



**Chongqing Changan Automobile Company Limited**  
**2018 Semi-annual Report**

**August 2018**

## **Chapter 1 Important Notice, Contents, and Definitions**

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

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

For the first half of 2018, the Company has no plans of cash dividend, no bonus shares and no share converted from capital reserve.

The Chairman of the Board Zhang Baolin, the Chief Financial Officer Zhang Deyong and the responsible person of the accounting institution (Accountant in charge) Chen Jianfeng hereby declare that the Financial Statements enclosed in this annual report are true, accurate and complete.

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

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

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## Definitions

Items	Refers to	Definitions
Changan Auto., the Company	Refers to	Chongqing Changan Automobile Company Limited
South Industries	Refers to	China South Industries Group Co., Ltd. , the 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. , a subsidiary company of the Company
Changan Ford	Refers to	Changan Ford Automobile Co. Ltd., a JV of the Company
Changan Mazda	Refers to	Changan Mazda Automobile Co. Ltd, a JV of the Company
CFME	Refers to	Changan Ford Mazda Engine Co. Ltd, 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
Changan Finance	Refers to	Changan Auto Finance Co.Ltd Company's Joint Stock Company
Financial Co. of CSGC	Refers to	Financial Co. of China South Industries Group Co., Ltd. ,
UPI	Refers to	United Prosperity (Hong Kong)Investment Co., Ltd,a subsidiary company of China Changan
Hafei Group	Refers to	Harbin Hafei Automobile Industry Group Co., Ltd., a subsidiary company of China Changan
CMAL	Refers to	Chongqing Changan Minsheng APLL Logistics Co., Ltd, a Joint Stock Company of China Changan.

## Chapter 2 Company Profile & Main Financial Indexes

### I. Basic Information

Stock abbreviation	Changan Automobile 、Changan B	Stock Code	000625、200625
Listed on	Shenzhen Stock Exchange		
Company name in Chinese	重庆长安汽车股份有限公司		
Company abbreviation in Chinese name	长安汽车		
Company name in English	Chongqing Changan Automobile Company Limited		
Legal representative	Zhang Baolin		

### II. Contact Information

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

### III. Others

#### 1. Way of contact

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

Applicable  Not applicable

The registration address, office address and post code as well as website and email of the Company did not change in the reporting period. See more details in Annual Report 2017.

#### 2. Information disclosure and preparation place

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

Applicable  Not applicable

The newspaper appointed for information disclosure, the website for the publish of the semi-annual report appointed by CSRC and the preparation place for semi-annual report did not change in the reporting period. See more details in Annual Report 2017.

### 3. Other relevant information

Whether other relevant information changed in the reporting period or not

Applicable  Not applicable

## IV. Summary of Accounting Data and Financial Indexes

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

Yes  No

	Report period	Same period of last year	Increase/decrease y-o-y (%)
Operating revenue (Yuan)	35,642,832,190.04	33,555,213,109.46	6.22%
Net profit belonging to shareholders of the listed company (Yuan)	1,609,606,578.84	4,620,545,739.52	-65.16%
Net profit belonging to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan)	695,716,688.41	3,556,761,447.08	-80.44%
Net cash flow arising from operating activities (Yuan)	4,401,401,760.15	4,959,704,724.11	-11.26%
Basic earnings per share (Yuan/Share)	0.34	0.96	-64.58%
Diluted earnings per share (Yuan/Share)	0.34	0.96	-64.58%
Return on equity (ROE) (%)	3.39%	10.42%	Down 7.03%
	Report period	Same period of last year	Increase/decrease y-o-y (%)
Total assets (RMB)	100,410,971,452.44	106,125,114,622.69	-5.38%
Net assets attributable to shareholder of the listed company(RMB)	47,315,245,829.90	47,598,690,942.28	-0.60%

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

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

Applicable  Not applicable

No difference

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

Applicable  Not applicable

No difference

## VI. Non-recurring items and amounts

Applicable  Not applicable

In RMB Yuan

Item	Amount	Illustration
Gain/loss of non-current assets	18,771,809.69	
The government subsidies included in the current profits and losses (except government subsidies closely related to corporate business, entitled in fixed quota or quantity)	1,116,231,219.32	
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	-23,029,866.17	
Interest on deferred payment of funds received by non-financial enterprises	8,091,557.41	
Subtract: Influenced amount of income tax	180,608,049.13	
Influenced amount of minority shareholders' equity (after tax)	25,566,780.69	
Total	913,889,890.43	--

According to “Public offering of securities information disclosure of the company's information disclosure announcement No. 1 – non-recurring gains and losses” defined non-recurring items ,and“Public offering of securities information disclosure of the company's information disclosure announcement No. 1 - non-recurring gains and losses”The items, defined as recurring items, are listed in the announcement No. 1 and shall be explained.

Applicable  Not applicable

The company in the reporting period does not base on the definition and listing of “Public offering of securities information disclosure of the company's information disclosure announcement No. 1 – non-recurring gains and losses” about non-recurring gains and losses to define a case of recurring profit or loss.

## Chapter 3 Analysis of Main Business

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

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

Yes  No

During the reporting period, the company's main business is the R&D, manufacturing and sale of cars, the R&D and production of automobile engine products. Besides, the company integrates advantageous resources to actively develop travel services, new retail, financial investments and so on and carry out multi-dimensional industrial layout.

Changan automobile always adheres to the mission of "leading the car civilization for the benefit of human life", and the concept of "energy conservation, environmental protection, scientific and technological intelligence", vigorously develops new energy and smart cars, guides the automobile civilization by the use of scientific and technological innovation, and provides customers with high quality products and services. After years of development, the products cover low & middle class, wide range and various series such as sedans, mini cars, buses, trucks, SUV, MPV, including the traditional fuel and new energy models, and the engine platforms from 1.0L to 2.0L. The company owns many famous brands such as Changan passenger car, Oushang automobile, Kaicheng automobile, Changan Ford, Changan Mazda, Changan SUZUKI, Changan PSA and so on. Up to now, the company has successfully launched a series of classic brands such as Alsvin, CS series, Eado, Raeton, Oushang and Honor series; a series of famous JV products such as new Focus, new Mondeo, Kuga, Edge, CX-5, Axela, Vitara, Alivio, DS7 and so on. At the same time, we have launched new energy vehicles such as Eado EV, new Benben EV, and CS15 EV, which are admired by the market and loved by the consumers.

### II. Major changes in assets

#### 1. Major changes in assets

Applicable  Not applicable

No significant changes in major assets during the reporting period

#### 2. Main Overseas Assets

Applicable  Not applicable

### III. Core Competence Analysis

Driven by "the third-time entrepreneurship - innovation and entrepreneurship program", Changan Automobile is committed to becoming a technology enterprise that leads smart travel products and services. It aims at building the world's leading car enterprise driven by "innovation" with "efficiency" as the core competitiveness of the organization. Changan focuses on promoting the new energy "Shangri-La" plan, the "Beidou Tianshu" intelligent plan, and the advanced technology promotion plan. It is promoting the creation of three special platforms for new energy, realizing the industrialization of intelligent driving L2 into the market, and rapidly realizing the industrial application of new technologies. In the first half of 2018, the company promoted the development of nearly 400 science and technology projects.

**Great achievements have been made in the reform and development.** The company has promoted a matrix management



model based on product development and marketing, and released the product development process CA-PDS4.0. The development cycle has been shortened by 17%. "1/2 Project" has steadily went on. Average time of management process has been reduced by 68%, and management efficiency has been greatly improved.

**A series of new products have been released into the market on schedule.** Eight new products, such as the second generation of Eado, Eado DT, new CS75 and COS1 °, have been released into the market on schedule. H15TG-AA engine has been successfully launched on the new CS75 as scheduled.

**The application of advanced technology has increased.** The L2 self-driving technology has been successfully launched on CS55, and the APA4.0 (auto parking) has been successfully launched on the new CS75. 82 technical research projects such as Icar platform and CA-MPA platform have went on smoothly. 10 major technical breakthroughs such as three-level automatic driving, fuel cell and American standard collision regulations have been progressing smoothly and prepared for subsequent products.

**Opening and cooperation have made progress.** Changan has developed three major vehicle platforms, second-generation power systems and three-in-one electric drive systems, and promoted the building of new energy platform steadily. The company has cooperated with leading Internet companies such as Tencent, Huawei, Keda Xunfei, Horizon and Gaode to build an intelligent automobile industry alliance. In April 2018, the company obtained the license of Chongqing Autopilot Road Test .

## Chapter 4 Business Discussion and Analysis

### I. Overview

In the first half of 2018, the automobile industry carried out the decisions of the Communist Party Central Committee and the State Council, insisted on the principle of innovation-driven, open and inclusive, and open to the outside world in an all-round way. With the main line of supply-side structural reform to promote mass entrepreneurship and innovation, the automobile industry accelerated the transformation and upgrading of the industry, solidly promoted the strategy of empowering the country through manufacturing, and promoted the transformation of the industry from scale to quality. From January to June 2018, the production and sales of China's automobile market maintained steady growth. The cumulative production and sales reached 14.085 million and 14.066 million, respectively up by 4.2% and 5.6% on a year-on-year basis. The sales growth rate accelerated by 1.8 percentage points over the same period of last year. 11.775 million passenger vehicles were sold, up by 4.6% year-on-year over the same period. Among them, the sales of basic passenger car increased by 5.5% and SUV increased by 9.7% year-on-year. Among the new energy passenger vehicles, the production and sales of pure electric passenger vehicles reached 259,000, increasing by 95.9% year-on-year with strong development momentum. Industry concentration was further intensified. The sales volume of the top ten enterprises in the automobile sales totalled 12.517 million, with the growth rate of 6.0%, which was 0.4 percentage points higher than the industry growth rate, accounting for 89% of the total vehicle sales and 0.3 percentage points higher than that of last year. The above data comes from "China automobile industry production and sales express" (China Automobile Industry Association) and its industry information release.

In the first half of 2018, Changan took "Vision 2025" as the guide and "strengthening efficiency, promoting brand, experience orientation and innovation breakthrough" as the key, thoroughly implemented "the third-time entrepreneurship - innovation and entrepreneurship program" and solidly promoted the enterprise transforming and upgrading. Changan held strong confidence, stood up to competition, boldly reformed, generated revenue and reduced costs, and went all out to accomplish various business objectives. In the first half of 2018, Changan sold 1.207 million vehicles, ranking fourth in China's automobile industry. The main achievements during the reporting period are as follows:

#### 1. Strongly promote strategic execution and vigorously promote efficiency

"The third-time entrepreneurship - innovation and entrepreneurship program" was promoted in an orderly way. The company was guided by the innovation and entrepreneurship plan and focused on the "1143" strategy to promote the company's key business strategy decomposition, clarify the development ideas and goals of each business segments, accelerate the decomposition of strategic objectives, decompose to form a strategic target system and strengthen the key capabilities of product-oriented and resource matching. The company established a business quality improvement matrix project team, vigorously promoted income increase, cost reduction, waste reduction and built system capabilities to ensure efficiency improvement.

Changan vigorously promoted reform and innovation. "1/2 Project" was progressed steadily. The company streamlined process, increased the proportion of authorization, and greatly improved operational efficiency. Organizational model continued to be optimized. Business unit reform was promoted in an orderly manner. Online and offline resources were integrated. Emerging business was actively explored. The matrix transformation in the R&D field achieved initial results and effectively shortened the development cycle. The reform of marketing field achieved initial success and operating efficiency was improved. The company innovated the incentive and restraint mechanism, implemented the whole staff and post matching, and gradually established the position and salary system which was in line with the market.

#### 2. Accelerate brand planning and enrich brand promotion channels

Changan completed the brand architecture design. Based on the upgrading of consumption, Changan optimized its existing brand structure under the overall strategy of brand upwards and would form four independent business brands, such as mid-to

high-end passenger cars, Changan Automobile, Oushang Automobile and Kaicheng Automobile. Under the combined effect of the matrix, Changan will comprehensively promote the brand upwards, meet different needs to deepen the market segments, provide users with more focused and perfect products and services, and realize the experience upgrade of users and brands.

Changan innovated diversified brand activities, kept up with the trend of the times, focused on technology fashion and innovated brand activities. The company exclusive titled Chongqing International Marathon, combined the enterprising corporate image with the spirit of marathon and delivered brand concept of "driving forward with you". The company entered the field of automobile event marketing. These series of competitions not only verified the excellent product quality, but also injected passion, vitality and enterprising brand elements into Changan Automobile.

### **3. The application of intelligent technology is accelerated and the R&D strength continues to be in the lead**

Advanced technology was accelerated for application. Intelligent technologies such as APA4.0 have been successfully launched on the new CS75. L2 self-driving technology has been successfully launched on CS55, and various intelligent technology research projects and major technical research projects have been rapidly advanced. In addition, Changan Automobile obtained the license of Chongqing Autopilot Road Test in April 2018 after obtaining the license of California Road Driverless Vehicle Test in November 2017, indicating the speed up of Changan in the field of intelligence. In the field of intelligent manufacturing, the stamping and welding workshop of Changan Automobile Liangjiang No. 2 Factory was recognized as the annual digital workshop and intelligent factory in Chongqing in 2018. The welding automation rate reached 90%, which was 20% higher than the traditional factory's production efficiency. The product defect rate was reduced by 20%. The delivery cycle was shortened by 15%. The operating cost was reduced by 21% and the intelligent manufacturing capability was in the lead in China.

The intelligent strategy was upgraded. The company formulated the "Beidou Tianshu" plan and build intelligent car platforms in stages with the support of automatic driving, intelligent network and intelligent interaction. The mass production vehicles will reach L3 in 2020 and L4 in 2025.

The R&D strength continues to be in the lead. In the 2017-2018 evaluation of the national-recognized enterprise technology center announced by the National Development and Reform Commission, Changan Automobile ranked third in the country and first in the industry with 96.4 points. The R&D strength ranked first in the China's automobile industry for 10 consecutive years.

### **4. The new energy industry developing smoothly and "Shangri-La" plan gradually taking form**

The company established a new energy technology company, integrated relevant functions, built an operation system of new energy industry chain and built a platform for independent operation and introduction of social capital. At the same time, the company will continue to explore innovative business models and strive to explore new energy profit paths.

The company improved product planning. Changan defined the development plan for new energy products for passenger cars, and formulated a two-step strategy of entering the industry's first echelon (350,000 units) in 2020 and achieving one of the top two brands (1.16 million units) in China in 2025. The company will promote key technology development, enhance core technology capabilities and complete the three new energy vehicle platform by 2020.

### **5. Accelerate the integration of global resources and continue to explore emerging businesses**

The company has reached strategic cooperation with more than ten industry leaders such as Tencent, Huawei, Baidu, Weilai Automobile, Keda Xunfei, Intel, NXP and Alibaba, and launched a new model of integrated innovation to create a new highland for technological innovation. Changan Automobile's "Changan trip" Internet + intelligent travel platform has invested more than 6000 vehicles in Chongqing, Nanjing, Hefei, Hangzhou, Xiamen and Quanzhou. At present, the platform is running on time-based leasing, long-term and short-term rental business. It plans to complete the operation of 10,000 vehicles in 2018. It is expected to reach 40 cities and 50,000 vehicles in 2020. The company accelerated the integration of new energy resources and industrial chain layout, cooperated with BYD to develop new energy battery technology, established a joint venture with Zhidou to produce low-speed electric vehicles, built a pure electric platform with Weilai, and jointly promoted T3 with FAW and Dongfeng.

### **6. Increase marketing reform efforts to help Changan transform and upgrade**

Changan Automobile has experienced the rapid growth in the past two decades. Under the background of complex changes in

the automobile industry, the company faces the challenges of the new industry transformation period of Internet, intelligence and new energy. Changan is currently in a painful period of strategic transformation in terms of product structure, enterprise structure and new business model adjustment. In face of increasingly fierce competition in the automobile market, on the one hand, Changan Automobile takes efficiency as the core to further optimize the management system and reform and innovation, enhances the ability and vitality to cope with the changes of the industry and market competition. On the other hand, it launches an all-round marketing battle, adheres to market-oriented and customer-centered, accurately grasps the customer pain points, and continuously optimizes marketing mode around customers and value creation. Changan carried out marketing promotion actions to increase market response speed, increased investment in sales resources to promote sale, strengthened efforts in channel construction and formulated differentiated channel development strategies. The customer operating efficiency was gradually improved, and complaint satisfaction rate reached industry's leading level. It sped up the development of new marketing businesses and innovated models for profit opportunities.

Changan Automobile will take the four strategic measures of "Changan brand promotion and development, integration of resources development, construction of marketing innovation model, overseas market exploitation" as the grasp to comprehensively promote "The third-time entrepreneurship - innovation and entrepreneurship program". Changan formed a clear brand structure to achieve brand upward and transform from "operating products" to "operating brands". Focusing on fast, accurate, interactive and direct, Changan upgrades its customer service capabilities in full value chain and transforms from "serving users" to "operating customers". Changan builds an innovative marketing model, operating a new business model such as operating the ecosystem, operating customers, developing e-commerce, sharing travel, time-sharing lease, and used cars, to transform from "providing products + services" to "providing products + service products + travel solutions". Changan promotes the intelligent strategy of "Beidou Tianshu" to become a leader of smart cars, accelerates the development of new energy resources with "Shangri-La" plan as its guide, cooperates with cross-border enterprises strategically to form a new energy ecosphere, creating the safest, most convenient and most intelligent experience, and transforms from "traditional products" to "intelligent + new energy products".

