinery Co., Ltd.	subordinate company of China Changan
Chongqing Automobile Air-Conditioning Co., Ltd.	subordinate company of China Changan
Csgc Trw Chassis Systems Co.,Ltd.	subordinate company of China Changan
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 Fuji Supply Chain Management Co., Ltd	subordinate company of South Group

4、Related-party transaction

(1) Goods purchased and services received

Unit: Yuan

Related parties	Nature of the	Current amount	Prior-period amount
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	transaction	amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
Changan Ford Automobile Co.,Ltd.	Purchase of spare parts	117,323,942.40	0.40%	303,084,953.76	1.12%
Chongqing Changan Suzuki Automobile Co., Ltd.	Purchase of spare parts	68,168,188.41	0.23%	259,367,354.92	0.96%
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Purchase of spare parts	3,463,767.52	0.01%	7,133,874.18	0.03%
Changan Industries Group Co. Ltd.	Purchase of spare parts and accept service	28,470,053.55	0.10%	41,383,386.67	0.15%
Chongqing Changan Minsheng Logistics Co., Ltd	Transportation fee	690,620,217.73	2.34%	451,684,872.15	1.67%
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Purchase of spare parts	7,014,208.03	0.02%	20,733,915.66	0.08%
Chongqing Changan Property Management Co., Ltd.	Accept service	2,836,763.43	0.01%	1,538,177.96	0.01%
Chongqing Changan Visteon Engine Control Systems Co., Ltd.	Purchase of spare parts	1,107,469.69	0.00%	1,034,276.01	0.00%
China Changan Automobile Co., Ltd. –Chongqing Qingshan Transmission Branch	Purchase of spare parts	1,000,109,229.39	3.39%	1,042,335,738.99	3.86%
China Changan Automobile Co., Ltd. –Shichuan Jian'an Automobile Bridge Branch	Purchase of spare parts	454,703,484.10	1.54%	464,135,687.30	1.72%
China Changan Automobile Co., Ltd. –Chengdu Jian'an Automobile Bridge Branch	Purchase of spare parts	391,277.26	0.00%	3,211,748.89	0.01%
South Air International Co.,Ltd.	Purchase of spare parts	178,467,057.87	0.61%	167,629,762.31	0.62%
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Purchase of spare parts	67,488,935.91	0.23%	31,700,860.31	0.12%
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.-Longchang Shock Absorber Branch	Purchase of spare parts	53,388,729.51	0.18%	60,440,245.73	0.22%
Chengdu Huachuan Electric Equipment Co., Ltd.	Purchase of spare parts	175,138,389.64	0.59%	204,275,941.90	0.76%
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Purchase of spare parts	17,627,655.88	0.06%	21,849,525.13	0.08%
Csgc Trw Chassis Systems Co.,Ltd.	Purchase of spare parts	397,967,255.99	1.35%	294,468,473.16	1.09%

Related parties	Nature of the transaction	Current amount		Prior-period amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
Hafei Motor Co., Ltd.	Receive the processing service	-	0.00%	79,398,624.02	0.29%
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Purchase of spare parts	8,991,534.00	0.03%	23,400,749.28	0.09%
Harbin Dongan Auto Engine Co., Ltd.	Purchase of spare parts	566,765,028.47	1.92%	134,402,939.50	0.50%
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Purchase of spare parts	1,185,619,574.94	4.02%	883,389,037.60	3.27%
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Purchase of spare parts	57,763,751.03	0.20%	54,499,265.82	0.20%
Chongqing Changrong Machinery Co., Ltd.	Purchase of spare parts	25,967,737.34	0.09%	35,193,381.77	0.13%
Chengdu Lingchuan Special Industry Co., Ltd.	Purchase of spare parts	31,560,358.37	0.11%	19,089,090.16	0.07%
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Purchase of spare parts	42,039,692.66	0.14%	64,738,292.20	0.24%
Yunnan Xiyi Industries Co., Ltd.	Purchase of spare parts	46,577,677.83	0.16%	48,270,967.93	0.18%
Chongqing Shangfang Automobile Fittings Co., Ltd.	Purchase of spare parts	48,351,625.04	0.16%	45,600,807.00	0.17%
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Purchase of spare parts	24,373,775.79	0.08%	26,864,629.25	0.10%
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Purchase of spare parts	24,410.50	0.00%	54,670.06	0.00%
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Purchase of spare parts	108,836,966.55	0.37%	98,384,782.46	0.36%
Chengdu Wanyou Economic Technological Development Co., Ltd.	Purchase of spare parts	38,692,349.00	0.13%	30,583,503.97	0.11%
Chengdu Wanyou Filter Co., Ltd.	Purchase of spare parts	85,015,635.06	0.29%	70,436,900.24	0.26%
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Purchase of spare parts	22,922,405.91	0.08%	17,842,988.46	0.07%
Chengdu Ningxing Automobile Spring Co., Ltd.	Purchase of spare parts	4,419,997.62	0.02%	7,340,066.25	0.03%
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Purchase of spare parts	1,278,053.57	0.00%	1,902,393.86	0.01%
Chongqing Qingshan Transmission	Purchase of spare	3,976,293.99	0.01%	3,254,538.09	0.01%

Related parties	Nature of the transaction	Current amount		Prior-period amount	
		amount	Proportion of similar transactions (%)	amount	Proportion of similar transactions (%)
Sales Co., Ltd.	parts				
Chongqing Dajiang Jiexing Forging Co., Ltd.	Purchase of spare parts	1,379,980.98	0.00%	26,422,867.38	0.10%
Beijing Beiji Mechanical&Electric Industry Co., Ltd	Purchase of spare parts	44,779.84	0.00%	-	0.00%
Chongqing Jialing Yimin Special Equipment Co., Ltd.	Purchase of spare parts	36,951.21	0.00%	324,678.78	0.00%
CDGM Tanaka Environmental Catalyst Co., Ltd	Purchase of spare parts	1,098,669.67	0.00%	2,089,187.10	0.01%
United Prosperity Investment Co., Ltd(Note 1)	Accept service	158,960.85	0.00%	1,080,030.39	0.00%
Total		5,570,182,836.53	18.87%	5,050,573,186.60	18.72%

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

Note1: For year ended June 30, 2016, United Prosperity Investment Co., Ltd. provides financial service for the Company's import of machinery. This year, the Company paid RMB 47,803,362.65 yuan for purchase of machinery overseas on behalf of United Prosperity Investment Co., Ltd. Therefore, the Company paid RMB 158,960.85 for its import and export financing service.

(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	13,330,752.68	0.04%	73,906,023.28	0.23%
Chongqing Changan Suzuki Automobile Co., Ltd.	Sales of spare parts, personnel support	13,048,310.61	0.04%	75,671,958.06	0.23%
Changan PSA Automobiles Co.,Ltd	Sales of spare parts, personnel support	-	0.00%	2,439,567.21	0.01%
Changan Industries Group Co. Ltd.	Sales of spare parts, service charges	-	0.00%	541,079.03	0.00%

Chongqing Changan Minsheng Logistics Co., Ltd	Sales of spare parts, service charges	2,721.09	0.00%	350,364.60	0.00%
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Sales of raw material	3,594,642.55	0.01%	15,847,199.88	0.05%
Chengdu Huachuan Electric Equipment Co., Ltd.	Sales of spare parts	-	0.00%	19,927.56	0.00%
Chongqing Anfu Automobile Co., Ltd.	Sales of vehicles, spare parts	2,326,692.31	0.01%	1,462,393.16	0.00%
China Changan Automobile Group Tianjin Sales Co., Ltd.	Sales of vehicles, spare parts	77,802,315.38	0.22%	72,491,378.02	0.22%
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Technical service	4,134,642.56	0.01%	7,779,449.96	0.02%
Harbin Dongan Auto Engine Co., Ltd.	Sales of spare parts	31,418,692.31	0.09%	-	0.00%
Wanyou Automobile Investment Co., Ltd	Sales of vehicles, spare parts	591,402,100.86	1.68%	345,490,196.71	1.06%
Chengdu Lingchuan Special Industry Co., Ltd.	Sales of spare parts	50,192,579.49	0.14%	43,224,500.86	0.13%
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Sales of spare parts	-	0.00%	5,042,460.44	0.02%
Yunnan Xiyi Industries Co., Ltd.	Sales of spare parts	889,815.43	0.00%	984,017.10	0.00%
Chongqing Changan Kuayue Automobile Co., Ltd.	Sales of spare parts	112,334.59	0.00%	-	0.00%
South Air International Co., Ltd.	Sales of spare parts	7,804.72	0.00%	-	0.00%
Chongqing Wanyou Economic Technological Development Co., Ltd.	Sales of vehicles, spare parts	1,054,760,629.64	3.00%	1,005,948,700.61	3.10%
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	-	0.00%	1,051.66	0.00%
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	128,637,164.23	0.37%	114,639,872.53	0.35%

Nanning Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	61,201,545.30	0.17%	90,258,991.64	0.28%
Chengdu Wanyou Economic Technological Development Co., Ltd.	Sales of vehicles, spare parts	535,545,824.64	1.52%	394,601,982.01	1.21%
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	768,919,170.42	2.19%	782,957,299.37	2.41%
Yunan Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	451,301,491.41	1.28%	536,252,713.70	1.65%
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	570,880,470.30	1.62%	516,563,771.34	1.59%
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	66,282,249.58	0.19%	54,354,771.56	0.17%
China South Industries Group Finance Co.,Ltd	Regulatory charges	10,613,866.87	0.03%	7,716,484.00	0.02%
Total		4,436,405,816.97	12.61%	4,148,546,154.29	12.76%

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

(3) Related-party leasing

Related-party leasing

Unit: Yuan

Lesser	Lessee	Type of leased assets	Starting date	Expiring date	The basis for rental pricing	Yearly recognized rental
Chongqing Changan Min Sheng Logistics Co., Ltd.	Chongqing Changan	building	2016.01.01	2016.12.31	Based on agreement	2,036,817.60
Chongqing Changan Real Estate Development Co., Ltd	Chongqing Changan	building	2016.01.01	2016.12.31	Based on agreement	609,666.00

Chongqing Fuji Supply Chain Management Co., Ltd	Chongqing Changan	storage and land	2016.01.02	2016.12.31	Based on agreement	374,556.91
Chongqing Changan Real Estate Development Co., Ltd	Chongqing Changan	Offices and garages	2016.01.01	2016.12.31	Based on agreement	802,488.00