## II. Analysis of Main Business

### 1. Overview

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

Yes  No

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

### 2. Y-o-y changes of main financial data

In RMB Yuan

	Current period	Same period of last year(restated)	Y-o-y increase/decrease	Reasons for changes
Operating revenue	35,642,832,190.04	33,555,213,109.46	6.22%	
Operating cost	30,614,845,704.45	28,792,755,690.32	6.33%	
Operating expenses	2,543,462,428.51	2,004,176,042.01	26.91%	
General and administrative	2,155,401,262.05	1,785,734,071.11	20.70%	

expenses				
Financial expenses	-225,518,842.31	-246,821,602.15	8.63%	
Income tax expense	15,288,317.83	40,996,104.66	-62.71%	Increase in deferred income tax assets and decrease in current income tax expenses
Subtotal of cash inflow from operating activities	4,401,401,760.15	4,959,704,724.11	-11.26%	
Subtotal of cash inflow from investment activities	-2,973,370,521.87	3,237,426,642.84	-191.84%	Mainly due to the decrease in cash received from the investment income, the decrease in cash received from other investment activities and the increase in cash for the acquisition of long-term assets
Subtotal of cash inflow from financing activity	869,502,774.20	-4,406,635,181.43	119.73%	Mainly due to the decrease in cash paid for repayment of debts and the decrease in cash paid for dividend distribution
Net increase in cash and cash equivalents	2,316,338,311.36	3,815,834,313.15	-39.30%	Mainly due to the decrease in cash inflow from operating activities and investment activities

Major changes on profit composition or profit resources in reporting period

Applicable  Not applicable

### 3. 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
<b>According to industries</b>						
Automobile Production	34,440,982,013.45	30,172,410,492.58	12.39%	5.59%	5.77%	Down 0.16%
<b>According to products</b>						
Vehicles	34,368,280,256.20	30,082,686,676.78	12.47%	5.61%	5.87%	Down 0.22%
<b>According to region</b>						
China	33,128,902,612.24	28,783,568,072.99	13.12%	3.72%	3.44%	Down 0.24%

### III. Analysis of non principal business

□ Applicable    √ Not applicable

### IV. Assets and liability

#### 1. The significant changes of the assets and liability

In RMB Yuan

Item	Current period		Same period of last year		Increase/ decrease (%)	YoY change (%)
	Amount	Ratio in total assets(%)	Amount	Ratio in total assets(%)		
Monetary capital	24,067,745,140.49	23.97%	27,882,391,375.71	25.99%	-2.02%	
Accounts receivable	1,925,729,920.41	1.92%	1,900,029,553.88	1.77%	0.15%	
Inventory	4,726,421,476.59	4.71%	10,765,993,986.86	10.04%	-5.33%	The ending balance of inventory and its proportion of total assets decreased year-on-year mainly attributed to the optimization of auto sales finance mode and the reduction of the inventory from cooperative financial institutions
Investment property	7,442,917.06	0.01%	7,669,628.62	0.01%	0.00%	
Long-term equity investment	15,638,035,950.97	15.57%	14,116,985,988.70	13.16%	2.41%	
Fixed assets	18,456,584,832.13	18.38%	15,652,944,713.96	14.59%	3.79%	
Construction in progress	4,728,241,031.94	4.71%	4,054,053,618.83	3.78%	0.93%	
Short-term loan	186,000,000.00	0.19%	188,810,327.67	0.18%	0.01%	
Long-term loan	0.00	0.00%	19,980,912.00	0.02%	-0.02%	

#### 2. Assets and liabilities measured by fair value

Unit: Ten Thousand Yuan

Item	Amount at year beginning	Comprehensive income in the reporting period	Cumulative fair value change	Impairment provisions in the	Purchasing amount in the reporting	Selling amount in the	Amount at year end

			recorded into equity	reporting period	period	reporting period	
Financial assets							
Financial assets available for sales	16,436.50	-2,353.65	9,672.57				13,667.50
Subtotal of financial assets	16,436.50	-2,353.65	9,672.57				13,667.50
Total	16,436.50	-2,353.65	9,672.57				13,667.50

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

Yes  No

### 3. Property rights limits by the end of report period

In RMB Yuan

Item	book value at the end of this year	Limited Reason
Monetary fund	300,101,738.60	Acceptance bond
Notes receivable	545,823,326.93	Pledge for issuing bills payable
Fixed assets	239,422,583.95	Mortgage loans and obtain the amount of commercial acceptance
Intangible assets	45,835,735.69	Mortgage loans and obtain the amount of commercial acceptance
Total	1,131,183,385.17	

## V. Analysis of Investment

### 1. General information

Applicable  Not applicable

External investment		
Investment Amount in the report period(Yuan)	Investment Amount in the same period of last year(Yuan)	Variance rate
2,198,000,000	-	
Particulars of investees		
Company Name	Principal business	Proportion in the investees' equity (%)
Changan PSA Automobiles Co., Ltd	Design, manufacture and sale of Peugeot, Citroen and DS brand cars and light commercial vehicles	50%

China Automotive (Beijing) intelligent network union Automotive Research Institute Co., Ltd.	Engineering and technical research and experimental development; product design, industrial design; technical development, consultation, promotion, services, transfer; sales of machinery and equipment, hardware and electrical, electronic products, electronic components; import and export of goods, technology import and export, import and export agent; technical testing, property management	8.33%
Beijing Wutong Chelian Technology Co., Ltd.	Technical development, technical consultation, technical services, technology transfer; economic and trade consultation; design, production, agency, advertising; import and export of goods, technology import and export; sales of self-developed products	49%
Changan Automobile Russia Co., Ltd.	Automobile and parts import and export, automobile distribution and other services	100%

## 2. Major equity investment in the reporting period

√ Applicable    □ Not applicable

Company name	Principal business	Investment mode	Investment amount	Share-holding ratio	Capital source	Partner	Investment period	Progress on book closing date	Any litigations	Disclosure date(in case)	Disclosure index(in case)
Changan PSA Automobiles Co., Ltd	Design, manufacture and sale of Peugeot, Citroen and DS brand cars and light commercial vehicles	Increasing capital	1,800,000,000	50%	Its own capital	PSA Peugeot Citroen	Indefinite duration	Capital increase not completed, industrial and commercial registration procedures not completed	No	2018-01-13	Announcement on Related Transactions of Capital Increase to Changan Peugeot Citroen Automobile Co., Ltd. (Bulletin No: 2018-03)
China Automotive (Beijing) intelligent network union Automotive Research Institute Co.,	Engineering and technical research and experimental development; product design, industrial	Newly established	50,000,000	8.33%	Its own capital	China First Automobile Co., Ltd., Dongfeng Motor Group Co., Ltd., Guangzhou Automobile	Indefinite duration	Establishment completed, industrial and commercial registration procedures completed	No	2018-04-04	Announcement of the 29th Meeting of the 7th Board of Directors of Chongqing Changan Automobile



Ltd.	design; technical development, consultation, promotion, services, transfer; sales of machinery and equipment, hardware and electrical, electronic products, electronic components; import and export of goods, technology import and export, import and export agent; technical testing, property management					Group Co., Ltd., Beijing Automotive Research Institute Co., Ltd., Zhengzhou Yutong Bus Co., Ltd., Jiangling Motors Corporation, Zhejiang Asia Pacific Mechanical and Electrical Co., Shanghai Baolong Automobile Technology Co., Ltd., Huizhou Desai Xiwei Automotive Electronics Co., Ltd., China Automotive Technology Research Center Co., Ltd., Enlighten Cloud Control (Beijing) Technology Co., Ltd.					Company Limited (Bulletin No: 2018-13)
Beijing Wutong Chelian Technology Co., Ltd.	Technical development, technical consultation, technical services, technology	Newly established	98,000,000	49%	Its own capital	Tencent Landway (Shenzhen) Technology Co., Ltd.	Indefinite duration	Establishment completed, industrial and commercial registration procedures	No	2018-04-12	Announcement of the 31st Meeting of the 7th Board of Directors of Chongqing Changan

	transfer; economic and trade consultation; design, production, agency, advertising; import and export of goods, technology import and export; sales of self-developed products							completed			Automobile Company Limited (Bulletin No: 2018-18)
Changan Automobile Russia Co., Ltd.	Automobile and parts import and export, automobile distribution and other services	Increasing capital	250,000,000	100%	Its own capital	-	Indefinite duration	The approval of the Ministry of commerce is required	No	2018-05-07	Announcement of the 33st Meeting of the 7th Board of Directors of Chongqing Changan Automobile Company Limited (Bulletin No: 2018-27)
Total	--	--	2,198,000,000	--	--	--	--	--	--	--	--

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

Please refer to Notes 7 Item 13 “Construction in progress” in the Financial Statement.

### 4. Investment of Financial Assets

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

√ Applicable    □ Not applicable

Company name	Company variety	Initial investment cost (Yuan)	Opening equity Holdings (share)	Opening equity holding ratio	Closing equity holdings (share)	Closing equity Holdings (%)	Closing book value (Yuan)	Gain/loss in the reporting period (Yuan)	Accounting title	Equity source

				(%)						
Southwest Securities Firm	Securities Firm	50,000,000	35,500,000	0.63%	35,500,000	0.63%	136,675,000	-	Tradable financial assets	Initial investment

**(2) Derivative Investments**

Applicable  Not applicable

**5. Use of raised funds**

Applicable  Not applicable

**VI. Selling of major assets and major equity****1. Selling of major assets**

Applicable  Not applicable

There is no selling of major assets.

**2. Selling of Equity**

Applicable  Not applicable

There is no selling of major equity.

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

Applicable  Not applicable

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

Unit: Ten Thousand Yuan

Name	Registered capital	Equity held	Main businesses	Total assets	Main operating income	Net profit
Hebei Changan Automobile Co., Ltd.	46,469 RMB	94.22%	Produce and sell auto and parts	186,259	211,401	3,405
Nanjing Changan Automobile Co., Ltd.	60,181 RMB	84.73%	Produce and sell auto and parts	168,548	101,652	9,840
Hefei Changan Automobile Co., Ltd.	77,500 RMB	100%	Produce and sell auto and parts	261,293	200,943	-3,933
Baoding Changan Bus Manufacture Co., Ltd.	3,000 RMB	100%	Produce and sell auto and parts	346,553	175,808	1,125
Changan PSA Automobiles Co., Ltd	400,000 RMB	50%	Produce and sell auto and parts	747,028	45,749	-34,346
Changan Ford Automobile Co., Ltd	24,100 USD	50%	Produce and sell auto and parts	4,317,868	3,064,316	174,711
Changan Mazda Automobile Co., Ltd	11,097 USD	50%	Produce and sell auto and parts	1,503,100	1,106,517	127,090

Subsidiaries acquired and sold in the reporting period

Applicable  Not applicable

During the reporting period, Changan newly established four wholly owned subsidiaries, Xiamen Changan New Energy Automobile Sales & Service Co., Ltd., Guangzhou Changan New Energy Automobile Sales & Service Co., Ltd., Fuzhou Fuqing Changan New Energy Automobile Sales & Service Co., Ltd. and Chongqing Changan New Energy Automobile Technology Co., Ltd.. Therefore, they are included in the consolidated statements in 2018. Shanghai Changan Automobile Engineering Technology Co., Ltd. was liquidated during the reporting period. Therefore, it is no longer included in the consolidated statements in 2018.

Name	Acquisition and disposal of subsidiaries during the reporting period	On the overall production and operation and performance impact
Xiamen Changan New Energy Automobile Sales & Service Co., Ltd.	Newly established	None
Guangzhou Changan New Energy Automobile Sales & Service Co., Ltd.	Newly established	None
Fuzhou Fuqing Changan New Energy Automobile Sales & Service Co., Ltd.	Newly established	None
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Newly established	None
Shanghai Changan Automobile Engineering Technology Co., Ltd.	Liquidation	None

## VIII. Structural main business under the company control

Applicable  Not applicable

## IX. Forecast for the operating performance of Jan.-Sep. 2018

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

Applicable  Not applicable

## X. Possible risks and corresponding measures

**1. Policy and regulatory risks:** the implementation of emission laws and regulations, the relaxation of share ratio, tariff adjustment and the tightening of control over the excessive pollutants have a great impact on the development and pattern of the automobile industry.

Actions: keep up with policy trends, strengthen policy research, and make good response plans.

**2. Increasing market competition:** China's auto market has entered a low-speed growth trend. Regardless of joint ventures or independent products, they are seriously homogenized, especially for cars and SUVs of 70-150 thousand yuan, with a product concentration of 45%.

Actions: accelerate the speed of product replacement, highlight the individualization and differentiation of products, rapidly increase the market scale of independent products, and grasp the strategic opportunities of "the Belt and Road", actively expand overseas

markets, and enhance the competitiveness of the international market.

**3. Business model risks:** with the rapid development of technologies such as smart interconnection and big data, various capitals such as speculative capital, non-industrial capital, and cross-border capital have flooded into the industry, disrupted the industry, caused disorder competition in the market and changed the traditional business model.

Actions: Changan Automobile will seize the strategic opportunity and realize the transformation from a traditional automobile manufacturing enterprise to a modern technology service enterprise and become an internationally competitive Chinese brand.

## XI. Interviews and visits in the reporting period

√ Applicable   □ Not applicable

Date	Manner	Object	Content discussed and material offered
2018.1.4	On-Site Survey	Institution	For details, see the January 5, 2018 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 4, 2018 investor relations activities record sheet
2018.1.11	On-Site Survey	Institution	For details, see the January 15, 2018 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 11, 2018 investor relations activities record sheet
2018.1.17	On-Site Survey	Institution	For details, see the January 19, 2018 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 17, 2018 investor relations activities record sheet
2018.1.18	On-Site Survey	Institution	For details, see the January 19, 2018 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan automobile: February 18, 2018 investor relations activities record sheet
2018.1.24	On-Site Survey	Institution	For details, see the January 25, 2018 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 24, 2018 investor relations activities record sheet
2018.1.26	On-Site Survey	Institution	For details, see the January 30, 2018 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 26, 2018 investor relations activities record sheet
2018.2.12	On-Site Survey	Institution	For details, see the February 13, 2018 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: February 12, 2018 investor relations activities record sheet
2018.3.6	On-Site Survey	Institution	For details, see the March 8, 2018 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: March 6, 2018 investor relations activities record sheet
2018.3.8	On-Site Survey	Institution	For details, see the March 12, 2018 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: March 8, 2018 investor relations activities record sheet
2018.3.13	On-Site Survey	Institution	For details, see the March 16, 2018 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: March 13, 2018 investor

			relations activities record sheet
2018.3.15	On-Site Survey	Institution	For details, see the March 19, 2018 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: March 15, 2018 investor relations activities record sheet

## Chapter 5 Important Matters

### I. Annual shareholders meeting and interim shareholders meeting during the reporting period

#### 1. Shareholders meeting during the reporting period

Meeting Session	Type	Investors' participation ratio	Holding Date	Disclosure Date	Disclosure Index
2017 Annual Shareholders Meeting	Annual	57.32%	May, 18th, 2018	May, 19th, 2018	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2017 Annual Shareholders Meeting Resolution Announcement(Announcement Number: 2018-34)
2018 The First Interim Shareholders Meeting	Interim	44.44%	Jan, 30th, 2018	Jan, 31th, 2018	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2018 The First Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2018-07)

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

Applicable  Non-applicable

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

Applicable  Non-applicable

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

commitments	Commitment entity	Commitment content	Commitment time	period for commitment	Performance
Share limited commitment	China Changan	When the company non-publicly subscribes for	Oct., 2016	36 months	China Changan did not sell company shares during the reporting period

		new shares of listed companies in 2016, the newly acquired shares of listed company can not be transferred within 36 months since the listing, but can be transferred after 36 months according to relevant provisions of China Securities Regulatory Commission and Shenzhen Stock Exchange.			
Other small shareholders commitment	China Changan	In order to avoid and eventually solve the possible competition or potential competitors, better maintain the interests of investors, the company controlling shareholder China Changan made the commitment: In two consecutive years profit of Harbin Hafei Automobile Industry Group Co, With the continuous development ability and management level is improved significantly. Under such condition, the enterprise will be affiliated into the company.	September, 2010		The Harbin Hafei Automobile Industry Group Co at present is still running at a loss, The conditions have not yet reached the profitable for two consecutive years.

#### IV. The appointment and dismissal of accounting firms

Is the semi-annual financial report audited?

Yes  No

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

Applicable  Not-applicable

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

Applicable  Not-applicable



## VII. Bankruptcy restructuring related matters

Applicable  Not-applicable

During the report period, no bankruptcy restructuring related matters occur.

## VIII. Crucial litigation events

Crucial litigation and arbitration events

Applicable  Not-applicable

Other litigation events

Applicable  Not-applicable

## IX. Punishment and rectification

Applicable  Not-applicable

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

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

Applicable  Not-applicable

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

Applicable  Not-applicable

At the 30th meeting of the 7th board of directors, 《A bill to cancel some stock options of the Company》 was deliberated and passed on Apr 17th, 2018, and 10,826,600 stock options would be cancelled. For details, please refer to 《The announcement of cancellation about some stock options of the company》 (Announcement Number: 2018-23) on Apr 18th, 2018. On May 24th, 2018, the company disclosed 《Notice on the completion of cancellation about some stock options》 (Announcement Number: 2018-35), according to relevant regulations, the company applied to the shenzhen branch of China securities registration and settlement co., LTD for the cancellation of stock options and completed the cancellation procedures.

## XII. Significant related party transactions

### 1. Related transactions related to day-to-day operation

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

### 2. Assets or equity acquisition, sales related transactions

Applicable  Not-applicable

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

**3. Related transactions of common investment**

Applicable  Not-applicable

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

**4. Related rights and debt relations**

Applicable  Not-applicable

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

Whether there is any non-business related credits and debts

Applicable  Not-applicable

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

**5. Other significant related transactions**

applicable  not applicable

Related queries in disclosure website of temporary announcement of related transactions

Name of temporary announcements	Temporary announcement date	Temporary announcement site name
Announcement about related transaction of replenishment chang 'an Peugeot Citroen automobile co., LTD	Jan, 13th, 2018	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Related Transactions Announcement about approving of United Prosperity (Hong Kong)Investment Co., Ltd trade financing	Apr, 4th, 2018	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Related transactions announcement about renewing 《Daily Framework Agreement For Related Transactions》、《Property Leasing Framework Agreement》、《Integrated Service Agreement》	Apr, 4th, 2018	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement about increasing estimated amount of 2018 daily related transaction	Apr, 18th, 2018	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Related Transactions Announcement that China South Industries Group Co., Ltd. provides financial service for the company	May, 7th, 2018	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Related transaction announcement thet Chongqing Automobile Finance Co., Ltd. provides financial services	May, 7th, 2018	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

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

Applicable  Not-applicable

## XIV. Major contract and its performance

### 1. Trusteeship, contracting, leasing matters

#### (1) Trusteeship

Applicable  Not-applicable

Information about Trusteeship

There is no Trusteeship during the reporting period.

#### (2) Contracting

Applicable  Not-applicable

Information about contracting

There is no contracting during the reporting period.

#### (3) Leasing

Applicable  Not-applicable

Information about leasing

Related party rental situation can be found in the note 12 of financial statements 4 (3) related party relationships and transactions.

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

Applicable  Not-applicable

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

### 2. Major guarantee

Applicable  Not-applicable

There's no major guarantee during the report period.

### 3. Other major contract

Applicable  Not-applicable

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

## XV. Social responsibility

### 1. Significant environmental protection

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

Yes  No

Changan Automobile mainly produces engines and automobiles. The main pollutants are chemical oxygen demand, ammonia nitrogen, total nickel, toluene, xylene and non-methane hydrocarbon, etc. All departments put pollution control facilities as well as production equipment into preventive maintenance management of equipment with normal operation, pollutant discharge up to normal standard, and the total amount of discharged key pollutant is confined with the total amount of indicators. Solid wastes are separately collected and stored. Main dangerous wastes are wastewater and sludge treatment, paint slag, phosphated residue and

waste solvent, etc. The units with hazardous waste business qualification are entrusted to dispose hazardous wastes. The general industrial solid wastes and household garbage are disposed by the units with qualification according to the requirement of the local government. The waste electrical and electronic products are disassembled by the units with qualification and are safely disposed by the units with hazardous waste business qualification.

### **(1) Strictly implement Disclosure System of Information**

In the first half of 2018, Key sewage units of Changan Automobile: Yuzui Base of OuShang Automotive Division, Yuzui Base of Jiangbei Engine Factory, Yubei Factory, Beijing Changan, Hefei Changan, Nanjing Changan. The original national control units(Yuzui Base of OuShang Automotive Division, Yuzui Base of Jiangbei Engine Factory, Yubei Factory) strictly carry out self-monitoring in accordance with the "National Key Monitoring Enterprise Self-monitoring and Information Disclosure Approach (Trial)". Self-monitoring program, monitoring results, pollution monitoring annual reports are disclosed on the "National Key Monitoring Enterprise Self-monitoring and Information Disclosure Platform". Other key sewage units disclosed the information according to the requirements of environmental protection departments of local governments.

### **(2) Strictly implement "EIA system" and environmental protection "three simultaneous" systems of the construction project**

Carry out the company's environmental impact assessment of "newly established, rectified, expanded projects" and implement"EIA system" of the construction project according to the regulations. Strengthen the review on pollutant factors, the total amount of emission and pollution control facilities during the environmental impact assessment. Strictly supervise the implementation of "simultaneous design, simultaneous construction, and simultaneous acceptance" of project environmental protection facilities to ensure full compliance between project construction and environmental impact assessment approval. In the first half of 2018, the Company obtained "New Energy Electric Drive Assembly System Project EIA Approval",and completed the EIA acceptance about Dianjiang Test Site Project(Phase II)、 PDC Project(Phase I)、 Passenger Car Project.

### **(3) Carry out environmental protection risk management, and enhance emergency response capacity**

Continue to carry out environmental protection emergency drills to enhance the response capacity to environmental emergencies. In the first half of 2018, the Company carried out a company-level environmental emergency drills(emergency drill for passenger vehicle wastewater discharge exceeding standard in Yuzui), more than 80 emergency drills at the factory and workshop. The scene settings, emergency handling, impact range, exercise script, evaluation and other aspects have been greatly improved.

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

### **(4) Detailed pollutant discharge of the company:**

During the reporting period, the Company had 216 air pollutant discharge ports and 14 water pollutant discharge ports. The implemented emission standards include the national "Integrated Wastewater Discharge Standard", Beijing "Water Pollutant Discharge Standard", the national "Air Pollutant Integrated Emission Standard", Chongqing "automobile vehicle manufacturing surface coating air pollutant discharge standards" "Air Pollutant Integrated Emission Standard", Beijing "automobile vehicle manufacturing industry (coating process) air pollutant discharge standards", the national "industrial enterprises boundary environmental noise emission standards" and so on. The total amount of pollutants approved: COD170 tons, 28 tons of ammonia. The company's pollutants can meet the corresponding emission standards with no extral emissions, no major environmental problems and no rectification.

In 2018, the company intended to implement the emission reduction measures with the investment of 145 million yuan. The main projects include: Nanjing Changan, Changan Bus Light Vehicle VOC Project; Changan Ford Chongqing Factory CAF2/3 VOC Governance Project(Phase II); Yubei Factory, Oushang Automotive Division, Beijing Changan Sludge Drying Project.

## **2. Fulfill social responsibility of targeted poverty alleviation**

√ Applicable   □ Not applicable

In the first half of 2018, Changan Automobile actively responded to the "13th Five-Year Plan for Poverty Alleviation" and fully implemented the spirit of the 19th Party Congress and the Central Poverty Alleviation Work Conference. In accordance with the arrangements of the Party Central Committee and the State Council, and in light of the actual situation of enterprises, we will earnestly promote donations such as precise poverty alleviation, public welfare relief, and public utility construction, and strive to promote economic and social development in poverty-stricken areas.

**(1) In the first half of 2018, precise poverty alleviation in "two counties" of Yunnan**

The company donated RMB 11 million to Luxi County.

On education poverty alleviation projects: firstly, invest 2 million yuan to improve the teaching facilities of Santang Town Junior Middle School; secondly, invest 1.77 million yuan to build Changan Automobile (Luxi) Training Base Project (Phase II).

On the poverty alleviation project of people's livelihood: invest 7.23 million yuan to build a rural domestic garbage collection and transportation facility project in Luxi County.

The company donated RMB 11 million to Yanshan County.

On the industrial poverty alleviation project: firstly, invest 2.5 million yuan to build an apple planting project in Ashe Township; secondly, invest 2 million yuan to build SanQi planting project in Panlong Township; thirdly, invest 1 million yuan for the commercial cattle breeding project in Weimo Township; finally, invest 1 million yuan in the pepper planting project in Ganhe Township.

On education poverty alleviation projects: firstly, invest 2 million yuan for the construction of the student dormitory building in Awenzhai Primary School; secondly, invest 1.4 million yuan for the student loan program.

On the poverty alleviation project of people's livelihood: firstly, invest 1 million yuan in township hospitals equipment configuration project; secondly, invest 100,000 yuan in disaster relief projects.

**(2) In the first half of 2018, precise poverty alleviation in Pengshui County, Chongqing.**

According to the "Notice of the Chongqing Municipal Development and Reform Commission's Leading Group for Poverty Alleviation on Carrying out Donation Assistance and Reporting Poverty Alleviation Materials"( Yu Development and Reform Commission of the Poverty Alleviation Group issued [2018] Document No. 2), Changan Automobile donated 300,000 yuan to Pengshui County.

Chang'an Automobile Statistics on Poverty Alleviation in the first half of 2018

Index	Unit	Quantity / Details
I . Total	—	—
1.funds	10 thousand RMB	2230
2. Material	10 thousand RMB	—
II . Subdivision	—	—
1. Industrial poverty alleviation	—	—
1.1 Industrial poverty alleviation project type	—	1) Apple Planting Project in Ashe Township; 2) Sanqi Planting Project in Panlong Township; 3) Cattle Breeding Project in Weimo Township; 4) Pepper Planting Project in Ganhe Township.
1.2 Industrial poverty alleviation project investment funds	10 thousand RMB	650
2. Education poverty alleviation	—	—
2.1 Funding for poor students	10 thousand RMB	140
2.2 Improve educational resources in poor areas	10 thousand RMB	577

3. Medical and health poverty alleviation	—	—
3.1 Medical and health resources invested in poverty areas	10 thousand RMB	110
4. Other projects - people's livelihood poverty alleviation	—	—
4.1 Amount of investment	10 thousand RMB	753

### (3) Follow-up precision poverty alleviation plan

According to the "Notice of the Jiangbei Agricultural Committee of Chongqing on Applying the 2018 Counterpart Assistance Project" (Jiangbei Agricultural Committee [2018] No. 128), the company will carry out poverty alleviation donations for Youyang County in the second half of 2018.

## XVI. Other important matters

Applicable    Not applicable

On Mar. 16th, 2018, the company disclosed 《Chongqing Changan Automobile Co., Ltd. announcement on the free transfer of state-owned shares of controlling shareholders》(Announcement Number: 2018-11). The controlling shareholder of the company——China Changan Automobile Group Co., Ltd. intends to transfer about 1,035,312,673 shares of Changan Automobile (accounting for 21.56% of the total share capital) to China South Industries Group Co., Ltd. without charge.

On May 31th, 2018, the company disclosed 《Announcement of Chongqing Changan Automobile Co., Ltd. on the free transfer of the controlling shareholder's state-owned shares approved by the SASAC》(Announcement Number: 2018-39). On Jun 21th, 2018, the company disclosed 《Announcement on the completion free transfer of controlling shareholders' state-owned shares》(Announcement Number: 2018-42) and confirmed the transfer registration process of the above-mentioned free transfer of shares on Jun 15th, 2018.

## XVII. Important matters of company subsidiaries

Applicable    Not-applicable

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

### I. Change in shareholdings

#### 1. Change in shareholdings

Unit: one share

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

#### Reason of stock changes

Applicable  Not-applicable

#### Approval of stock changes

Applicable  Not-applicable

#### Ownership transfer of stock change

Applicable  Not-applicable

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

Applicable  Not-applicable

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

Applicable  Not-applicable

## 2. Change in Non-circulated shares

Available  Not-available

Unit: one share

Name of shareholders	Non-circulated shares held at the year-beginning	Decrease during the reporting period	Increase during the reporting period	Non-circulated shares held at the year-end	Reason for non-circulated shares	Date for the circulated shares
China Changan Automobile Co., Ltd.	139,762,403	-	-	139,762,403	Non-public offering shares of 139,762,403 in 2016	2019-10-14
Zhu Huarong	18,900	-	-	18,900	Executive lock stocks	6 months after the retirement
Total	139,781,303	-	-	139,781,303	--	--

## II. Issuing and listing of securities

Applicable  Not-applicable

## III. Shareholding and shareholders of the company

Unit: one share

At the end of the report period, the total number of shareholders		196,868. A shareholders: 168,019. B shareholders: 28,849.						
Holding more than 5% of the shareholders, or top 10 shareholders situation								
Name of shareholders	Nature of Shareholders	Percentage of total shares (%)	Shares held at the year-end	Increases and decreases during the report period	Non-circulated shares held at the year-end	Circulated shares held at the year-end	Pledged/ Frozen cases	
							Share status	amount
China South Industries Group Co., Ltd.	State-owned legal person shares	21.56%	1,035,312,673	1,035,312,673			No pledge or freeze	
China Changan Automobile Co., Ltd.	State-owned legal person shares	19.33%	928,044,946	-1,035,312,673	139,762,403	788,282,543	No pledge or freeze	
China securities finance Co, Ltd	domestic general legal person shares	4.55%	218,580,149	16,535,328			No pledge or freeze	
United Prosperity (Hongkong)	foreign legal person shares	2.23%	107,267,728				No pledge or freeze	



Investment Co., Limited								
GIC PRIVATE LIMITED	foreign legal person shares	1.84%	88,270,713	7,377,141			No pledge or freeze	
Central Huijin Investment Ltd.	domestic general legal person shares	1.15%	55,393,100				No pledge or freeze	
DRAGON BILLION SELECT MASTER FUND	foreign legal person shares	0.85%	40,597,114	34,577,045			No pledge or freeze	
Anbang Asset Mgmt-China Merchants Bank-Anbang Asset-China	fund, finance products, etc.	0.67%	32,070,942				No pledge or freeze	
Anbang Asset Mgmt—China Minsheng Bank—Anbang Asset-China	fund, finance products, etc.	0.65%	31,082,094				No pledge or freeze	
MONETARY AUTHORITY OF SINGAPORE	foreign legal person shares	0.56%	26,917,178	1,008,881			No pledge or freeze	
Explanation on the relationship and the action alike of above shareholders	Among the top 10 shareholders, China South Industries Group Co., Ltd., the actual controller; China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co., Limited. belong to the concerted actor regulated by “Disclosure Administration of Shares Change Information of The Listed Company”.							
The ten largest circulated shareholders								
Name of shareholders	Shares at the year end	Shares type						
		Type	Amount					
China South Industries Group Co., Ltd.	1,035,312,673	RMB ordinary shares	1,035,312,673					
China Changan Automobile Co., Ltd.	788,282,543	RMB ordinary shares	788,282,543					
China securities finance Co, Ltd	218,580,149	RMB ordinary shares	218,580,149					
United Prosperity (Hongkong) Investment Co., Limited	107,267,728	Domestic listed foreign shares	107,267,728					
GIC PRIVATE LIMITED	88,270,713	Domestic listed foreign shares	88,270,713					
Central Huijin Investment Ltd.	55,393,100	RMB ordinary shares	55,393,100					
DRAGON BILLION SELECT MASTER FUND	40,597,114	Domestic listed foreign shares	40,597,114					
Anbang Asset Mgmt-China Merchants Bank- Anbang	32,070,942	RMB ordinary shares	32,070,942					

Asset-China			
Anbang Asset Mgmt—China Minsheng Bank—Anbang Asset-China	31,082,094	RMB ordinary shares	31,082,094
MONETARY AUTHORITY OF SINGAPORE	26,917,178	Domestic listed foreign shares	26,917,178
The top 10 shareholders to sell circulated shares, and the infinite tradable relationship between shareholders and top 10 shareholders or concerted action	Among the top 10 shareholders, China South Industries Group Co., Ltd., the actual controller; China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co., Limited belong to the concerted actor regulated by “Disclosure Administration of Shares Change Information of The Listed Company”.		

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

Available  Not- available

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

#### IV. The change of the controlling shareholders and the actual controllers

During the reporting period the change of controlling shareholders

Available  Not- available

No changes in controlling shareholders during the reporting period.

The change of the actual controllers during the reporting period

Available  Not- available

No changes in the actual controllers during the reporting period.

## Chapter 7 Information about Directors, Supervisors, Senior Management

### I. Share ownership of directors, supervisors and senior managers

Available  Not- available

The share ownership of the directors, supervisors and senior managers has no change during the reporting period. For details, please refer to 2017 annual report.

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

Name	Duties	Type	Date	Reason
Wang Kun	Director, Vice President, Secretary of the board of directors	Departure	Jan 27th, 2018	Job arrangement
Cao Xingquan	Independent director	Election	May 19th, 2018	Appointment due to work
Zhang Deyong	Director	Election	May 19th, 2018	Appointment due to work
Zhang Dongjun	Director	Election	May 19th, 2018	Appointment due to work
Wang Xiaoxiang	Director	Departure	May 26th, 2018	Job arrangement
Gong Bin	Vice President	Departure	May 29th, 2018	Job arrangement
Huang Zhongqiang	Vice President	Departure	May 29th, 2018	Job arrangement
Luo Minggang	Vice President	Departure	May 29th, 2018	Job arrangement

## Chapter 8 Corporate Bonds

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

Yes  No

## Chapter 9 The Financial Statements

### I. Auditing Report

Semi-annual report is audited

Yes  No

No audit on the semi-annual financial report.

### II. Financial statement

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

#### 1. Consolidated Balance Sheet

In RMB Yuan

Account	Ending Balance	Opening Balance
<b>Current assets:</b>		
Cash	24,067,745,140.49	22,631,536,496.53
Notes receivable	18,390,476,412.74	29,156,481,085.20
Accounts receivable	1,925,729,920.41	1,806,807,193.04
Prepayments	1,004,033,538.79	1,102,239,931.33
Interest receivable	55,081,274.30	42,184,263.88
Other receivables	2,096,542,096.16	1,645,276,455.04
Inventories	4,726,421,476.59	4,666,183,421.80
Other current assets	2,195,054,890.51	1,705,910,530.43
<b>Total current assets</b>	<b>54,461,084,749.99</b>	<b>62,756,619,377.25</b>
<b>Non-current assets:</b>		
Available-for-sale financial assets	564,227,000.00	541,917,000.00
Long-term receivables		
Long-term equity investments	15,638,035,950.97	14,098,523,896.97
Investment properties	7,442,917.06	7,556,272.84
Fixed assets	18,456,584,832.13	19,044,528,950.70
Construction in progress	4,728,241,031.94	3,234,173,155.52
Construction materials		
Liquidation of fixed assets	1,342,869.14	4,716.98
Intangible assets	4,011,477,965.19	4,047,945,129.67

Development expenditure	956,013,379.97	836,638,328.10
Goodwill	9,804,394.00	9,804,394.00
Long-term deferred expenses	14,569,071.92	13,545,589.39
Deferred tax assets	1,562,147,290.13	1,533,857,811.27
Total non-current assets	45,949,886,702.45	43,368,495,245.44
Total assets	100,410,971,452.44	106,125,114,622.69
Current liabilities:		
Short-term loans	186,000,000.00	185,000,000.00
Notes payable	20,222,535,762.78	18,002,926,579.81
Accounts payable	15,501,582,938.54	21,902,826,194.15
Advances from customers	1,935,292,614.32	3,878,382,556.43
Payroll payable	775,438,321.46	1,640,885,322.33
Taxes payable	206,628,829.13	394,321,397.14
Interest payables		
Dividend payables	2,157,870,026.46	79,742.80
Other payables	1,820,125,863.40	2,599,013,410.98
Non-current liabilities due within one year	13,423,420.00	13,151,946.67
Other current liabilities	3,792,413,587.50	3,562,154,645.82
Total current liabilities	46,611,311,363.59	52,178,741,796.13
Non-current liabilities:		
Long-term loans	-	6,575,973.33
Bonds payable		
Long-term payable		
Long term payroll payable	105,773,348.51	113,012,000.00
Special payable	216,541,226.77	290,607,151.02
Contingent liabilities	2,542,043,126.47	2,423,958,274.70
Deferred earnings	3,730,623,896.39	3,627,817,419.05
Deferred tax liabilities	17,069,250.00	21,222,750.00
Total non-current liabilities	6,612,050,848.14	6,483,193,568.10
Total liabilities	53,223,362,211.73	58,661,935,364.23
Owners' equity:		
Share capital	4,802,648,511.00	4,802,648,511.00
Capital reserves	5,099,405,956.94	5,099,405,956.94
Less: Treasury shares		