(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	11,859,085.50	10.24%	11,856,475.50	9.71%
	Payment of building rental fees	18,174,709.12	15.69%	16,663,741.50	13.65%
	Payment of utilities	77,576,267.28	66.97%	82,475,499.37	67.57%
	Payment of fire fighting fees	913,333.34	0.79%	685,000.00	0.56%
	Others	7,304,411.24	6.31%	2,576,125.94	2.11%
Hafei Automobile Co., Ltd.,	Integrated service charges	-	-	7,805,035.14	6.39%
Total		115,827,806.48	100.00%	122,061,877.45	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	123,917,178.80	10.38%	84,388,885.34	8.44%
Chongqing Changan Min Sheng Logistics Co., Ltd.	7,952,839.02	0.66%	1,718,008.15	0.17%
Changan Industries Group Co. Ltd	744,293.00	0.06%	1,337,830.00	0.13%
Total	132,614,310.82	11.10%	87,444,723.49	8.74%

Technology development service charges

Related parties	Report period		Same period of last year	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan PSA Automobiles Co., Ltd.	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.	5,957,433.96	100.00%	-	-

Related party monetary funds

Related parties	Ending		Beginning	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
China South Industries Group Finance Co., Ltd	2,683,611,210.80	12.56%	2,988,227,858.26	16.57%

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	150,000,000.00	90.24%	50,000,000.00	100.00%

Interest income of deferred payment

Related parties	Report period		Same period of last year	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Wanyou Economic Technological Development Co., Ltd.	22,099.00	0.12%	32,435.89	0.14%
Nanning Wanyou Auto Sales and Service Co., Ltd.	-	-	1,198.29	0.01%
Wanyou Automobile Investment Co., Ltd.	535,742.13	3.01%	-	-
Guangxi Wanyou Auto Sales and Service Co., Ltd.	16,621.24	0.09%	-	-
Guizhou Wanyou Auto Sales and Service Co., Ltd.	240,097.00	1.35%	-	-
Yunan Xiangyu Auto Sales and Service Co., Ltd.	109,010.00	0.61%	-	-
Chengdu Wanyou Economic Technological Development Co., Ltd.	541,478.81	3.04%	631,347.86	2.68%
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	365,659.00	2.05%	1,365,111.97	5.79%
Yunan Wanyou Auto Sales and Service Co., Ltd.	873,810.00	4.91%	40,744.44	0.17%
Total	2,704,517.18	15.18%	2,070,838.45	8.78%

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	Wanyou Automobile Investment Co., Ltd.	2,664,065,800.00		2,544,170,000.00	
notes receivable	Tianjin Sales Co., Ltd.CCAG	58,420,503.00		77,701,470.00	
notes receivable	Yunnan Wanyou Automobile Sales and Service Co., Ltd	28,788,700.00		20,000,000.00	
notes receivable	Chengdu Wanyou Economic Technological Development Co., Ltd	16,500,000.00		5,000,000.00	
notes receivable	Chongqing Wanyou Economic Technological Development Co., Ltd	6,700,000.00		3,500,000.00	
notes receivable	Chongqing Changan Min Sheng Logistics Co., Ltd.	-		200,000.00	
notes receivable	Guangxi Wanyou Automobile Sales and Service Co., Ltd	3,800,000.00		-	
小计 Sub-total		2,778,275,003.00		2,650,571,470.00	
account receivable	Chongqing Changan Suzuki Automobile Co., Ltd.	86,827,183.54		62,572,011.08	
account receivable	Changan PSA Automobile Co., Ltd.	22,758,165.00		29,598,165.00	
account receivable	Changan Ford Automobile Co., Ltd.	30,561,372.95		28,255,292.83	
account receivable	Changan Mazda Automobile Co., Ltd.	-		11,009,839.17	
account receivable	Jiangling Holding Co., Ltd	5,463,207.59		9,310,692.81	
account receivable	China South Industry Group Finance Co., Ltd	2,852,480.00		7,309,377.00	
account receivable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	11,254,461.05		6,951,750.46	
account receivable	Changan Ford Mazda Engine	-		6,023,814.08	

receivable	Co., Ltd.				
account receivable	Chongqing Changan Kuayue Automobile Co., Ltd	9,008,385.36		3,690,822.00	
account receivable	United Prosperity Investment (Hong Kong) Co., Ltd	1,224,544.70		1,520,264.30	
account receivable	Chongqing Changan Industries Group Co. Ltd	1,372,559.29		1,380,710.79	
account receivable	Guangxi Wanyou Automobile Sales and Service Co., Ltd	-		748,944.87	
Sub total		171,322,359.48		168,371,684.39	
Other account receivable	Chongqing Changan Suzuki Automobile Co., Ltd.	80,000,000.00		80,000,000.00	
Other account receivable	Changan Ford Automobile Co., Ltd.	-		3,934,632.00	
小计 Sub total		-		83,934,632.00	
advanced payment	Chongqing Changan Suzuki Automobile Co., Ltd.	-		292,769.25	
小计 Sub total		-		292,769.25	

Unit: Yuan

Items	Related parties	Ending balance	Beginning balance
notes payable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	154,400,000.00	479,410,000.00
notes payable	Changan Ford Automobile Co., Ltd.	-	475,324,029.19
notes payable	Chongqing Changan Construction Co., Ltd	11,110,829.00	296,563,745.00
notes payable	Chongqing Changan Suzuki Automobile Co., Ltd.	17,251,738.34	294,658,696.24
notes payable	Csgc Trw Chassis Systems Co.,Ltd.	58,160,000.00	201,310,000.00
notes payable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	130,870,000.00	109,700,000.00
notes payable	Chongqing Jianshe Automotive Air-conditioner Co., Ltd	20,000,000.00	89,890,000.00
notes	South Air International Co.,Ltd.	14,770,000.00	76,720,000.00

payable			
notes payable	Yunnan Xiyi Industries Co., Ltd	7,020,000.00	48,350,000.00
notes payable	Chengdu Wanyou Filter Co., Ltd	7,950,000.00	43,980,000.00
notes payable	Chongqing Dajiang Xinda Automobile Co.,Ltd.	4,990,000.00	38,990,000.00
notes payable	Chongqing Changan Min Sheng Logistics Co., Ltd.	27,821,486.29	26,791,651.72
notes payable	Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	3,470,000.00	21,380,000.00
notes payable	Chongqing Wanyou Engineering Installation Co., Ltd	1,502,000.00	18,898,000.00
notes payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd Longchang Shock Absorber Branch	3,760,000.00	16,960,000.00
notes payable	Hubei Xiaogan Huazhong Automobile Light Co., Ltd	5,190,000.00	15,140,000.00
notes payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd	2,550,000.00	7,360,000.00
notes payable	Chongqing Changrong Machinery Co., Ltd	-	4,920,000.00
notes payable	Chongqing Qingshan Transmission Branch,CCAG	900,000.00	-
notes payable	Chongqing Dajiang Jiexin Forging Co., Ltd	-	4,810,000.00
notes payable	Sichuan Hongguang Machinery and Electrics Co., Ltd	410,000.00	4,520,000.00
notes payable	Chengdu Guangming Tanaka Environmental Catalyst Co., Ltd	-	4,390,000.00
notes payable	Chengdu NingXing Automobile Spring Co., Ltd.	640,000.00	3,350,000.00
notes payable	Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	-	3,070,000.00
notes payable	Chongqing Shangfang Automotive Parts Co., Ltd	-	2,540,000.00
notes payable	Chongqing Changfeng Jiquan Machinery Co., Ltd	-	2,200,000.00

notes payable	Chengdu Huachuan Electric Equipment Co., Ltd	2,030,000.00	1,810,000.00
notes payable	Chongqing Changan Industries Group Co. Ltd	-	1,092,602.70
notes payable	Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd	-	690,000.00
notes payable	Chongqing Changan Property Management Co., Ltd.	-	570,000.00
小计 Sub total		474,796,053.63	2,295,388,724.85
account payable	Changan Ford Automobile Co., Ltd.	23,094,942.04	245,147,629.51
account payable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	294,659,158.18	215,741,604.30
account payable	Chongqing Qingshan Transmission Branch,CCAG	191,692,518.64	123,739,750.74
account payable	Csgc TRW Chassis Systems Co.,Ltd	144,058,119.08	112,039,307.48
account payable	Sichuan Jianan Industries Co., Ltd	96,970,589.92	111,450,178.28
account payable	South Air International Co, .Ltd	63,400,974.03	100,144,195.95
account payable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	517,691,578.38	98,838,874.81
account payable	Chongqing Changan Suzuki Automobile Co., Ltd.	69,340,827.79	85,609,784.33
account payable	Chengdu Huachuan Electric Equipment Co., Ltd	38,618,366.98	47,575,356.65
account payable	Hafei Automobile Co., Ltd.	-	31,407,623.53
account payable	Chongqing Jianshe Automotive Air-conditioner Co., Ltd	42,369,615.35	29,805,780.61
account payable	Hubei Xiaogan Huazhong Automobile Light Co., Ltd	26,272,596.31	23,803,051.46
account payable	Chongqing Changan Min Sheng Logistics Co., Ltd.	10,510,851.25	22,348,610.06
account payable	Chengdu Wanyou Filter Co., Ltd	47,580,080.10	21,091,610.85
account	Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	10,990,942.77	16,155,847.89

payable			
account payable	Chongqing Shangfang Automotive Parts Co., Ltd	22,158,691.18	15,821,551.80
account payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd Longchang Shock Absorber Branch	11,463,594.26	14,403,026.51
account payable	Chengdu Ningjiang Zhaohu Automobile Components Co., Ltd	4,629,550.04	13,666,197.68
account payable	Chongqing Dajiang Xinda Automobile Co.,Ltd.	8,424,098.39	10,359,166.23
account payable	Chengdu Lingchuan Special Industry Co., Ltd	17,001,856.15	7,758,782.79
account payable	Chongqing Changfeng Jiquan Machinery Co., Ltd	8,287,391.09	7,440,982.33
account payable	Chongqing Changrong Machinery Co., Ltd	6,235,727.14	7,365,511.89
account payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd	38,206,940.97	6,252,805.67
account payable	Chongqing Yihong Engineering Plastic Products Co., Ltd	3,466,594.13	5,338,106.65
account payable	Chengdu Guangming Tanaka Environmental Catalyst Co.,Ltd	775,896.49	4,660,452.98
account payable	Yunnan Xiyi Industries Co., Ltd	13,966,398.87	4,591,599.90
account payable	Chongqing Qingshan Transmission Branch, CCAG	5,195,635.54	4,556,221.79
account payable	Chongqing Wanyou Economic Development Co., Ltd	31,337,655.72	4,481,651.40
account payable	Chongqing Dajiang Jiexin Forging Co., Ltd	413,151.57	3,674,483.82
account payable	Sichuan Hongguang Machinery and Electrics Co., Ltd	1,509,301.52	3,661,396.48
account payable	Chongqing Changan Industries Group Co. Ltd	5,650,043.51	3,182,654.75
account payable	Chengdu Ningxing Automobile Spring Co., Ltd	1,433,548.24	2,021,474.70
account payable	Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	242,581.82	1,279,973.77
account payable	Chengdu Jialing Huaxi Optical & Precision	279,335.85	1,030,120.96