Other Comprehensive Income	329,988,957.43	82,959,423.84
Special reserves	45,988,791.91	28,279,733.06
Surplus reserves	2,401,324,255.50	2,401,324,255.50
Retained earnings	34,635,889,357.12	35,184,073,061.94
Equity attributable to owners	47,315,245,829.90	47,598,690,942.28
Minority interests	-127,636,589.19	-135,511,683.82
<b>Total equity</b>	<b>47,187,609,240.71</b>	<b>47,463,179,258.46</b>
Total liabilities and owner's equity	100,410,971,452.44	106,125,114,622.69

## 2. Balance sheet

In RMB Yuan

Account	Ending Balance	Opening Balance
Current assets:		
Cash	22,689,732,804.05	20,634,514,487.95
Notes receivable	17,701,785,367.98	29,010,848,480.70
Accounts receivable	5,540,094,852.90	4,991,996,591.00
Prepayments	871,316,636.66	960,555,695.17
Interest receivable	55,081,274.30	42,184,263.88
Other receivables	2,216,333,615.11	1,723,723,602.89
Inventories	3,717,205,618.67	4,005,921,440.85
Other current assets	1,548,207,146.93	1,178,094,749.84
Total current assets	54,339,757,316.60	62,547,839,312.28
Non-current assets:		
Available-for-sale financial assets	554,317,000.00	532,007,000.00
Long-term receivables		
Long-term equity investments	17,430,011,940.55	15,786,743,636.55
Investment properties		
Fixed assets	15,087,534,046.27	15,582,899,632.64
Construction in progress	3,936,119,637.89	2,763,521,275.98
Construction materials		
Liquidation of fixed assets		
Intangible assets	3,320,233,576.20	3,341,218,169.73
Development expenditure	813,831,574.70	733,947,670.46
Goodwill		

Long-term deferred expenses	12,851,515.57	12,821,802.39
Deferred tax assets	1,453,005,738.60	1,421,165,907.17
Total non-current assets	42,607,905,029.78	40,174,325,094.92
Total assets	96,947,662,346.38	102,722,164,407.20
Current liabilities:		
Short-term loans		
Notes payable	19,101,504,842.78	16,874,603,207.01
Accounts payable	13,141,085,740.88	19,476,620,759.93
Advances from customers	1,676,549,768.68	3,724,183,178.58
Payroll payable	578,717,128.59	1,377,250,229.66
Taxes payable	189,476,624.87	320,050,382.91
Interest payables		
Dividend payables	2,157,790,283.66	-
Other payables	1,892,869,657.20	3,181,207,281.30
Non-current liabilities within one year		
Other current liabilities	3,659,654,941.31	3,453,269,881.59
Total current liabilities	42,397,648,987.97	48,407,184,920.98
Non-current liabilities:		
Long-term loans		
Bonds payable		
Long-term payable		
Long term payroll payable	84,404,887.09	91,263,000.00
Special payable	161,190,517.37	235,256,441.62
Contingent liabilities	2,400,416,383.94	2,380,971,255.26
Deferred earnings	2,848,820,379.02	2,879,604,719.46
Deferred tax liabilities	17,069,250.00	21,222,750.00
Total non-current liabilities	5,511,901,417.42	5,608,318,166.34
Total liabilities	47,909,550,405.39	54,015,503,087.32
Owners' equity:		
Share capital	4,802,648,511.00	4,802,648,511.00
Capital reserves	4,717,192,101.72	4,717,192,101.72
Less: Treasury shares		
Other comprehensive income	398,740,399.77	132,520,410.88
Special reserves	22,783,308.91	12,013,706.73

Surplus reserves	2,401,324,255.50	2,401,324,255.50
Retained earnings	36,695,423,364.09	36,640,962,334.05
Total owners' equity	49,038,111,940.99	48,706,661,319.88
Total liabilities and owners' equity	96,947,662,346.38	102,722,164,407.20

### 3. Consolidated Income Statement

In RMB Yuan

Account	Current Period	Prior Period
Operating revenue	35,642,832,190.04	33,555,213,109.46
Less: Operating cost	30,614,845,704.45	28,792,755,690.32
Tax and surcharges	1,286,915,201.57	1,443,786,480.14
Operating expenses	2,543,462,428.51	2,004,176,042.01
General and administrative expenses	2,155,401,262.05	1,785,734,071.11
Financial expenses	-225,518,842.31	-246,821,602.15
Impairment loss on assets	108,941,422.42	92,122,720.46
Add: Investment income	1,362,011,815.11	3,831,618,978.64
Including: Investment income from associates and joint venture	1,362,011,815.11	3,831,618,978.64
Gain on disposal of assets	18,771,809.69	8,914,486.07
Other incomes	1,116,231,219.32	1,153,834,905.86
Operating profit	1,655,799,857.47	4,677,828,078.14
Add: Non-operating income	29,318,896.76	43,495,774.09
Less: Non-operating expenses	52,348,762.93	12,865,146.02
Total profit	1,632,769,991.30	4,708,458,706.21
Less: Income tax expense	15,288,317.83	40,996,104.66
Net profit	1,617,481,673.47	4,667,462,601.55
Classification by going concern		
Net profit from continuing operations	1,617,481,673.47	4,667,462,601.55
Net profit from discontinued operations		
Classification by ownership attribution		
Net profit attributable to owners	1,609,606,578.84	4,620,545,739.52
Minority interests	7,875,094.63	46,916,862.03
Other comprehensive income, net of tax	247,029,533.59	-49,271,529.86
Total comprehensive income	1,864,511,207.06	4,618,191,071.69



Total comprehensive income attributable to owners	1,856,636,112.43	4,571,274,209.66
Total comprehensive income attributable to minority interest	7,875,094.63	46,916,862.03
Earnings per share		
Basic earnings per share	0.34	0.96
Diluted earnings per share	0.34	0.96

#### 4. Income Statement

In RMB Yuan

Account	Current Period	Prior Period
Operating revenue	34,209,065,716.02	32,839,522,229.70
Less: Operating cost	29,726,487,573.72	28,904,081,124.37
Tax and surcharges	1,092,437,739.80	1,135,041,753.22
Operating expenses	2,298,436,366.37	1,803,479,171.45
General and administrative expenses	1,804,533,573.37	1,436,070,738.53
Financial expenses	-248,434,734.69	-256,888,513.32
Impairment loss on assets	114,014,999.44	133,639,836.86
Add: Investment income	1,995,138,886.45	3,830,647,885.91
Including: Investment income from associates and from joint venture	1,362,011,815.11	3,831,618,978.64
Gain on disposal of assets	23,972,983.02	-736,556.03
Other income	761,820,507.26	289,212,455.26
Operating profit	2,202,522,574.74	3,803,221,903.73
Add: Non-operating income	22,601,200.00	33,242,956.33
Less: Non-operating expenses	44,712,292.46	13,025,800.35
Total profit	2,180,411,482.28	3,823,439,059.71
Less: Income tax expense	-31,839,831.42	-8,032,861.72
Net profit	2,212,251,313.70	3,831,471,921.43
Classification by going concern		
Net profit from continuing operations	2,212,251,313.70	3,831,471,921.43
Net profit from discontinued operations		

Other comprehensive income, net of tax	266,219,988.89	-45,866,000.00
Total comprehensive income	2,478,471,302.59	3,785,605,921.43

## 5. Consolidated cash flow statement

In RMB Yuan

Account	Current Period	Prior Period
Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	47,598,885,985.36	46,780,300,361.41
Refunds of taxes	196,358,525.83	140,895,941.36
Cash received relating to other operating activities	1,720,885,871.60	2,518,058,023.51
Subtotal of cash inflows	49,516,130,382.79	49,439,254,326.28
Cash paid for goods and services	36,479,347,621.36	34,870,252,065.09
Cash paid to and on behalf of employees	3,423,077,482.78	3,158,460,344.22
Cash paid for all types of taxes	1,795,067,722.02	3,357,708,868.23
Cash paid relating to other operating activities	3,417,235,796.48	3,093,128,324.63
Subtotal of cash outflows	45,114,728,622.64	44,479,549,602.17
Net cash flows from operating activities	4,401,401,760.15	4,959,704,724.11
Cashflows from investing activities:		
Cash received from return on investments	114,500,000.00	4,458,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	18,444,059.30	12,051,601.04
Cash received relating to other investing activities	17,358,750.00	629,600,000.00
Subtotal of cash inflows	150,302,809.30	5,099,651,601.04
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	3,071,429,581.17	1,761,384,957.20
Cash paid for acquisition of investments	52,243,750.00	100,840,001.00
Cash paid relating to other investing activities		

Subtotal of cash outflows	3,123,673,331.17	1,862,224,958.20
Net cash flows from investing activities	-2,973,370,521.87	3,237,426,642.84
Cash flows from financing activities:		
Cash received from borrowings	166,000,000.00	185,569,008.83
Cash received relating to other financing activities	880,129,667.40	749,802,481.32
Subtotal of cash inflows	1,046,129,667.40	935,371,490.15
Cash repayments of borrowings	171,300,000.00	2,140,000,000.00
Cash paid for distribution of dividends or profits and interest expenses	5,326,893.20	3,168,151,086.02
Cash paid relating to other financing activities	-	33,855,585.56
Subtotal of cash outflows	176,626,893.20	5,342,006,671.58
Net cash flows from financing activities	869,502,774.20	-4,406,635,181.43
Effect of changes in exchange rate on cash	18,804,298.88	25,338,127.63
Net increase in cash and cash equivalents	2,316,338,311.36	3,815,834,313.15
Add: Opening balance of cash and cash equivalents	21,451,305,090.53	22,993,432,067.05
Closing balance of cash and cash equivalents	23,767,643,401.89	26,809,266,380.20

## 6. Cash flow statement

In RMB Yuan

Account	Current Period	Prior Period
Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	45,723,211,451.95	44,484,189,667.84
Refunds of taxes		
Cash received relating to other operating activities	1,227,875,965.34	1,206,879,552.91
Subtotal of cash inflows	46,951,087,417.29	45,691,069,220.75
Cash paid for goods and services	34,485,733,663.71	33,584,162,667.42
Cash paid to and on behalf of	2,753,479,395.91	2,480,880,221.05

employees		
Cash paid for all types of taxes	1,308,603,097.31	2,696,116,766.30
Cash paid relating to other operating activities	3,359,852,336.20	2,881,114,513.51
Subtotal of cash outflows	41,907,668,493.13	41,642,274,168.28
Net cash flows from operating activities	5,043,418,924.16	4,048,795,052.47
Cashflows from investing activities:		
Cash received from disposal of investments	839,201.56	-
Cash received from return on investments	119,200,416.67	4,464,991,013.22
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	18,417,859.30	403,878.24
Cash received relating to other investing activities	100,000,000.00	791,000,000.00
Subtotal of cash inflows	238,457,477.53	5,256,394,891.46
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	2,869,658,085.59	1,602,304,152.01
Cash paid for acquisition of investments	157,000,000.00	100,437,390.50
Cash paid relating to other investing activities	200,000,000.00	100,000,000.00
Subtotal of cash outflows	3,226,658,085.59	1,802,741,542.51
Net cash flows from investing activities	-2,988,200,608.06	3,453,653,348.95
Cash flows from financing activities:		
Cash received from borrowings		
Cash received relating to other financing activities	461,856,503.42	707,928,498.17
Subtotal of cash inflows	461,856,503.42	707,928,498.17
Cash repayments of borrowings	-	1,980,000,000.00
Cash paid for distribution of dividends or profits and interest expenses	-	3,147,923,019.82
Cash paid relating to other financing activities		

Subtotal of cash outflows	-	5,127,923,019.82
Net cash flows from financing activities	461,856,503.42	-4,419,994,521.65
Effect of changes in exchange rate on cash		
Net increase in cash and cash equivalents	2,517,074,819.52	3,082,453,879.77
Add: Opening balance of cash and cash equivalents	20,172,657,984.53	22,326,566,084.67
Closing balance of cash and cash equivalents	22,689,732,804.05	25,409,019,964.44

## 7. Consolidated statement of changes in shareholders' equity

In RMB Yuan

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	Other comprehensive income		
I. At end of last year	4,802,648,511.00	5,099,405,956.94	-	28,279,733.06	2,401,324,255.50	-	35,184,073,061.94	82,959,423.84	-135,511,683.82	47,463,179,258.46
II. At beginning of year	4,802,648,511.00	5,099,405,956.94	-	28,279,733.06	2,401,324,255.50	-	35,184,073,061.94	82,959,423.84	-135,511,683.82	47,463,179,258.46
III. Changes during the year	-	-	-	17,709,058.85	-	-	-548,183,704.82	247,029,533.59	7,875,094.63	-275,570,017.75
1. Total comprehensive income	-	-	-	-	-	-	1,609,606,578.84	247,029,533.59	7,875,094.63	1,864,511,207.06
2. Capital contributed by owners and capital decreases										
3. Distribution of profit	-	-	-	-	-	-	-2,157,790,283.66	-	-	-2,157,790,283.66
Distribution to owners	-	-	-	-	-	-	-2,157,790,283.66	-	-	-2,157,790,283.66
4. Special reserves	-	-	-	17,709,058.85	-	-	-	-	-	17,709,058.85
(1) Pick-up in current period	-	-	-	40,997,574.06	-	-	-	-	-	40,997,574.06
(2) Used in current period	-	-	-	-23,288,515.21	-	-	-	-	-	-23,288,515.21
IV. At end of current period	4,802,648,511.00	5,099,405,956.94	-	45,988,791.91	2,401,324,255.50	-	34,635,889,357.12	329,988,957.43	-127,636,589.19	47,187,609,240.71

## Prior period

In RMB Yuan

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

## 8. Statement of changes in shareholders' equity

In RMB Yuan

Items	Current period							
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	Other comprehensive income	Retained earnings	Total equity
I. At end of last year	4,802,648,511.00	4,717,192,101.72	-	12,013,706.73	2,401,324,255.50	132,520,410.88	36,640,962,334.05	48,706,661,319.88
II. At beginning of year	4,802,648,511.00	4,717,192,101.72	-	12,013,706.73	2,401,324,255.50	132,520,410.88	36,640,962,334.05	48,706,661,319.88
III. Changes during the year	-	-	-	10,769,602.18	-	266,219,988.89	54,461,030.04	331,450,621.11
1. Total comprehensive income	-	-	-	-	-	266,219,988.89	2,212,251,313.70	2,478,471,302.59
2. Capital contributed by owners and capital decreases								
The amount of shares paid into the owner's equity								
3. Distribution of profit	-	-	-	-	-	-	-2,157,790,283.66	-2,157,790,283.66
Distribution to owners	-	-	-	-	-	-	-2,157,790,283.66	-2,157,790,283.66
4. Special reserves	-	-	-	10,769,602.18	-	-	-	10,769,602.18
(1) Pick-up in current period	-	-	-	28,985,079.84	-	-	-	28,985,079.84
(2) Used in current period	-	-	-	-18,215,477.66	-	-	-	-18,215,477.66
IV. At end of current period	4,802,648,511.00	4,717,192,101.72	-	22,783,308.91	2,401,324,255.50	398,740,399.77	36,695,423,364.09	49,038,111,940.99



Prior period

In RMB Yuan

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

### III. Corporate information

Chongqing Changan Automobile Company Limited (hereafter referred to as the “Company”) was established by China Changan Automobile Group (hereafter referred to as the “Changan Group”) as the individual originator on 31 October 1996. The company was set up using the group’s net asset relating to the operation of mini cars and engine, the shares it owned in Chongqing Changan Suzuki company limited (equal to 506,190,000 shares of the Company) and the fund raised from the issuance of 250,000,000 foreign capital stock (B shares), with total share capital of RMB756,190,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As at 30 June 2018, the Company's parent company and ultimate controlling company is China Changan and South Group respectively.

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

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

#### **IV. BASIS OF PREPERATION**

The financial statements have been prepared in accordance with Accounting Standards for Business

Enterprises-Basic Standard and the specific standards issued and modified subsequently, and the implementation guidance, interpretations and other relevant provisions issued subsequently by the MOF (correctly referred to as “Accounting Standards for Business Enterprises”).

The financial statements are listed on a going concern basis.

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

## **V. Significant accounting policies and accounting estimates**

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

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

The financial statements present fairly and fully, the financial position of the Company as at June 30, 2018 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, 2018. 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 overseas 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 testsshould 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.

## 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 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	43 to 50 years
Software	2 years
Trademark	10 years
Non-patent technology	5 years

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

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

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

## 18. Research and development expenditures

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

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

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

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

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

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

### **20. Contingent liabilities**

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

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

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

### **21. Share-based payments**

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

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly. As to a equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and the capital reserves at the fair value of the equities instruments on the date of the grant. The fair value is determined using Black-Scholes model (Note 13).

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

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

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

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

## **22. Revenue**

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

### Revenue from the sale of goods

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

collected in a defer method, it includes the financing elements and should be determined according to the fair value of the amount received or receivable as stipulated in the contract or agreement.

#### Revenue from the rendering of services

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

#### Interest income

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

#### Royalty income

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

#### Rental income

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

### **23. Government grants**

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

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

The other government grant shall be recognized as the government grant related to gain. A grant relating to income, which as compensation for future costs, is recognized as deferred income initially, and as income when the related cost incurs. The grant as compensation for costs already incurred should be recognized as income for

the current period. A grant relating to assets is recognized as deferred income initially, and as income evenly among the useful life of the related assets. The grant accounted for at nominal amount is recognized as income for the current period.

## 24. Leases

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

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

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

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

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

## 25. Employee benefits

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

### Short-term employee salaries

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

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

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

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

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

Remeasurements arising from defined benefit pension plans are recognised immediately in the consolidated

statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

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

### Termination benefits

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

## **26. Income tax**

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

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

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

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

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

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

temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

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

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

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

## **27. Impairment of assets**

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

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

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

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

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

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

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

## **28. Profit distribution**

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

## **29. Safety fund**

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

## **30. Fair value measurement**

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

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



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

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

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

### **31. Significant accounting judgments and estimates**

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

#### Judgments

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

##### *Operating leases - as lessor*

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

#### Uncertainty of accounting estimates

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

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

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

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

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

*Bad debt provisions*

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

*Inventory impairment based on the net realizable value*

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

*Development expenditures*

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

*Deferred tax assets*

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

*Warranty*

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

*Depreciation and amortization*

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

**32. The change of major accounting policies and estimates**

During the reporting period, the company did not have any changes about accounting policies and estimates.

**VI. Taxes****1. The major categories of taxes and surcharges**

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

**2. Tax benefits**

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

As at 4 November 2011, in accordance to Circular of the Administrative Measures for the Certification of New and High Technology Enterprises (Guo Ke Fa Huo [2008] No. 172) and Circular of the Working Guidance on the Recognition of Hi-tech Enterprises (Guo Ke Fa Huo [2008] No. 362), and ratification of Hebei High-Tech Enterprise Recognition Office (Ji Gao Ban [2014] No. 7), the subsidiaries, Hebei Baoding Changan Bus Co., Ltd. and Hebei Changan Automobile Co., Ltd. were recognized as Hi-tech enterprises and subjected to the preferential tax rate of 15%.

## VII. Notes to the consolidated financial statements

### 1. Cash and cash equivalents

In RMB Yuan

Item	Ending	Beginning
Cash	11,825.00	33,089.31
Cash at bank	23,767,631,576.89	21,451,272,001.22
Other cash	300,101,738.60	1,180,231,406.00
Total	24,067,745,140.49	22,631,536,496.53

As at 30 June 2018, the book value of restricted cash and cash equivalents is RMB 300,101,738.60, which was mainly restricted for the issuance of acceptance bill.

As at 30 June 2018, the cash at bank oversea is equivalent to RMB 114,365,678.53.

### 2. Notes receivable

#### (1) Classification of notes receivable

In RMB Yuan

Type	Ending	Beginning
Commercial acceptance bill	2,821,052,830.00	9,142,240,884.70
Bank acceptance bill	15,569,423,582.74	20,014,240,200.50
Total	18,390,476,412.74	29,156,481,085.20

#### (2) The notes receivable pledged as follows:

Type	30 June 2018	31 December 2017
Bank acceptance bill	545,823,326.93	287,427,970.00

The bank acceptance bill of the above amount has been pledged for the notereceivable on 30 June 2018 and 31 December 2017.

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

In RMB Yuan

Type	Ending		Beginning	
	Derecognition	Un-derecognition	Derecognition	Un-derecognition
Commercial acceptance bill	-	-	70,962,210.00	-
Bank acceptance bill	961,310,940.00	-	1,198,514,460.00	-

Total	961,310,940.00	-	1,269,476,670.00	-
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### 3. Accounts receivable

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

In RMB Yuan

Item	Ending				Beginning			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	527,010,174.73	26.84	-	-	734,064,982.48	39.83	-	-
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	1,036,772,648.35	52.81	24,283,177.36	2.34	811,522,470.21	44.04	22,765,588.74	2.81
Group 2. Accounts receivable from related parties	386,230,274.69	19.67	-	-	283,985,329.09	15.41	-	-
Group subtotal	1,423,002,923.04	72.48	24,283,177.36	1.71	1,095,507,799.30	59.45	22,765,588.74	2.08
Individually insignificant items but analyzed individually for provision	13,264,933.57	0.68	13,264,933.57	100	13,264,933.57	0.72	13,264,933.57	100
Total	1,963,278,031.34	100	37,548,110.93	1.91	1,842,837,715.35	100	36,030,522.31	1.96

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

√ Applicable    □ Not applicable

In RMB Yuan

Aging	Ending			Beginning		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 1 year						
Including:						
Within 6 months	955,406,533.48	92.15	-	753,965,095.69	92.91	-
6 to 12 months	29,378,417.75	2.83	1,468,920.88	18,262,202.43	2.25	913,110.11

Within 1 year subtotal	984,784,951.23	94.98	1,468,920.88	772,227,298.12	95.16	913,110.11
1 to 2 years	24,457,498.59	2.36	2,445,749.86	12,198,268.67	1.50	1,219,826.87
2 to 3 years	2,514,884.50	0.24	754,465.35	1,451,653.80	0.18	435,496.14
3 to 4 years	10,530,865.52	1.02	5,265,432.76	10,368,508.00	1.28	5,184,254.00
4 to 5 years	679,200.00	0.07	543,360.00	1,319,200.00	0.16	1,055,360.00
Over 5 years	13,805,248.51	1.33	13,805,248.51	13,957,541.62	1.72	13,957,541.62
Total	1,036,772,648.35	100	24,283,177.36	811,522,470.21	100	22,765,588.74

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

In RMB Yuan

Name	Ending		Beginning	
	Balance	Provision	Balance	Provision
Accounts receivable provision for bad debts with related party	386,230,274.69	-	283,985,329.09	-

On 30 June 2018, there is no accounts receivable with separate amounts and separate provision for bad debts (31 December 2017: none).

(2) As for June 30, 2018, provision for impairment of accounts receivable amounting to RMB 2,398,816.90 has been accrued (2017: RMB 8,587,659.49). Provision for impairment of accounts receivable amounting to RMB 798,522.79 has been reversed (2017: RMB 3,058,543.46).

(3) As at 30 June 2018, provision for impairment of accounts receivable amounting to RMB 82,705.49 is written off (2017: RMB 444,720.00).

(4) As at 30 June 2018, the top five debtors of accounts receivables totalled RMB 717,217,296.14, accounting for 36.53% of total receivables (2017: RMB 553,166,995.66, accounting for 30.02% of total receivables).

(5) As at 30 June 2018, the group has no accounts receivable as a termination of financial assets transfer (2017: none).

#### 4. Prepayments

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

In RMB Yuan

Aging	Ending		Beginning	
	Amount	%	Amount	%
Within 1 year	992,356,992.65	98.84	1,099,772,284.11	99.78
1 to 2 years	10,141,614.24	1.01	447,067.45	0.04
2 to 3 years	1,000,000.00	0.10	1,485,647.87	0.13

Over 3 years	534,931.90	0.05	534,931.90	0.05
Total	1,004,033,538.79	100	1,102,239,931.33	100

As at 30 June 2018, the total amount of the top five prepayments was RMB 888,386,086.76, accounting for 88.48% of the total amount of prepayments (2017: RMB 993,006,069.80, accounting for 90.09%).

## 5. Interest receivable

In RMB Yuan

Item	Ending	Beginning
Fixed deposits	55,081,274.30	42,184,263.88

## 6. Other receivables

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

In RMB Yuan

Item	Ending				Beginning			
	Balance		Provision		Balance		Provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant items and analyzed individually for provision	1,883,637,827.35	89.65	-	-	1,404,077,945.42	85.12	-	-
Other receivables analyzed as groups for provision								
Group 1: Other receivables analyzed for provision according to aging analysis	186,364,915.47	8.87	1,625,933.46	0.87	201,199,672.08	12.20	1,177,852.02	0.59
Group 2: Other receivables from related parties	28,165,286.80	1.34	-	-	41,176,689.56	2.50	-	-
Group subtotal	214,530,202.27	10.21	1,625,933.46	0.76	242,376,361.64	14.70	1,177,852.02	0.49
individually insignificant items but analyzed individually for provision	2,976,813.22	0.14	2,976,813.22	100	2,978,743.66	0.18	2,978,743.66	100
Total	2,101,144,842.84	100.00	4,602,746.68	0.22	1,649,433,050.72	100.00	4,156,595.68	0.25

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

√ Applicable   □ Not applicable

In RMB Yuan

Aging	Ending	Beginning
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	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 1 year						
Including:						
Within 6 months	171,786,449.50	92.17	-	194,289,589.40	96.57	-
6 to 12 months	12,336,442.40	6.62	616,822.12	5,512,392.58	2.74	275,619.62
Within 1 year subtotal	184,122,891.90	98.79	616,822.12	199,801,981.98	99.31	275,619.62
1 to 2 years	1,072,883.60	0.58	107,288.36	405,884.15	0.20	40,588.42
2 to 3 years	290,443.07	0.16	87,132.92	48,000.00	0.02	14,400.00
3 to 4 years	128,014.34	0.07	64,007.61	193,123.94	0.10	96,561.97
4 to 5 years	0.55	-	0.44	-	-	-
Over 5 years	750,682.01	0.40	750,682.01	750,682.01	0.37	750,682.01
Total	186,364,915.47	100	1,625,933.46	201,199,672.08	100	1,177,852.02

Within groups, other receivable analyzed for provision according to other analysis:

In RMB Yuan

Name	Ending		Beginning	
	Balance	Provision	Balance	Provision
Other receivable provision for bad debts with related party	28,165,286.80	-	41,176,689.56	-

On 30 June 2018, there is no other receivable with separate amounts and separate provision for bad debts (31 December 2017: none).

(2) As for June 30, 2018, provision for impairment of other receivable amounting to RMB 520,778.00 has been accrued (2017: RMB 1,231,570.84). Provision for impairment of other receivable amounting to RMB 18,072.20 has been reversed (2017: RMB 1,109,854.82).

(3) As at 30 June 2018, provision for impairment of other receivable amounting to RMB 56,554.8 is written off (2017: RMB 85,402.61).

(4) As at 30 June 2018, the group has no other receivables as a termination of financial assets transfer (2017: none).

(5) As at 30 June 2018, top five debtors of other receivables are as follows:

Debtors	Ending balance	Years	Proportion of total other receivables (%)
First	1,544,178,640.00	Within 3 years	73.49
Second	229,198,886.11	Within 3 years	10.91
Third	28,823,310.00	1 to 2 years	1.37



Fourth	27,431,572.54	Within 6 months	1.31
Fifth	21,053,000.00	Within 1 year	1.00
Total	1,850,685,408.65	-	88.08

## 7. Inventory

### (1) Classification of inventory

In RMB Yuan

Item	Ending			Beginning		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	608,090,995.26	53,440,961.77	554,650,033.49	461,911,233.10	33,713,007.05	428,198,226.05
Work in transit	448,120,820.40	-	448,120,820.40	511,912,371.36	-	511,912,371.36
Work in progress	856,411,506.90	20,963,970.65	835,447,536.25	633,181,546.29	32,329,369.55	600,852,176.74
Commodity stock	2,934,264,568.28	101,360,370.90	2,832,904,197.38	3,154,147,791.47	103,902,330.06	3,050,245,461.41
Revolving materials	-	-	-	26,530,300.45	-	26,530,300.45
Spare parts	55,298,889.07	-	55,298,889.07	48,444,885.79	-	48,444,885.79
Total	4,902,186,779.91	175,765,303.32	4,726,421,476.59	4,836,128,128.46	169,944,706.66	4,666,183,421.80

### (2) Provision for inventory

In RMB Yuan

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	33,713,007.05	21,959,954.84	636,470.54	1,595,529.58	53,440,961.77
Work in progress	32,329,369.55	2,861,402.11	13,237,201.09	989,599.92	20,963,970.65
Commodity stock	103,902,330.06	96,089,591.05	198,853.86	98,432,696.35	101,360,370.90
Total	169,944,706.66	120,910,948.00	14,072,525.49	101,017,825.85	175,765,303.32

## 8. Other current assets

In RMB Yuan

Item	Ending	Beginning
Accrual input tax	2,162,944,222.31	1,699,621,114.17
Others	32,110,668.20	6,289,416.26
Total	2,195,054,890.51	1,705,910,530.43

## 9. Available-for-sale financial assets

In RMB Yuan

Item	Ending	Beginning
Available-for-sale equity securities	136,675,000.00	164,365,000.00
Other	427,552,000.00	377,552,000.00
Total	564,227,000.00	541,917,000.00

1. The available-for-sale equity securities are the 35.50 million shares of Southwest Securities Co., Ltd as of June 30, 2018.
2. Others: On June 30, 2018 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.

## 10. Long-term equity investment

In RMB Yuan

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	1,190,705,710.43	-80,032,104.09	1,110,673,606.34	50	50	None	-	-	-
Jiangling Holding Co., Ltd	Equity	1,008,511,522.00	2,907,749,943.37	-83,707,141.74	2,824,042,801.63	50	50	None	-	-	-
Changan Ford Automobile Co., Ltd(former name: Changan Ford Mazda Automobile Co., Ltd)	Equity	975,232,926.29	4,125,426,104.20	866,427,723.13	4,991,853,827.33	50	50	None	-	-	-
Changan Mazda Automobile Co., Ltd	Equity	1,097,839,635.00	2,439,429,811.02	635,451,737.12	3,074,881,548.14	50	50	None	-	-	-
Changan Ford Mazda Engine Co., Ltd	Equity	786,734,634.10	903,838,395.08	-73,187,649.79	830,650,745.29	50	50	None	-	-	114,500,000.00
Changan PSA Automobiles Co., Ltd, a JV of the Company	Equity	2,007,841,700.00	93,561,126.76	-171,729,822.06	-78,168,695.30	50	50	None	-	-	-
Associates											
Chongqing Changan Kuayue	Equity	61,800,885.00	101,399,892.43	17,458,524.85	118,858,417.28	34.3	34.3	None	-	-	-

Automobile Co., Ltd												
Chongqing Changan Kuayue Automobile Sales Co., Ltd	Equity	1.00	-	-	-	34.3	34.3	None	-	-	-	-
Beijing Fangan Taxi LLC	Equity	6,000,000.00	-	-	-	20.7	20.7	None	-	-	-	-
Chongqing Auto Finance Co.Ltd	Equity	1,805,000,000.00	1,817,669,991.73	137,070,317.23	1,954,740,308.96	28.66	28.66	None	-	-	-	-
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	Equity	518,743,029.48	518,742,921.95	289,516,719.35	808,259,641.30	32.67	32.67	None	-	-	-	-
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Equity	2,243,750.00	-	2,243,750.00	2,243,750.00	20	20	None	-	-	-	-
<b>Total</b>	--	8,507,668,016.20	14,098,523,896.97	1,539,512,054.00	15,638,035,950.97	--	--	--	-	-	-	114,500,000.00

## 11. Investment property

According to the cost of the investment real estate

In RMB Yuan

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	2,493,827.16	113,355.78	-	2,607,182.94
Buildings	2,493,827.16	113,355.78	-	2,607,182.94
III. Net Value	7,556,272.84	-113,355.78	-	7,442,917.06
Buildings	7,556,272.84	-113,355.78	-	7,442,917.06
IV. Impairment Provision	7,556,272.84	-113,355.78	-	7,442,917.06
Buildings	7,556,272.84	-113,355.78	-	7,442,917.06

## 12. Fixed assets

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
I. Original cost	31,092,079,689.71	518,376,227.55	359,069,765.75	31,251,386,151.51
Buildings	7,588,350,429.43	6,957,485.61	4,967,723.31	7,590,340,191.73
Machinery	17,780,317,915.84	101,696,094.53	179,543,314.95	17,702,470,695.42
Vehicles	758,168,041.39	39,022,979.13	2,186,906.73	795,004,113.79
Other Equipments	4,965,243,303.05	370,699,668.28	172,371,820.76	5,163,571,150.57
II. Accumulated depreciation	11,166,770,830.03	1,045,654,724.17	264,765,212.09	11,947,660,342.11
Buildings	1,585,639,930.24	127,192,502.26	-	1,712,832,432.50
Machinery	7,183,157,682.85	521,677,710.87	94,478,028.29	7,610,357,365.43
Vehicles	207,356,765.94	70,246,042.36	1,431,464.77	276,171,343.53
Other Equipments	2,190,616,451.00	326,538,468.68	168,855,719.03	2,348,299,200.65
III. Net Value	19,925,308,859.68	-527,278,496.62	94,304,553.66	19,303,725,809.40
Buildings	6,002,710,499.19	-120,235,016.65	4,967,723.31	5,877,507,759.23
Machinery	10,597,160,232.99	-419,981,616.34	85,065,286.66	10,092,113,329.99

Vehicles	550,811,275.45	-31,223,063.23	755,441.96	518,832,770.26
Other Equipments	2,774,626,852.05	44,161,199.60	3,516,101.73	2,815,271,949.92
IV.Impairment Provision	880,779,908.98	-	33,638,931.71	847,140,977.27
Buildings	83,371,676.72	-	-	83,371,676.72
Machinery	673,609,726.30	-	32,024,837.06	641,584,889.24
Vehicles	223,852.23	-	-	223,852.23
Other Equipments	123,574,653.73	-	1,614,094.65	121,960,559.08
V. Book Value	19,044,528,950.70	-527,278,496.62	60,665,621.95	18,456,584,832.13
Buildings	5,919,338,822.47	-120,235,016.65	4,967,723.31	5,794,136,082.51
Machinery	9,923,550,506.69	-419,981,616.34	53,040,449.60	9,450,528,440.75
Vehicles	550,587,423.22	-31,223,063.23	755,441.96	518,608,918.03
Other Equipments	2,651,052,198.32	44,161,199.60	1,902,007.08	2,693,311,390.84

The depreciation during the reporting period is RMB 1,045,654,724.17. During the period the construction in progress amounting to RMB 462,849,859.01 is transferred to the fixed asset.