payable	Machinery Co., Ltd		
account payable	Yunnan Wanyou Automobile Sales and Service Co., Ltd	-	397,942.30
account payable	Chongqing Jialing Yimin Special Equipment Co., Ltd.	104,496.50	271,263.58
account payable	Beijing Beiji Mechanical and Electrical Industry Co., Ltd	158,672.09	240,015.76
account payable	Chongqing Changan Visteon Engine Control Systems Co., Ltd.	1,520,257.18	224,517.66
account payable	Chongqing Automotive Air-conditioner Co., Ltd	205,041.51	205,041.51
account payable	Guizhou Wanyou Automobile Sales and Service Co., Ltd	-	186,593.64
account payable	Chongqing Dajiang Yuqiang Plastic Co., Ltd	117,577.35	113,514.74
account payable	Chengdu Jian'an Axle Branch,CCAG	481,469.18	113,477.38
account payable	Nanning Wanyou Automobile Sales and Service Co., Ltd	-	26,440.42
account payable	Guangxi Wanyou Automobile Sales and Service Co., Ltd	-	20,983.69
account payable	Chengdu Wanyou Economic Technological Development Co., Ltd	-	18,966.83
account payable	Chengdu Wanyou Trading Co., Ltd	-	7,325.00
account payable	Chongqing Changan Kuayue Automobile Co., Ltd	1,382.56	1,382.56
Sub total		1,760,518,049.67	1,408,272,833.62
advance receipts	Changan Mazda Automobile Co., Ltd	1,423,660.83	-
advance receipts	Changan Ford Mazda Engine Co., Ltd	3,256,185.92	-
advance receipts	Chengdu Wanyou Xiangyu Automobile Sales and Service Co., Ltd	77,094,559.70	90,137,523.07
advance receipts	Yunnan Wanyou Automobile Sales and Service Co., Ltd	20,827,835.84	61,850,331.89
advance receipts	Chongqing Wanyou Economic Development Co., Ltd	30,134,630.15	61,170,435.54

advance receipts	Wanyou Automobile Investment Co., Ltd.	4,096,403.00	32,945,166.00
advance receipts	Chengdu Wanyou Economic Technological Development Co., Ltd	29,643,350.65	29,338,414.31
advance receipts	Guizhou Wanyou Automobile Sales and Service Co., Ltd	52,364,309.06	27,596,698.89
advance receipts	Guangxi Wanyou Automobile Sales and Service Co., Ltd	4,270,723.54	19,964,328.03
advance receipts	Nanning Wanyou Automobile Sales and Service Co., Ltd	1,230,682.87	13,981,164.87
advance receipts	Yunnan Xiangyu Automobile Sales and Service Co., Ltd	903,151.00	12,485,207.00
advance receipts	China Changan Automobile Group Tianjin Sales Co., Ltd	573,003.00	2,343,429.00
advance receipts	Hafei Automobile Co., Ltd.	670,500.00	670,500.00
advance receipts	Chongqing Changan Min Sheng Logistics Co., Ltd.	361,998.32	360,581.64
advance receipts	Chongqing Anfu Automobile Co., Ltd	5,101,770.00	-
advance receipts	South Air International Co, .Ltd	-	8,273.00
advance receipts	Chongqing Wanyou Longrui Automobile Sales and Service Co., Ltd	659.60	659.60
小计 Sub total		231,953,423.48	352,852,712.84
other payables	United Prosperity Investment (Hong Kong) Co., Ltd	332,188.10	254,892,920.19
other payables	Chongqing Changan Min Sheng Logistics Co., Ltd.	449,568,366.16	110,766,572.66
other payables	Chongqing Changan Industries Group Co. Ltd	4,332,918.10	21,569,325.60
other payables	Chongqing Changan Construction Co., Ltd	4,758,608.70	15,303,959.24
other payables	Chongqing Fuji Supply Chain Management Co., Ltd	315,740.00	5,971,532.25
other payables	Hafei Automobile Co., Ltd.	4,278,783.60	4,278,783.60
other	Chongqing Changan Property Management Co.,	1,769,936.92	1,322,786.15

payables	Ltd.		
other payables	Chongqing Wanyou Engineering Installation Co., Ltd	1,784,288.00	907,708.00
other payables	Yunnan Wanyou Automobile Sales and Service Co., Ltd	549,012.40	714,186.12
other payables	Chongqing Wanyou Economic Development Co., Ltd	100,000.00	679,167.70
other payables	Guizhou Wanyou Automobile Sales and Service Co., Ltd	249,898.80	387,049.24
other payables	Chengdu Wanyou Economic Technological Development Co., Ltd	264,513.68	150,230.00
other payables	Guangxi Wanyou Automobile Sales and Service Co., Ltd	171,475.10	150,000.00
other payables	Chengdu Wanyou Filter Co., Ltd	120,000.00	120,000.00
other payables	Chongqing Changan Real Estate Development Co., Ltd	81,192.78	64,790.00
other payables	Chengdu Wanyou Xiangyu Automobile Sales and Service Co., Ltd	399,981.12	34,356.00
Subtotal		469,076,903.46	417,313,366.75

XIII、Commitments and Contingencies

1、Significant commitments

Investment commitment

By June 30th 2016, the group has no investment commitment that has been signed but not yet fully fulfilled.

2、Contingencies

By June 30th 2016, the company has no significant contingencies that need to be published.

XIV、Events after the balance sheet date

1、significant non-adjusting events

Applicable not Applicable

2、Distribution of profit

Applicable not Applicable

3、 Sales return

Applicable not Applicable

XV、 Other important events**1、 Correction of accounting error of earlier stage**

Applicable not Applicable

2、 Debt restructuring

Applicable not Applicable

3、 Asset replacement

Applicable not Applicable

4、 Annuity plan

Applicable not Applicable

5、 Discontinuing operation

Applicable not Applicable

6、 Information on business branch

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

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

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

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

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

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

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

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

Items	Ending	Beginning
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	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	481,197,666.69	9.26	-	-	106,141,701.22	3.09	-	-
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	115,757,746.90	2.23	44,136,311.57	38.13	93,941,328.52	2.73	44,127,656.24	46.97
Group 2: Account receivables for related parties	4,601,765,956.70	88.51	-	-	3,239,393,894.78	94.18	-	-
Group subtotal	4,717,523,703.60	90.74	44,136,311.57	0.94	3,333,335,223.30	96.91	44,127,656.24	1.32
Not individually significant amount but other receivables of individually provision for bad debts	7,865.00	-	7,439.50	94.59	-	-	-	-
Total	5,198,729,235.29	100.00	44,143,751.07	0.85	3,439,476,924.52	100.00	44,127,656.24	1.28

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	70,393,037.55	60.81		48,596,196.09	51.73	-
6 to 12 months	140,097.51	0.12	7,004.88	274,050.19	0.29	13,702.51
Within 1 year subtotal	70,533,135.06	60.93	7,004.88	48,870,246.28	52.02	13,702.51
1 to 2 years	161,394.61	0.14	16,139.46	7,865.01	0.01	786.50

2 to 3 years	-	-	-	-	-	-
3 to 4 years	1,900,100.00	1.64	950,050.00	1,900,100.00	2.02	950,050.00
4 to 5 years	-	-	-	-	-	-
Over 5 years	43,163,117.23	37.29	43,163,117.23	43,163,117.23	45.95	43,163,117.23
Total	115,757,746.90	100.00	44,136,311.57	93,941,328.52	100.00	44,127,656.24

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

Applicable Not applicable

(2) Top 5 amount in account receivables

Unit: Yuan

Companies	relationship with Changan Automobile	amount	years	proportion of total account receivables (%)
Nanjing Changan Automobile Co., Ltd.	subsidiary	1,871,154,484.90	Within 1 year	35.99
Hefei Changan Automobile Co., Ltd.	subsidiary	927,422,448.70	Within 1 year	17.84
Chongqing Changan Vehicle Networking Technology Co., Ltd.	subsidiary	543,090,300.00	Within 1 year	10.45
Chongqing Changan Automobile International Sales Service Co., Ltd.	subsidiary	431,794,456.75	Within 1 year	8.31
Hebei Changan Automobile Co., Ltd Co., Ltd.	subsidiary	342,226,394.72	Within 1 year	6.58
Total	--	4,115,688,085.07	--	79.17

(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	157,347,455.42	3.03
Changan Automobile Group Co., Ltd. - Harbin Sales Branch	subsidiary	872,732.96	0.02
Hefei Changan Automobile Co., Ltd	subsidiary	927,422,448.70	17.84
Hebei Changan Automobile Co., Ltd.	subsidiary	342,226,394.72	6.58

Heilongjiang Changan Automobile Sales Co., Ltd.	subsidiary	74,361,178.15	1.43
Liaoning Changan Automobile Sales Co., Ltd.	subsidiary	7,372,369.23	0.14
Nanjing Changan Automobile Co., Ltd.	subsidiary	1,871,154,484.90	35.99
Xinjiang Changan Automobile Sales Co., Ltd.	subsidiary	43,289,023.16	0.83
Yingchuan Changan Automobile Sales Co., Ltd.	subsidiary	1,563,750.20	0.03
Chongqing Changan International Automobile Sales and Service Co., Ltd	subsidiary	431,794,456.75	8.31
Chongqing Changan Special Automobile sales Co., Ltd	subsidiary	21,459,940.77	0.41
Changan PSA Automobile Co., Ltd	joint venture	22,758,165.00	0.44
Changan Ford Automobile Co., Ltd	joint venture	30,561,372.95	0.59
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	controlled by the same parent company	11,254,461.05	0.22
Jiangling Holding Co., Ltd	joint venture	5,463,207.59	0.11
Chongqing Changan Industries Group Co. Ltd	controlled by the same ultimate holding company	1,372,559.29	0.03
Chongqing Changan Kuayue Automobile Co., Ltd	Associated Enterprise	9,008,385.36	0.17
Chongqing Changan Suzuki Automobile Co., Ltd	joint venture	86,827,183.54	1.67
Chongqing Changan Vehicle Networking Technology Co., Ltd.	subsidiary	543,090,300.00	10.45
Chongqing Changan Automobile Customer Service Co., Ltd.	subsidiary	12,566,086.96	0.23
Total	--	4,601,765,956.70	88.52

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	514,098,000.00	44.15			416,830,000.00	40.74	-	-