### 13. Construction in progress

#### (1) Details of construction in progress

In RMB Yuan

Item	Closing balance			Opening balance		
	Balance	Provision	Book value	Balance	Provision	Book value
Mini-bus production equipment	1,123,638,327.96	-	1,123,638,327.96	997,340,616.73	-	997,340,616.73
Yuzui motor city project	602,342,467.90	-	602,342,467.90	247,220,662.88	-	247,220,662.88
Car production equipment	253,282,390.98	-	253,282,390.98	165,767,240.81	-	165,767,240.81
Engine plant	496,911,181.63	-	496,911,181.63	341,191,269.61	-	341,191,269.61
Vehicle research institution	665,267,271.81	-	665,267,271.81	401,869,572.35	-	401,869,572.35
Vehicle moulds	461,248,201.97	-	461,248,201.97	365,419,879.40	-	365,419,879.40
Light vehicle technical transformation project of Baoding Changan bus	52,602,943.34	-	52,602,943.34	28,393,497.74	-	28,393,497.74
Plant for vehicle test project	6,413,634.95	-	6,413,634.95	6,052,888.00	-	6,052,888.00
Beijing vehicle construction project	156,149,317.24	-	156,149,317.24	163,600,842.58	-	163,600,842.58
Engine Base of Nanjing	5,126,636.04	-	5,126,636.04	3,201,929.85	-	3,201,929.85
Yuzui Refitting factory	31,385,789.99	-	31,385,789.99	30,880,135.49	-	30,880,135.49
Car production Project Of	502,844,386.55	-	502,844,386.55	156,409,567.96	-	156,409,567.96

Hefei Changan					
Nanjing Welding Technological transformation project	-	-	-	3,351,229.28	-
Yubei Factory	156,977.90	-	156,977.90	145,173.18	-
Others	370,871,503.68	-	370,871,503.68	323,328,649.66	-
Total	4,728,241,031.94	-	4,728,241,031.94	3,234,173,155.52	-

**(2) Movement of major construction in progress projects**

In RMB Yuan

Item	Beginning	Addition	Transferred to fixed assets	Deduction	Ending
Mini-bus production equipment	997,340,616.73	144,371,711.76	18,074,000.53	-	1,123,638,327.96
Yuzui motor city project	247,220,662.88	425,202,343.66	70,080,538.64	-	602,342,467.90
Car production equipment	165,767,240.81	102,294,839.15	14,779,688.98	-	253,282,390.98
Engine plant	341,191,269.61	201,304,112.54	45,584,200.52	-	496,911,181.63
Vehicle research institution	401,869,572.35	270,459,262.14	7,061,562.68	-	665,267,271.81
Vehicle moulds	365,419,879.40	174,022,790.49	78,194,467.92	-	461,248,201.97
Light vehicle technical transformation project of Baoding Changan bus	28,393,497.74	24,209,445.60	-	-	52,602,943.34
Plant for vehicle test project	6,052,888.00	428,123.01	67,376.06	-	6,413,634.95
Beijing vehicle construction project	163,600,842.58	63,733,108.34	71,184,633.68	-	156,149,317.24
Engine Base of Nanjing	3,201,929.85	2,273,762.79	349,056.60	-	5,126,636.04
Yuzui Refitting factory	30,880,135.49	2,199,007.15	1,693,352.65	-	31,385,789.99
Car production Project Of Hefei Changan	156,409,567.96	346,434,818.59	-	-	502,844,386.55
Nanjing Welding Technological transformation project	3,351,229.28	-	3,351,229.28	-	-
Yubei Factory	145,173.18	11,804.72	-	-	156,977.90
Others	323,328,649.66	199,972,605.49	152,429,751.47	-	370,871,503.68
Total	3,234,173,155.52	1,956,917,735.43	462,849,859.01	-	4,728,241,031.94

**(3) Impairment for construction in progress**

None

**14. Liquidation of fixed assets**

In RMB Yuan

Item	Beginning	Ending	Reason
machinery equipment	4,716.98	1,342,869.14	Asset retirement
Total	4,716.98	1,342,869.14	

**15. Intangible assets****Details of intangible assets**

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
<b>I. Original cost</b>	7,156,994,397.31	309,555,465.10	-	7,466,549,862.41
Land use rights	2,384,260,724.00	74,140,024.32	-	2,458,400,748.32
Software use rights	440,803,454.31	4,276,291.77	-	445,079,746.08
Trademark use rights	211,784,400.00	10,306.61	-	211,794,706.61
Non-patent technology	4,120,145,819.00	231,128,842.40	-	4,351,274,661.40
<b>II. Accumulated amortization</b>	2,885,416,546.63	349,623,578.41	-	3,235,040,125.04
Land use rights	280,991,802.54	25,278,204.72	-	306,270,007.26
Software use rights	396,959,100.18	17,108,763.10	-	414,067,863.28
Trademark use rights	153,453,466.62	8,749,999.98	-	162,203,466.60
Non-patent technology	2,054,012,177.29	298,486,610.61	-	2,352,498,787.90
<b>III. Net value</b>	4,271,577,850.68	-40,068,113.31	-	4,231,509,737.37
Land use rights	2,103,268,921.46	48,861,819.60	-	2,152,130,741.06
Software use rights	43,844,354.13	-12,832,471.33	-	31,011,882.80
Trademark use rights	58,330,933.38	-8,739,693.37	-	49,591,240.01
Non-patent technology	2,066,133,641.71	-67,357,768.21	-	1,998,775,873.50
<b>IV. Impairment provision</b>	223,632,721.01	-	3,600,948.83	220,031,772.18
Software use rights	21,319,804.81	-	-	21,319,804.81
Non-patent technology	202,312,916.20	-	3,600,948.83	198,711,967.37
<b>V. Book value</b>	4,047,945,129.67	-40,068,113.31	-3,600,948.83	4,011,477,965.19
Land use rights	2,103,268,921.46	48,861,819.60	-	2,152,130,741.06
Software use rights	22,524,549.32	-12,832,471.33	-	9,692,077.99
Trademark use rights	58,330,933.38	-8,739,693.37	-	49,591,240.01
Non-patent technology	1,863,820,725.51	-67,357,768.21	-3,600,948.83	1,800,063,906.13

As at 30 June 2018, the intangible assets from internal research and development account for 44.87% of total



intangible assets.

## 16. Development expenditure

In RMB Yuan

Item	Beginning	Addition	Deduction		Ending
			Charged to income Statement of the Current period	Charged to income Statement of the Current period	
Automobile Development	836,638,328.10	485,401,483.77	61,739,089.55	304,287,342.35	956,013,379.97
Total	836,638,328.10	485,401,483.77	61,739,089.55	304,287,342.35	956,013,379.97

## 17. Goodwill

In RMB Yuan

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

In RMB Yuan

Item	Beginning	Addition	Amortization	Other deduction	Ending
Long-term deferred expenses	13,545,589.39	1,246,951.68	223,469.15	-	14,569,071.92
Total	13,545,589.39	1,246,951.68	223,469.15	-	14,569,071.92

## 19. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities:

In RMB Yuan

Item	Ending	Beginning
Deferred tax assets:		
Provision for the impairment of assets	208,635,488.68	168,817,572.61
Accrued expenses and contingent liabilities	786,960,665.17	769,116,660.06
Unpaid tech development expense and advertisement expense	76,787,383.53	77,899,364.21

Deferred income	446,396,210.91	479,391,091.10
Unpaid salary and bonus and others	43,367,541.84	38,633,123.29
Subtotal	1,562,147,290.13	1,533,857,811.27
Deferred tax liabilities:		
Available-for-sale financial assets on the changes in fair value	17,069,250.00	21,222,750.00
Others		
Subtotal	17,069,250.00	21,222,750.00

## 20. Provision for the impairment of assets

In RMB Yuan

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	40,187,117.99	2,919,594.90	816,594.99	139,260.29	42,150,857.61
II. Provision for obsolete inventory	169,944,706.66	120,910,948.00	14,072,525.49	101,017,825.85	175,765,303.32
III. Provision for the impairment of fixed assets	880,779,908.98	-	-	33,638,931.71	847,140,977.27
IV. Provision for the impairment of intangible assets	223,632,721.01	-	-	3,600,948.83	220,031,772.18
V. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
VI. Provision for the impairment of available-for-sale financial assets	1,809,274.00	-	-	-	1,809,274.00
Total	1,389,819,063.64	123,830,542.90	14,889,120.48	138,396,966.68	1,360,363,519.38

## 21. Short-term loans

In RMB Yuan

Item	Ending	Beginning
Pledge loans	186,000,000.00	175,000,000.00
Guaranteed loans	-	10,000,000.00
Credit loans		
Total	186,000,000.00	185,000,000.00

**22. Notes payable**

In RMB Yuan

Item	Ending	Beginning
Commercial acceptance bill	-	1,585,249,372.80
Bank acceptance bill	20,222,535,762.78	16,417,677,207.01
Total	20,222,535,762.78	18,002,926,579.81

**23. Accounts payable**

In RMB Yuan

Item	Ending	Beginning
Accounts payable	15,501,582,938.54	21,902,826,194.15
total	15,501,582,938.54	21,902,826,194.15

**24. Advances from customers**

In RMB Yuan

Item	Ending	Beginning
Advances from customers	1,935,292,614.32	3,878,382,556.43
total	1,935,292,614.32	3,878,382,556.43

**25. Payroll payable**

30 June 2018

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Short term salary benefits	1,567,656,287.03	2,454,600,682.62	3,336,139,763.96	686,117,205.69
Defined contribution plans	68,156,035.30	272,419,202.68	256,353,067.81	84,222,170.17
Early retirement benefits	5,073,000.00	981,065.47	955,119.87	5,098,945.60
Total	1,640,885,322.33	2,728,000,950.77	3,593,447,951.64	775,438,321.46

Short term salary benefits as follows:

30 June 2018

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Salary, bonus, allowance and subsidy	1,207,501,206.86	1,949,500,550.62	2,841,138,372.75	315,863,384.73

Employee benefit	207,402,348.95	111,906,449.19	109,943,371.44	209,365,426.70
Social insurance	-174,158.92	166,910,544.15	164,398,082.31	2,338,302.92
Housing accumulation fund	59,222,161.27	156,439,370.15	155,442,121.89	60,219,409.53
Labor fund and employee education fund	93,704,728.87	69,843,768.51	65,217,815.57	98,330,681.81
Total	1,567,656,287.03	2,454,600,682.62	3,336,139,763.96	686,117,205.69

Defined contribution plans as follows:

30 June 2018

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Basic retirement security	60,088,662.53	265,417,650.40	248,719,236.73	76,787,076.20
Unemployment insurance	8,067,372.77	7,001,552.28	7,633,831.08	7,435,093.97
Total	68,156,035.30	272,419,202.68	256,353,067.81	84,222,170.17

## 26. Taxes payable

In RMB Yuan

Item	Ending	Beginning
Value-added tax	6,751,596.16	20,724,979.91
Consumption tax	215,617,720.51	315,331,520.62
Corporate income tax	-34,319,675.86	-5,866,525.85
Individual Income tax	1,475,832.48	3,496,728.45
City maintenance and construction tax	1,563,752.49	27,566,226.75
Education additional expenses	1,058,841.54	20,798,543.86
Others	14,480,761.81	12,269,923.40
Total	206,628,829.13	394,321,397.14

## 27. Dividend payable

In RMB Yuan

Item	Ending	Beginning
Dividend payable – A share dividend	2,157,790,283.66	-
Dividend payable – Hebei Changan Minority interests	79,742.80	79,742.80
Total	2,157,870,026.46	79,742.80

**28. Other payables**

In RMB Yuan

Item	Ending	Beginning
Deposits of dealer and supplier	48,038,638.84	64,938,552.00
Maintenance fees	193,799,878.35	166,703,421.92
Sales incentive fees	-	23,159,476.00
Advertising fees	231,462,027.04	322,762,545.86
Warehousing and transport fees	273,094,120.79	169,100,711.73
Integrated service charges and miscellaneous expenses	190,772,430.73	140,284,047.51
Purchase and construction of fixed assets, intangible assets and project deposits	591,860,696.22	1,499,489,207.73
Others	291,098,071.43	212,575,448.23
<b>Total</b>	<b>1,820,125,863.40</b>	<b>2,599,013,410.98</b>

**29. Contingent liabilities**

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Warranty	2,423,958,274.70	481,330,044.04	363,245,192.27	2,542,043,126.47
<b>Total</b>	<b>2,423,958,274.70</b>	<b>481,330,044.04</b>	<b>363,245,192.27</b>	<b>2,542,043,126.47</b>

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

**30. Other current liabilities**

In RMB Yuan

Item	Ending	Beginning
Accrued utilities	12,037,428.18	59,634,137.49
Accrued transportation fee	626,565,018.81	540,328,536.56
Accrued maintenance fee	68,247,641.79	55,133,842.44
Accrued technology transfer and development fee	293,074,345.01	164,331,878.15
Accrued commercial discount payable	2,018,529,715.36	1,928,754,888.23
Accrued market development expense	556,882,954.98	578,090,324.55
Accrued rental fee	93,753,857.96	96,417,863.95
Accrued consultancy fee	36,724,136.50	45,510,193.20

Others	86,598,488.91	93,952,981.25
Total	3,792,413,587.50	3,562,154,645.82

### 31. Non-current liabilities due within one year

In RMB Yuan

Item	Ending	Beginning
Non-current liabilities due within one year	13,423,420.00	13,151,946.67
Total	13,423,420.00	13,151,946.67

### 32. Long-term loans

In RMB Yuan

Item	Ending	Beginning
Credit loan	13,423,420.00	19,727,920.00
Deduction of loans due within one year	-13,423,420.00	-13,151,946.67
Total	-	6,575,973.33

### 33. Special payables

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Project 863	2,603,472.95	-	151,423.33	2,452,049.62
Test on key technology of hybrid electric vehicles	1,346,665.57	-	4,200.00	1,342,465.57
New vehicle product	7,808,326.58	-	1,879,277.00	5,929,049.58
Automobile product chain sharing platform	4,550,973.75	-	3,513,440.44	1,037,533.31
Gasoline Engine Development	1,453,543.15	-	214,506.15	1,239,037.00
Changan Automobile E-type gasoline engine cylinder block, cylinder head machine plus production line demonstration project	67,480,246.95	-	67,412,924.31	67,322.64
Land relocation compensation	55,350,709.40	-	-	55,350,709.40
Automotive order to delivery system project	1,450,263.11	-	-	1,450,263.11
Industrialization of patented technologies	662,296.98	-	462,296.98	200,000.00

Vehicle network intelligent information terminal middleware key technologies research and application	1,460,052.95	100,000.00	675,662.40	884,390.55
Development and industrialization of C206 pure electric cars	14,582,280.58	-	11,136,000.00	3,446,280.58
System development of electromagnetic compatibility of key accessories on electric cars	1,334,037.55	-	288,323.56	1,045,713.99
Intelligent manufacturing project	45,455,157.40	-	9,693,416.91	35,761,740.49
Lightweight design of automobile structure	63,564,705.20	-	786,375.01	62,778,330.19
All-region platform development technology	1,000,000.00	-	1,000,000.00	-
LTE-V wireless transmission technology standardization and prototype development verification	2,586,540.75	-	500,019.24	2,086,521.51
Development and demonstration application of high performance magnesium alloy	1,501,158.52	-	22,074.65	1,479,083.87
Research and application of IoT control integration technology in intelligent cabin system of automobile industry	3,145,200.00	-	453,530.49	2,691,669.51
Others	13,271,519.63	27,398,400.00	3,370,853.78	37,299,065.85
<b>Total</b>	<b>290,607,151.02</b>	<b>27,498,400.00</b>	<b>101,564,324.25</b>	<b>216,541,226.77</b>

### 34. Deferred income

30 June, 2018

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Government grants related to assets	2,825,085,486.08	17,358,750.00	77,441,797.78	2,765,002,438.30
Government grants related to income	754,048,245.36	300,000,000.00	152,034,541.70	902,013,703.66
Others	48,683,687.61	14,924,066.82	-	63,607,754.43
<b>Total</b>	<b>3,627,817,419.05</b>	<b>332,282,816.82</b>	<b>229,476,339.48</b>	<b>3,730,623,896.39</b>

2017

Item	Beginning	Addition	Deduction	Ending
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Government grants related to assets	2,762,931,782.46	246,106,000.00	183,952,296.38	2,825,085,486.08
Government grants related to income	-	900,000,000.00	145,951,754.64	754,048,245.36
Others	22,953,843.91	25,729,843.70	-	48,683,687.61
<b>Total</b>	<b>2,785,885,626.37</b>	<b>1,171,835,843.70</b>	<b>329,904,051.02</b>	<b>3,627,817,419.05</b>

As at 30 June 2018, details of liabilities related to government grants are as follows:

Item	Beginning	Addition	Recorded to other income	Ending	Relates to asset/gain
Project subsidy funds	2,393,683,325.86	-	52,423,241.54	2,341,260,084.32	Related to asset
Subsidies for plant construction	343,254,680.06	-	24,748,714.76	318,505,965.30	Related to asset
Technical innovation funds	16,150,000.00	-	-	16,150,000.00	Related to asset
Other asset - related subsidies	71,997,480.16	17,358,750.00	269,841.48	89,086,388.68	Related to asset
Other income - related subsidies	754,048,245.36	300,000,000.00	152,034,541.70	902,013,703.66	Related to income
<b>Total</b>	<b>3,579,133,731.44</b>	<b>317,358,750.00</b>	<b>229,476,339.48</b>	<b>3,667,016,141.96</b>	

As at 31 December 2017, details of liabilities related to government grants are as follows:

Item	Beginning	Addition	Recorded to non-operating income	Ending	Relates to asset/gain
Project subsidy funds	2,338,351,870.83	176,401,000.00	121,069,544.97	2,393,683,325.86	Related to asset
Subsidies for plant construction	392,747,109.56	-	49,492,429.50	343,254,680.06	Related to asset
Technical innovation funds	16,150,000.00	-	-	16,150,000.00	Related to asset
Other asset - related subsidies	15,682,802.07	69,705,000.00	13,390,321.91	71,997,480.16	Related to asset
Other income - related subsidies	-	900,000,000.00	145,951,754.64	754,048,245.36	Related to income
<b>Total</b>	<b>2,762,931,782.46</b>	<b>1,146,106,000.00</b>	<b>329,904,051.02</b>	<b>3,579,133,731.44</b>	

### 35. Share capital

In RMB Yuan

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



				common shares			
The sum of shares	4,802,648,511.00	-	-	-	-	-	4,802,648,511.00

### 36. Capital reserves

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Share premium	4,969,218,884.37	-	-	4,969,218,884.37
Share-based payment	32,697,000.00	-	-	32,697,000.00
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Restricted capital reserve of equity investments	17,015,985.20	-	-	17,015,985.20
Others	35,977,188.37	-	-	35,977,188.37
<b>Total</b>	<b>5,099,405,956.94</b>	<b>-</b>	<b>-</b>	<b>5,099,405,956.94</b>