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	46,989,691.36	4.04	2,300,591.93	4.90	54,593,677.32	5.34	2,094,451.68	3.84
Group 2: Account receivables of provision for bad-debts calculated and extracted by related parties	603,292,597.13	51.81			551,618,383.62	53.92	-	-
Group subtotal	650,282,288.49	55.85	2,300,591.93	0.35	606,212,060.94	59.26	2,094,451.68	0.35
no Individually significant amount but other receivables of individually provision for bad debts					-	-	-	-
Total	1,164,380,288.49	100.00	2,300,591.93	0.20	1,023,042,060.94	100.00	2,094,451.68	0.20

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	40,133,254.20	85.41	-	50,178,793.87	91.92	-
6 to 12 months	4,054,410.47	8.63	202,720.52	2,097,465.20	3.84	104,873.26
Within 1 year subtotal	44,187,664.67	94.04	202,720.52	52,276,259.07	95.76	104,873.26
1 to 2 years	699,943.71	1.49	69,994.37	230,114.30	0.42	23,011.43
2 to 3 years	84,627.27	0.18	25,388.18	99,781.94	0.18	29,934.58
3 to 4 years	29,933.70	0.06	14,966.85	-	-	-
4 to 5 years	-	-	-	254,448.01	0.47	203,558.41
Over 5 years	1,987,522.01	4.23	1,987,522.01	1,733,074.00	3.17	1,733,074.00
Total	46,989,691.36	100.00	2,300,591.93	54,593,677.32	100.00	2,094,451.68

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	2.13
Nanjing Changan Automobile Co., Ltd.	subsidiary	19,161,427.05	1.65
Chongqing Changan Suzuki Automobile Co., Ltd	joint venture	80,000,000.00	6.87
Baoding Changan Bus Manufacturing Co., Ltd.	subsidiary	166,000,000.00	14.26
Total	--	289,944,227.05	24.91

3、Long-term equity investment

Unit: Yuan

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

Automobile Co., Ltd												
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	-	-	-	34.3	34.3	Nothing				
Beijing Fang'an taxi Co., Ltd	Equity	6,000,000.00	-	-	-	42.25	42.25	Nothing				
Chongqing Auto Finance Co., Ltd.	Equity	1,155,000,000.00	1,155,000,000.00	-42,623,494.17	1,112,376,505.83	35	35	Nothing	-	-	-	
3、Subsidiaries												
Nanjing Changan Automobile Co., Ltd	Cost	422,183,259.00	422,533,259.00		422,533,259.00	84.73	91.53	minority shareholders authorize the company to exercise voting right				
Hebei Changan Automobile Co., Ltd	Cost	438,573,236.00	438,223,236.00		438,223,236.00	94.22	95.62	minority shareholders authorize the company to exercise voting right				
Chongqing Changan International Automobile Sales and Service Co., Ltd	Cost	13,068,580.00	13,068,580.00		13,068,580.00	95	95	Nothing				
Chongqing Changan Automobile Customer Service Co., Ltd.	Cost	29,700,000.00	29,700,000.00		29,700,000.00	99	99	Nothing				
Chongqing Changan Vehicle Networking Technology Co.,	Cost	88,500,000.00	48,500,000.00	40,000,000.00	88,500,000.00	100	100	无				

Ltd.												
Chongqing Changan Automobile Sales Co., Ltd	Cost	8,050,000.00	8,050,000.00		8,050,000.00	90-100.00	90-100.00		无			
Chongqing Changan Special Automobile Sales Co., Ltd	Cost	2,500,000.00	2,500,000.00		2,500,000.00	50	50		无			
Chongqing Changan Europe Design Center Co., Ltd	Cost	134,879,700.00	134,879,700.00		134,879,700.00	100	100		无			
Chongqing Changan new Engergy Automobile Co. Ltd	Cost	18,850,000.00	18,850,000.00		18,850,000.00	65	65		无			
Changan United Kingdom R&D Center Co., Ltd.	Cost	185,577,829.40	981,934.40	184,595,895.00	185,577,829.40	100	100		无			
Beijing Changan Automotive engineering and Technology Reseach Co., Ltd.	Cost	1,000,000.00	1,000,000.00		1,000,000.00	100	100		无			
Harbin Changan Automotive Technology Reseach Co., Ltd.	Cost	1,000,000.00	1,000,000.00		1,000,000.00	100	100		无			
Shanghai Changan Automotive Engineering and Technology Co., Ltd.	Cost	1,000,000.00	1,000,000.00		1,000,000.00	100	100		无			
Changan Japan Design Center Co., Ltd.	Cost	1,396,370.15	1,396,370.15		1,396,370.15	100	100		无			
Changan United States R&D Center Co., Ltd.	Cost	1,317,720.00	1,317,720.00		1,317,720.00	100	100		无			
Baoding Changan Bus Manufacturing Co., Ltd.	Cost	176,002,613.18	176,002,613.18		176,002,613.18	100	100		无			

Hefei Changan Automobile Co., Ltd	Cost	35,367,765.23	35,367,765.23		35,367,765.23	100	100	无			
Changan Automobile Russia Co., Ltd.	Cost	1,242,589.15	1,242,589.15		1,242,589.15	100	100	无			
Changan Brazil Holding Co., Ltd	Cost	2,584,556.97	2,584,556.97		2,584,556.97	100	100	无			
Shenzhen Changan New Energy Automobile Service Co. Ltd	Cost	50,000,000.00		50,000,000.00	50,000,000.00	100	100	无			
Total	--	8,957,075,483.42	16,234,640,261.85	1,148,972,164.98	17,383,612,426.83	--	--	无			3,450,000,000.00