### 37. Other comprehensive income

In RMB Yuan

Item	Report period	Same period of last year
1. Profits (loss) generated from available for sale financial assets	-27,690,000.00	-53,960,000.00
Less: Available for sale financial assets arising from income tax effect	-4,153,500.00	-8,094,000.00
Net - through other comprehensive income into the profits and losses of the current		
<b>Subtotal</b>	<b>-23,536,500.00</b>	<b>-45,866,000.00</b>
2. Translation differences of foreign currency financial statements	-19,190,455.30	-3,405,529.86
3. Shares in the other comprehensive income of the investee accounted for according to the equity method	289,756,488.89	-
<b>Total</b>	<b>247,029,533.59</b>	<b>-49,271,529.86</b>

### 38. Surplus reserves

In RMB Yuan

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

Total	2,401,324,255.50	-	-	2,401,324,255.50
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### 39. Retained earnings

In RMB Yuan

Item	Sum
Retained earnings at beginning of year before adjustments	35,184,073,061.94
Adjust the early undistributed profits total	
Retained earnings at beginning of year after adjustments	35,184,073,061.94
Add: Net profit belong to parent company	1,609,606,578.84
Less: the statutory surplus reserves	
Extract discretionary surplus reserve	
Extract general risk preparation	
Common stock dividends payable	2,157,790,283.66
Retained earnings at the end	34,635,889,357.12

### 40. Operating revenue and cost

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

In RMB Yuan

Item	Report period	Same period of last year
Operating revenue	34,440,982,013.45	32,617,521,902.09
Other operating revenue	1,201,850,176.59	937,691,207.37
Operating cost	30,614,845,704.45	28,792,755,690.32

#### (2) Main business (divisions)

In RMB Yuan

Item	Report period		Same period of last year	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Motor industry	34,440,982,013.45	30,172,410,492.58	32,617,521,902.09	28,525,190,993.69
Total	34,440,982,013.45	30,172,410,492.58	32,617,521,902.09	28,525,190,993.69

#### (3) Main business (product)

In RMB Yuan

Item	Report period		Same period of last year	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Sale of goods	34,368,280,256.20	30,082,686,676.78	32,543,856,637.89	28,413,429,812.27
Outsourcing processing	72,701,757.25	89,723,815.80	73,665,264.20	111,761,181.42

Total	34,440,982,013.45	30,172,410,492.58	32,617,521,902.09	28,525,190,993.69
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**(4) Main business areas (points)**

In RMB Yuan

Item	Report period		Same period of last year	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Domestic	33,128,902,612.24	28,783,568,072.99	31,939,968,925.48	27,825,290,643.34
Overseas	1,312,079,401.21	1,388,842,419.59	677,552,976.61	699,900,350.35
Total	34,440,982,013.45	30,172,410,492.58	32,617,521,902.09	28,525,190,993.69

**41. Tax and surcharges**

In RMB Yuan

Item	Report period	Same period of last year
Consumption tax	1,046,865,578.31	1,176,447,268.05
City maintenance and construction tax	81,462,766.85	94,761,334.23
Education additional expenses	60,907,556.48	76,037,881.67
Others	97,679,299.93	96,539,996.19
Total	1,286,915,201.57	1,443,786,480.14

**42. Operating expenses**

In RMB Yuan

Item	Report period	Same period of last year
Payroll and welfare	179,109,833.87	167,605,237.83
Promotional fee and advertising fee	903,062,133.99	172,192,621.54
Transportation expenses	1,045,016,389.46	1,060,691,210.71
Travelling expenses	30,138,418.47	35,699,649.99
Package expenses	30,646,835.90	10,580,395.13
Administrative expenses	2,271,915.34	7,627,254.67
Selling service fee	309,623,568.29	478,091,205.25
Consulting fee	2,347,166.50	-
Training fee	15,475,414.33	-
Others	25,770,752.36	71,688,466.89
Total	2,543,462,428.51	2,004,176,042.01

**43. General and administrative expenses**

In RMB Yuan

Item	Report period	Same period of last year
Payroll and welfare	1,033,979,823.22	753,919,030.38
Technology research expenses	481,875,764.34	496,834,118.06
Administrative expenses	6,553,837.65	10,389,794.81
Depreciation and amortization	482,901,113.09	439,047,564.15
Miscellaneous service charges	1,189,374.05	1,977,124.68
Tax fee	-	2,222,681.88
Traffic expenses	26,145,159.06	25,708,114.03
Travelling expenses	56,659,448.61	13,619,514.39
Entertainment expenses	1,536,025.02	1,584,377.47
Others	64,560,717.01	40,431,751.26
<b>Total</b>	<b>2,155,401,262.05</b>	<b>1,785,734,071.11</b>

**44. Financial expenses**

In RMB Yuan

Item	Report period	Same period of last year
Interest expense	13,996,367.31	40,703,286.60
Less: interest income	263,722,875.78	303,510,275.41
Exchange gain or loss	16,320,129.48	1,961,950.68
Others	7,887,536.68	14,023,435.98
<b>Total</b>	<b>-225,518,842.31</b>	<b>-246,821,602.15</b>

**45. Assets disposal income**

In RMB Yuan

Item	Report period	Same period of last year	Included in 2018 non-recurring gains and losses
Fixed assets disposal income	18,771,809.69	8,914,486.07	18,771,809.69
<b>Total</b>	<b>18,771,809.69</b>	<b>8,914,486.07</b>	<b>18,771,809.69</b>

**46. Impairment loss on assets**

In RMB Yuan

Item	Report period	Same period of last year
1. Bad debt loss	2,102,999.91	-623,835.34
2. Impairment provision of obsolete inventory	106,838,422.51	87,591,687.47
3. Impairment provision of fixed assets	-	5,154,868.33
Total	108,941,422.42	92,122,720.46

#### 47. Investment income

In RMB Yuan

Item	Report period	Same period of last year
Long-term equity investment income under equity method	1,362,011,815.11	3,831,618,978.64
Investment income obtained during the period of holding available-for-sale financial assets		
Total	1,362,011,815.11	3,831,618,978.64

#### 48. Other income

In RMB Yuan

Item	Report period	Same period of last year	Explain
R&D special funds	526,000,000.00	500,000,000.00	
Vehicle development project support	331,454,741.70	390,790,754.64	
Research and development grants for power and intelligent technology	100,000,000.00	158,190,000.00	
Deferred revenue amortization	78,888,221.15	79,980,008.84	
Other government subsidies	79,888,256.47	24,874,142.38	
Total	1,116,231,219.32	1,153,834,905.86	

#### 49. Non-operating income

In RMB Yuan

Item	Report period	Same period of last year
Fines and others	29,318,896.76	43,495,774.09
Total	29,318,896.76	43,495,774.09

#### 50. Non-operating expenses

In RMB Yuan

Item	Report period	Same period of last year
Donation	22,300,000.00	1,584,000.00
Vehicle reward	4,080,100.00	-
Fines and late fees	2,968,836.54	-
Others	22,999,826.39	11,281,146.02
<b>Total</b>	<b>52,348,762.93</b>	<b>12,865,146.02</b>

## 51. Income tax expenses

In RMB Yuan

Item	Report period	Same period of last year
Current income tax expense	43,577,796.68	145,560,653.05
Deferred income tax adjustment	-28,289,478.85	-104,564,548.39
<b>Total</b>	<b>15,288,317.83</b>	<b>40,996,104.66</b>

## 52. Notes to cash flow statement

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

In RMB Yuan

Item	Amount
Interest income	238,562,155.21
Government grants related to operating activities	1,162,743,710.07
Others	319,580,006.32
<b>Total</b>	<b>1,720,885,871.60</b>

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

In RMB Yuan

Item	Amount
Selling expenses	2,054,729,026.35
Administrative expenses	638,520,325.74
Others	723,986,444.39
<b>Total</b>	<b>3,417,235,796.48</b>

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

In RMB Yuan

Item	Amount
Government grants related to assets	17,358,750.00
<b>Total</b>	<b>17,358,750.00</b>

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

In RMB Yuan

Item	Amount
Redemption of the deposit for acceptance	880,129,667.40
Total	880,129,667.40

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

None

**53. Supplementary information of cash flow statement****(1) Supplementary information of cash flow statement**

In RMB Yuan

Supplementary information	Current Amount	Prior-period Amount
1. Cash flow relating to operating activities calculated by adjusting the net profit		
Net profit	1,617,481,673.47	4,667,462,601.55
Add: provision for assets impairment	108,941,422.42	92,122,720.46
Depreciation of fixed assets, oil and gas assets, productive biological assets	1,045,654,724.17	1,085,730,618.57
Amortization of intangible assets	349,623,578.41	307,724,434.91
Amortization of long-term deferred expense	113,355.78	154,198.52
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets(with "-" for gains)	41,953,319.31	-8,972,014.55
Financial expense(with "-" for gains)	-225,518,842.31	-246,821,602.15
Investment loss(with "-" for gains)	-1,362,011,815.11	-3,831,618,978.64
Decrease in deferred tax assets(with "-" for gains)	-28,289,478.86	-69,564,793.22
Decrease in inventory(with "-" for gains)	-60,238,054.79	-3,461,887,164.25
Decrease in operating receivables(with "-" for gains)	9,804,878,336.43	6,028,658,163.96
Increase in operating payables(with "-" for gains)	-6,933,248,936.62	403,223,316.88
Others	42,062,477.85	-6,506,777.93
Net cash flows from operating activities	4,401,401,760.15	4,959,704,724.11
2. Investment and financing activities involving no cash incomings / outgoings		
3. Movement of cash and cash equivalents		
Ending balance of cash equivalents	23,767,643,401.89	26,809,266,380.20
Less: beginning balance of cash equivalents	21,451,305,090.53	22,993,432,067.05
Net increase in cash and cash equivalents	2,316,338,311.36	3,815,834,313.15

**(2) Cash and cash equivalents**

In RMB Yuan

Item	Ending balance	Beginning balance
I. Cash		
Including: Cash on hand	11,825.00	33,089.31
Bank deposits that can be readily used	23,767,631,576.89	21,451,272,001.22
II. Ending balance of cash and cash equivalents	23,767,643,401.89	21,451,305,090.53

**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	Registered Capital(Ten Thousand Yuan)	Proportion of shares enjoyed by the group
Xiamen Changan New Energy Automobile Sales & Service Co., Ltd.	Fujian Province, Xiamen	Sales	200	100.00
Guangzhou Changan New	Guangdong	Sales	400	100.00



Energy Automobile Sales & Service Co., Ltd.	Province, Guangzhou			
Fuzhou Fuqing Changan New Energy Automobile Sales & Service Co., Ltd.	Fujian Province, Fuzhou	Sales	200	100.00
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Chongqing	R&D	9900	100.00

**(2) Subsidiary clearing during the reporting period**

Name	Registered Address	Type of business	Registered Capital(Ten Thousand Yuan)	Proportion of shares enjoyed by the group
Shanghai Changan Automobile Engineering Technology Co., Ltd.	Shanghai	R&D	100	100.00

**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
<b>I. The subsidiary formed by establishment or investment</b>						
Hebei Changan Automobile Co., Ltd. (Note 1)	Dingzhou	Dingzhou	Manufacturing	46,469	94.22	-
Chongqing Changan International Automobile Sales Co., Ltd.	Chongqing	Chongqing	Sales	1,376	100.00	-
Chongqing Changan Vehicle Networking Technology Co., Ltd.	Chongqing	Chongqing	Sales	8,850	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	99.00	1.00
Chongqing Changan New Energy Automobile Co. Ltd.	Chongqing	Chongqing	R&D	2,900	65.00	-
Chongqing Changan Europe Design Academy Co., Ltd.	Turin, Italy	Turin, Italy	R&D	EUR1,738.36	100.00	-
Changan United Kingdom R&D Center Co., Ltd.	Nottingham, United Kingdom	Nottingham, United Kingdom	R&D	GBP2,482	100.00	-
Beijing Changan R&D Center Co., Ltd.	Beijing	Beijing	R&D	100	100.00	-

Harbin Changan R&D Center Co., Ltd.	Habin	Habin	R&D	100	100.00	-
Changan Japan Designing Center Co.,Ltd.	Yokohama, Japan	Yokohama, Japan	R&D	JPY2,000	100.00	-
Changan United States R&D Center Co., Ltd.	Troy, United states	Troy, United states	R&D	USD154	100.00	-
Changan Automobile Russia Co., Ltd.	Moscow, Russia	Moscow, Russia	Sales	USD20	100.00	-
Changan Brazil Holdings Limited	St. Paul, Brazil	St. Paul, Brazil	Sales	BRL100	100.00	-
Shenzhen Changan New Energy Automobile Service Co., Ltd	Shenzhen	Shenzhen	Sales	5000	100.00	-
Hangzhou Changan Yixing Technology Co., Ltd.	Hangzhou	Hangzhou	Lease	500	100.00	-
Hefei Changan Yixing Technology Co., Ltd.	Hefei	Hefei	Lease	500	100.00	-
Nanjing Changan Connected Car Technology Co., Ltd.	Nanjing	Nanjing	Lease	500	100.00	-
Beijing Changan Vehicle Networking Technology Co., Ltd.	Beijing	Beijing	Lease	500	100.00	-
Haikou Changan Vehicle Networking Technology Co., Ltd.	Haikou	Haikou	Lease	500	100.00	-
Changan Vehicle Networking (Shanghai) Technology Co., Ltd.	Shanghai	Shanghai	Lease	500	100.00	-
Tianjin Changan Vehicle Networking Technology Co., Ltd.	Tianjin	Tianjin	Lease	500	100.00	-
Xiamen Changan New Energy Automobile Sales & Service Co., Ltd.	Xiamen	Xiamen	Sales	200	100.00	-
Guangzhou Changan New Energy Automobile Sales & Service Co., Ltd.	Guangzhou	Guangzhou	Sales	400	100.00	-
Fuzhou Fuqing Changan New Energy Automobile Sales & Service Co., Ltd.	Fuzhou	Fuzhou	Sales	200	100.00	-
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Chongqing	Chongqing	R&D	9900	100.00	-
<b>II. The subsidiary formed by business combination not under common control</b>						
Nanjing Changan Automobile Co., Ltd.(Note1)	Nanjing	Nanjing	Manufacturing	60,181	84.73	-
<b>III. The subsidiary formed by business combination under common control</b>						
Chongqing Changan Automobile sales subsidiaries	China	China	Sales	350	100.00	-
Hebei Baoding Changan Bus Co., Ltd.	Dingzhou	Dingzhou	Manufacturing	3,000	100.00	-
Hefei Changan Automobile Co.,Ltd.	Hefei	Hefei	Manufacturing	77,500	100.00	-

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

voting right consigned from minority shareholders.

Note 2: 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, 2018, the Group has no subsidiaries with important minority interests.

## 2. Transactions 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 (ten thousand)	Total proportion of shareholders (%)		Accounting treatment
					Direct	Indirect	
<b>I. Joint ventures</b>							
Chongqing Changan Suzuki Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD19,000	50.00	-	Equity
Jiangling Holding Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	200,000	50.00	-	Equity
Changan Ford Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD24,100	50.00	-	Equity
Changan Mazda Automobile Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD11,097	50.00	-	Equity
Changan Ford Mazda Engine Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD20,996	50.00	-	Equity
Changan PSA Automobiles Co., Ltd.	Shenzhen	Shenzhen	Manufacture and sale of automobiles, and components	400,000	50.00	-	Equity
<b>II. Associates</b>							
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.	300	34.30	-	Equity

			Technical advisory services for automobile				
Beijing Fang'an Taxi Co., Ltd.	Beijing	Beijing	For the car loan business	2,897.96	20.70	-	Equity
Chongqing Auto Finance Co., Ltd.	Chongqing	Chongqing	Provide car loan; provide vehicle loans and operating equipment loans to car dealers, including the construction loans of exhibition hall, spare parts loans and maintenance equipment loans, etc.	476843.1	28.66	-	Equity
Zhenjiang Demao Hairun Equity Investment Fund Partnership Business (limited partnership)	Zhenjiang	Zhenjiang	Non-securities equity investment activities and related consulting services	150,001	32.67	-	Equity
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Hangzhou	Hangzhou	Production and manufacture of computer software and automotive electronics	630	20.00	-	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

In RMB Yuan

June 30, 2018	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	24,067,745,140.49	-	24,067,745,140.49
Notes receivable	18,390,476,412.74	-	18,390,476,412.74
Accounts receivable	1,925,729,920.41	-	1,925,729,920.41
Other receivables	2,096,542,096.16	-	2,096,542,096.16
Available-for-sale financial assets	-	564,227,000.00	564,227,000.00
Interest receivable	55,081,274.30	-	55,081,274.30
<b>Total</b>	<b>46,535,574,844.10</b>	<b>564,227,000.00</b>	<b>47,099,801,844.10</b>

Financial liabilities

In RMB Yuan

	June 30,2018	2017
Short-term loans	186,000,000.00	185,000,000.00
Notes payable	20,222,535,762.78	18,002,926,579.81
Accounts payable	15,501,582,938.54	21,902,826,194.15
Dividend payable	2,157,870,026.46	79,742.80
Other payables	1,820,125,863.40	2,599,013,410.98
Non-current liabilities due within one year	13,423,420.00	13,151,946.67
Long-term loans	-	6,575,973.33
Total	39,901,538,011.18	42,709,573,847.74

## 2. Transfer of financial assets

### The transferred financial assets that entirely derecognized but continuing involved

As of June 30 2018, the Group has endorsed bank acceptance bill with a carrying amount of RMB 961,310,940 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 2018, 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 30June 2017, among the Group's collections with specific credit risk, 36.39% of accounts receivables of the Group are due from top five clients respectively.

An analysis of financial assets of individual impairment:  
June 30, 2018

In RMB Yuan

	Total	Book value	Impairment provision
Accounts receivable	1,925,729,920.41	1,963,278,031.34	37,548,110.93
Other receivables	2,096,542,096.16	2,101,144,842.84	4,602,746.68
Notes receivable	18,390,476,412.74	18,390,476,412.74	-
Available-for-sale financial assets	564,227,000.00	564,227,000.00	-
Interest receivable	55,081,274.30	55,081,274.30	-

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

#### Liquidity risk

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

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

#### Market risk

##### Interest rate risk

The Group's revenue and operating cash flows are seldomly influenced by the interest fluctuation. As at June 30, 2018, 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 2018, 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, 2018. 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.