4、Operating revenue and cost

(1) Operating revenue

Items	current amount	prior-period amount
main business income	34,406,157,940.41	31,903,220,159.67
other business income	887,006,007.46	612,593,697.38
Total	35,293,163,947.87	32,515,813,857.05
operating cost	30,058,276,365.82	27,233,358,002.09

(2) Main business (classified by industries)

Industries	current amount		prior-period amount	
	revenue	cost	revenue	cost
Automobile manufacturing industry	34,406,157,940.41	29,588,612,268.30	31,903,220,159.67	26,933,368,580.98
Total	34,406,157,940.41	29,588,612,268.30	31,903,220,159.67	26,933,368,580.98

(3) Main business (classified by products)

Products	current amount		prior-period amount	
	revenue	cost	revenue	cost
Sales of goods	34,325,368,530.76	29,502,999,466.12	31,813,014,586.63	26,867,276,390.33
Outsourcing processing	80,789,409.65	85,612,802.18	90,205,573.04	66,092,190.65
Total	34,406,157,940.41	29,588,612,268.30	31,903,220,159.67	26,933,368,580.98

(4) Revenue from top 5 customers

Unit: Yuan

customers	total revenue	proportion of total revenue (%)
Chongqing Wanyou Economic Development Co., Ltd	799,604,958.75	2.27
Chengdu Wanyou Xiangyu Automobile Sales and Service Co., Ltd	769,320,435.73	2.18
Beijing Qingchangfeng Commerce and Trade Co.,	741,211,922.05	2.10

Ltd.		
Beijing Xinxing Kuaima Automobile Service Co., Ltd.	624,435,889.48	1.77
Hebei Changan Automobile Co., Ltd	591,452,138.44	1.68
Total	3,526,025,344.45	10.00

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	5,204,376,269.98	4,910,730,579.44
investment income from long -term equity investment disposition	-	-
investment income from financial assets available for sale	4,615,000.00	52,219,215.31
others	3,581,686.96	-
Total	5,212,572,956.94	4,962,949,794.75

(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.	4,565,590,447.59	4,373,128,890.36
Changan Mazda Automobile Co., Ltd.	475,489,615.75	414,989,302.22
Changan Suzuki Automobile Co., Ltd.	8,572,426.12	-25,628,626.69
Changan Ford Mazda Engine Co., Ltd.	83,930,973.87	80,216,151.05
Jiangling Holding Co., Ltd	150,430,712.08	181,388,135.45
Chongqing Xiyi Automobile Linkage Rod	-9,644.73	-392,641.56

Co., Ltd		
Beijing Fang'an taxi Co., Ltd	-	-
Changan PSA Automobile Co., Ltd.	-39,866,555.46	-117,857,515.40
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	-	-
Chongqing Changan Kuayue Automobile Co., Ltd	2,861,788.93	4,886,884.01
Chongqing Auto Finance Co., Ltd.	-42,623,494.17	-
Total	5,204,376,269.98	4,910,730,579.44

6、Supplementary information of cash flow statement

Supplementary information	Current amount	Prior-period amount
1. Cash flow relating to operating activities calculated by adjusting the net profit	--	--
net profit	5,442,678,253.60	5,062,882,215.07
add: provision for assets impairment	134,683,832.36	131,306,302.80
Depreciation of fixed assets, oil and gas assets, productive biological assets	1,001,364,922.13	735,935,775.85
amortization of intangible assets	220,418,638.59	197,223,598.35
amortization of long-term deferred expense	90,040.00	90,040.00
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets(with "-" for gains)	-2,131,570.26	-66,813,978.44
Loss on discarding of fixed assets(with "-" for gains)	-	-
Loss from fair value changes (with "-" for gains)	-	-
Financial expense(with "-" for gains)	-98,286,753.07	-63,610,178.21
Investment loss(with "-" for gains)	-5,212,572,956.94	-4,962,949,794.75
Decrease in deferred tax assets(with "-" for gains)	32,558,271.51	-206,462,867.15
increase in deferred income tax assets (with "-" for decrease)	-	-
Decrease in inventory(with "-" for gains)	-2,025,268,737.26	-990,630,653.16
decrease of operational receivables (with "-" for increase)	896,355,780.90	-907,826,328.68
increase of operational payables (with "-" for decrease)	3,523,493,754.58	7,294,362,846.82
others	-	-
net cash flow from operating activities	3,913,383,476.14	6,223,506,978.50

2. major investment and financing activities involving no cash incomings / outgoings	--	--
3. net change in cash and cash equivalent	--	--
ending balance of cash	20,438,337,541.18	12,767,290,886.88
Less: beginning balance of cash	17,223,403,333.90	8,828,152,864.35
Net increase in cash and cash equivalents	3,214,934,207.28	3,939,138,022.53

XVII、Additional information

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

Items	amount	explanation
profit and loss of non-current assets disposition	-5,941,041.23	
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)	496,486,470.68	
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	14,125,161.47	
Less: amount influenced by income tax	63,165,939.22	
amount influenced by minority shareholders' interest (after tax)	1,827,521.30	
Total	439,677,130.40	--

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	15.43%	1.18	1.18
Net profit belonging to the Company's common stockholders	14.19%	1.08	1.08

after deducting non-recurring profit and loss			
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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

IV Catalogue of Reference Files

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

Chairman: Xu Liuping

Submit Date Approved by BOD: August 29, 2016