In RMB Yuan

	Carrying amount of equity investments	Change in fair value	Increase/
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			(decrease) in net profit
June 30, 2018			
Shanghai- Available for sale	136,675,000.00	5%	6,833,750.00
Shanghai- Available for sale	136,675,000.00	-5%	-6,833,750.00
Dec. 31, 2017			
Shanghai- Available for sale	164,365,000.00	5%	8,218,250.00
Shanghai- Available-for-sale	164,365,000.00	-5%	-8,218,250.00

#### 4. Capital management

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

The Group manages the capital structure and adjusts it with the change of economy trend and the risk feature of the assets. To maintain or adjust the capital structure, the Group can rectify dividend distribution, return capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements constraints. The goal, principle and procedure of capital management stay the same in First half of 2018.

On June 30, 2018 and December 31, 2017, the Group's leverage ratio on the balance sheet date is as follows:

	June 30, 2018	December 31, 2017
Leverage ratio	53.01%	55.28%

## XI. Disclosure of fair value

### 1. Assets and liabilities measured at fair value

June 30, 2018

In RMB Yuan

	Input measured at fair value			
	Quoted price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The third level)	Total
Available-for-sale financial assets- equity instruments	136,675,000.00	-	-	136,675,000.00

December 31, 2017

In RMB Yuan

	Input measured at fair value			
	Quoted price in active market (The first level)	Important and observable input (The second level)	Important but unobservable input (The third level)	Total
Available-for-sale	164,365,000.00	-	-	164,365,000.00

financial assets- equity instruments				
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## 2. Assets and liabilities disclosed in fair value

Up to June 30, 2018, 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.

In RMB Yuan

	Book value		Fair value	
	Beginning	Ending	Beginning	Ending
Financial assets				
Financial assets available for sale- equity instruments	136,675,000.00	164,365,000.00	136,675,000.00	164,365,000.00
Financial liabilities				
Bonds payable				
Non current liabilities due within one year				

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

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

Bonds payable are carried at amortized cost and their fair value are determined by the settlement price on 30 June 2018 and 31 December 2017, 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	19.33%	19.33%	China South Industries Group corporation	9111000-0710 93-39484

Main business and products: design, development, manufacturing and marketing of automobiles, motorcycles, automobile motorcycle engines, automobile motorcycle parts and components; Sales of optical products, electronic and optoelectronic



products, night vision equipments, information and communications equipment; technology development, technology transfer, technical consulting, technical training, technical services related to the above mentioned business; Import and export business; Asset acquisitions, recapitalization.

## 2. Subsidiaries

See subsidiaries in IX. Stake in other entities.

## 3. Other related parties

Other related parties	Relationship
Changan Ford Automobile Co.,Ltd.	Joint venture
Changan Ford Automobile Co., Ltd. - Harbin branch	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 Changan Industrial (Group) Co., Ltd.	Subordinate company of South Industries
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
China Changan Automobile Co., Ltd.	Parent company
China Changan Automobile Co., Ltd. – Chongqing Qingshan Transmission Branch	Branch of China Changan
Sichuan Jianan Industrial Co., Ltd.	Subordinate company of China Changan
Sichuan Jian'an Industrial Co., Ltd. - Chengdu Jianan Axle Branch	Subordinate company 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 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
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 (Hongkong)	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
Chengdu Wanyou Auto Trade Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd. - Jiangnan Branch	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Guangxi Branch	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Guizhou Branch	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Parts Branch	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Sichuan Branch	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. –Yunnan Branch	Subordinate company of China Changan
Yunnan Wanyou Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Guizhou Wanyou Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Yunnan Xiangyu Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Chongqing Fuji Supply Chain Management Co., Ltd.	Subordinate company of China Changan
Panzhuhua Wanyou Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Ya'an Wanyou Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Ducheng Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Xingjian Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Luzhou Wanyou Automobile Service Co., Ltd.	Subordinate company of China Changan
Luzhou Wanyou Automobile Service Co., Ltd. – Naxi Branch	Subordinate company of China Changan
Chongqing Qingshan Transmission Sales Co., Ltd.	Subordinate company of South Group
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 Engineering Installation Co., Ltd.	Subordinate company of South Group
Chengdu Wanyou Filter Co., Ltd.	Subordinate company of South Group
Chongqing Yihong Engineering Plastic Products 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 Nexteer steering system 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
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd.	Subordinate company of South Group
Chongqing Xiyi Automobile Connecting Rod Co., Ltd.	Subordinate company of South Group

#### 4. Related-party transaction

##### (1) Goods purchased and services received

In RMB Yuan

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Changan Ford Automobile Co.,Ltd.	Purchase of spare parts	50,528,796.32	134,632,100.00	No	75,369,099.10
Chongqing Changan Suzuki Automobile Co., Ltd.	Purchase of spare parts	40,015,153.39	148,209,400.00	No	91,610,674.73
Changan Peugeot Citroen Automobile Co., Ltd.	Purchase of spare parts	-	270,394,300.00	No	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd.	Purchase of spare parts	-4,295.93	-	No	147,693.40
Chongqing Changan Kuayue Automobile Co., Ltd.	Accept service	2,185,200.00	22,000,000.00	No	53,411,400.00
Changan Industries Group Co. Ltd.	Purchase of spare parts and accept service	35,491,790.41	29,081,000.00	Yes	22,284,149.38
Chongqing Changan Minsheng Logistics Co., Ltd	Transportation fee	669,938,773.76	2,683,286,600.00	No	768,217,130.41
Sichuan Hongguang	Purchase of spare	5,247,314.70	18,211,100.00	No	3,742,906.54

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Machinery and Electrics Co., Ltd.	parts				
Chongqing Changan Property Management Co., Ltd.	Accept service	1,880,756.31	4,576,100.00	No	3,119,331.42
Chongqing Changan Construction Engineering Co., Ltd.	Purchase of spare parts	767,688.60	296,575,200.00	No	-
China Changan Automobile Co., Ltd.	Purchase of spare parts	-	-	No	310,385.23
China Changan Automobile Co., Ltd. -Chongqing Qingshan Transmission Branch	Purchase of spare parts	790,009,094.86	2,215,145,600.00	No	947,612,141.41
Sichuan Jian'an Industry Co., Ltd.	Purchase of spare parts	396,002,416.92	1,048,424,200.00	No	470,981,559.71
Sichuan Jian'an Industrial Co., Ltd.-Chengdu Jian'an Automobile Bridge Branch	Purchase of spare parts	-20,068.28	7,573,100.00	No	-
Southern Inte Air Conditioning Co., Ltd.	Purchase of spare parts	278,286,144.78	745,430,600.00	No	227,232,590.96
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Purchase of spare parts	68,700,314.53	208,112,800.00	No	105,119,671.81
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.-Longchang Shock Absorber Branch	Purchase of spare parts	14,571,788.09	66,717,300.00	No	55,686,449.39
Chengdu Huachuan Electric Equipment Co., Ltd.	Purchase of spare parts	147,010,890.28	358,368,300.00	No	172,671,760.20
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Purchase of spare parts	11,501,147.75	44,057,400.00	No	20,665,043.14
Southern Tianhe Chassis System Co., Ltd.	Purchase of spare parts	302,296,647.64	925,778,600.00	No	255,910,955.40
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Purchase of spare parts	11,369,508.22	37,672,400.00	No	23,211,614.17

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Harbin Dongan Auto Engine Co., Ltd.	Purchase of spare parts	407,727,748.76	1,057,646,400.00	No	470,425,124.49
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Purchase of spare parts	232,165,111.94	789,592,900.00	No	885,672,904.03
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Purchase of spare parts	41,165,671.16	92,815,200.00	No	41,495,725.39
Chongqing Changrong Machinery Co., Ltd.	Purchase of spare parts	12,476,284.96	71,831,400.00	No	11,785,659.17
Chengdu Lingchuan Special Industry Co., Ltd.	Purchase of spare parts	16,648,659.65	80,733,900.00	No	13,228,609.04
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Purchase of spare parts	36,629,643.10	68,885,600.00	No	23,549,781.40
Yunnan Xiyi Industries Co., Ltd.	Purchase of spare parts	50,426,409.01	122,033,400.00	No	44,919,506.45
Chongqing Shangfang Automobile Fittings Co., Ltd.	Purchase of spare parts	25,730,159.90	77,385,800.00	No	37,750,754.20
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Purchase of spare parts	81,105,898.94	88,924,300.00	No	13,876,784.01
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Purchase of spare parts	161,444,150.25	213,901,300.00	No	1,683,008.98
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Purchase of spare parts	44,409,783.45	95,165,000.00	No	95,402,778.55
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	Purchase of spare parts	-	-	No	57,762,014.69
Chengdu Wanyou Filter Co., Ltd.	Purchase of spare parts	93,328,718.59	165,183,400.00	No	99,629,474.41
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Purchase of spare parts	14,426,634.47	27,087,300.00	No	20,476,902.56
Chengdu Ningxing Automobile Spring Co., Ltd.	Purchase of spare parts	-	24,882,700.00	No	5,857,317.24
Chengdu Jialing Huaxi Optical	Purchase of spare	7,735,029.09	25,721,400.00	No	5,426,840.77

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
& Precision Machinery Co., Ltd.	parts				
Chongqing Qingshan Transmission Sales Co., Ltd.	Purchase of spare parts	3,372,342.00	6,989,800.00	No	2,765,777.75
Chongqing Dajiang Jiexing Forging Co., Ltd.	Purchase of spare parts	778,239.55	14,895,800.00	No	2,152,623.81
Beijing Beiji Mechanical&Electric Industry Co., Ltd	Purchase of spare parts	41,364.74	201,300.00	No	69,412.93
Chongqing Jialing Yimin Special Equipment Co., Ltd.	Purchase of spare parts			No	
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd.	Purchase of spare parts	-1,771.14	-	No	-
United Prosperity Investment Co., Ltd(Note 1)	Accept service			No	
Chongqing Nexteer steering system co., ltd	Purchase of spare parts	307,967,283.63	869,956,300.00	No	51,877,949.09
Chongqing Wanyou Economic Development Co., Ltd.	Purchase of spare parts	191,811,118.53	368,667,200.00	No	-
Chongqing Wanyou Engineering Installation Co., Ltd.	Engineer material	-	32,025,000.00	No	-
Jiangling Holdings Co., Ltd.	Purchasing complete vehicles and parts	211,813,380.00	1,034,052,800.00	No	-
<b>Total</b>		<b>4,766,980,922.93</b>	<b>14,592,824,300.00</b>		<b>5,183,113,505.36</b>

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

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

## (2) Goods sold and services offered

In RMB Yuan

Related parties	Nature of the transaction	Current amount	Prior-period Amount
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Changan Ford Automobile Co.,Ltd.	Sales of raw materials and components	959,683.96	15,719,208.35
Chongqing Changan Suzuki Automobile Co., Ltd.	Sales of raw materials and components	9,470,279.42	8,890,992.31
Jiangling holdings co., ltd	Sales of raw materials and components	92,466,850.38	29,782,109.60
Chongqing Changan Minsheng Logistics Co., Ltd	Sales of raw materials and components	49,034,525.61	-
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Sales of raw materials and components	965,831.85	1,074,846.49
China Changan Automobile Co., Ltd. –Chongqing Qingshan Transmission Branch	Sales of raw materials and components	3,754.72	52,935.85
Chengdu Huachuan Electric Equipment Co., Ltd.	Sales of raw materials and components	-	24,075.47
Southern Tianhe Chassis System Co., Ltd.	Sales of raw materials and components	3,754.72	72,181.13
Chongqing Anfu Automobile Co., Ltd.	Sales of vehicles, spare parts	4,504,052.51	22,148,398.28
China Changan Automobile Group Tianjin Sales Co., Ltd.	Sales of vehicles, spare parts	96,595,781.73	74,515,797.49
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Technical service	541,580.93	18,944,981.56
Harbin Dongan Auto Engine Co., Ltd.	Sales of spare parts	5,807,864.29	27,764,630.20
Wanyou Automobile Investment Co.,Ltd	Sales of vehicles, spare parts	278,840,354.88	437,016,833.02
Chengdu Lingchuan Special Industry Co., Ltd.	Sales of spare parts	10,007.55	4,082,092.31
Yunnan Xiyi Industries Co., Ltd.	Sales of spare parts	4,070,438.35	2,645,320.52
ChongqingChangan Kuayue Automobile Co., Ltd.	Sales of spare parts	26,078.68	632,918.59
Southern Inte Air Conditioning Co., Ltd.	Sales of spare parts	4,708.49	4,708.49
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	Sales of vehicles, spare parts	-	731,784,709.20

Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Guangxi Branch	Sales of vehicles, spare parts	12,136,503.95	154,535,311.08
Nanning Wanyou Automobile Sales & Service Co., Ltd.	Sales of vehicles, spare parts	18,660,666.94	32,281,963.18
Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Sichuan Branch	Sales of vehicles, spare parts	57,749,959.33	542,474,119.33
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	564,089,962.66	471,785,083.17
Chongqing Shangfang Automobile Fittings Co., Ltd.	Sales of vehicles, spare parts	35,037.74	14,445.28
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Sales of vehicles, spare parts	-	50,513.21
Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Yunnan Branch	Sales of vehicles, spare parts	41,553,601.57	401,384,549.34
Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Guizhou Branch	Sales of vehicles, spare parts	27,679,119.48	539,172,575.27
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Sales of vehicles, spare parts	67,497,061.87	38,598,636.78
Chengdu Wanyou Filter Co., Ltd.	Sales of vehicles, spare parts	3,754.72	48,120.75
China South Industries Group Finance Co.,Ltd	Regulatory charges	5,333,618.49	53,011,538.65
Changan Mazda Automobile Co., Ltd.	Sales of vehicles, spare parts	1,064,339.48	-
Sichuan Jian'an Industry Co., Ltd.	Other service fees	3,754.72	-
Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	Other service fees	3,754.72	-
Guangxi Wanyou Automobile Sales & Service Co., Ltd.	Sales of vehicles, spare parts	79,266,636.74	-



Chengdu Wanyou Auto Trade Service Co., Ltd.	Sales of vehicles, spare parts	307,793,749.81	-
Chongqing Changrong Machinery Co., Ltd.	Other service fees	3,754.72	-
Chongqing Construction Vehicle Air Conditioner Co., Ltd.	Other service fees	3,754.72	-
Chongqing Wanyou Economic Development Co., Ltd.	Sales of vehicles, spare parts	466,874,730.20	-
Chongqing Wanyou Economic Development Co., Ltd. Jiangnan Branch	Sales of vehicles, spare parts	318,109,175.14	-
Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Parts Branch	Sales of spare parts	58,340,829.40	-
Yunnan Wanyou Automobile Sales & Service Co., Ltd.	Sales of vehicles, spare parts	350,671,270.23	-
Guizhou Wanyou Automobile Sales & Service Co., Ltd.	Sales of vehicles, spare parts	452,909,126.31	-
Panzhuhua Wanyou Automobile Sales & Service Co., Ltd.	Sales of spare parts	11,045.54	-
Ya'an Wanyou Automobile Sales & Service Co., Ltd.	Sales of spare parts	16,589.56	-
Chongqing Wanyou Ducheng Automobile Sales & Service Co., Ltd.	Sales of spare parts	72,903.23	-
Chongqing Wanyou Xingjian Automobile Sales & Service Co., Ltd.	Sales of spare parts	71,605.18	-
Zhangzhou Wanyou Automobile Service Co., Ltd.	Sales of spare parts	53,390.03	-
<b>Total</b>		<b>3,373,315,244.55</b>	<b>3,608,513,594.90</b>

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

### (3) Related-party leasing

In RMB Yuan

Lessee	Type of leased	Starting date	Expiring date	Report period recognized
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	assets			rental
Jiangling Holdings Co., Ltd.	Equipment	2017.04.01	2019.03.03	4,422,030.00
Chongqing Changan Min Sheng Logistics Co., Ltd.	Building	2016.09.01	2019.08.31	951,550.00
Chongqing Changan Industrial Co., Ltd.	Building	2018.01.01	2032.12.31	3,283,373.71

## Rent assets from related parties

In RMB Yuan

Lessor	Type of leased assets	Starting date	Expiring date	Report period recognized rental
Chongqing Changan Min Sheng Logistics Co., Ltd.	Storeroom	2017.12.17	2018.12.31	714,065.94
Chongqing Changan Min Sheng Logistics Co., Ltd.	Storeroom	2017.06.08	2017.11.30	470,058.49
Chongqing Changan Suzuki Automobile Co., Ltd.	Site	2017.03.01	2018.02.28	104,899.04
Chongqing Changan Real Estate Development Co., Ltd.	Site	2018.01.01	2018.12.31	764,274.28
Chongqing Changan Property Management Co., Ltd.	Building	2017.04.01	2018.03.31	129,548.25
Chongqing Changan Property Management Co., Ltd.	Building	2018.04.01	2018.04.30	43,182.75
Chongqing Changan Real Estate Development Co., Ltd.	Building	2018.01.01	2018.12.31	304,833.00

**(4) Other related transactions**Integrated service charges

In RMB Yuan

Related parties	Nature of the transaction	Report period Amount	Same period of last period Amount
Changan Industries Group Co. Ltd	Payment of land rental fees	15,738,619.47	122,460.45
	Payment of building rental fees	2320098.28	-
	Payment of utilities	41,238,737.71	45,214,566.89
	Payment of fire fighting fees	-	685,000.00
	Others	2,604,188.16	3,127,196.57
<b>Total</b>		<b>61,901,643.62</b>	<b>49,149,223.91</b>

Purchase of project materials

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Chongqing Changan Construction Co., Ltd	285,684,556.02	101,429,877.83
Chongqing Changan Min Sheng Logistics Co., Ltd.	362,735.93	5,493,075.52
Chongqing wanyou engineering installation co., ltd	49,273,687.28	20,944,360.81
<b>Total</b>	<b>335,320,979.23</b>	<b>127,867,314.16</b>

Staff expenses for technical supporting

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Changan Mazda Automobile Co.,Ltd.	5,113,134.48	5,132,075.47
Chongqing Changan Suzuki Automobile Co., Ltd.	1,539,750.64	-
Changan Ford Automobile Co.,Ltd.	10,500,543.45	10,762,414.02
<b>Total</b>	<b>17,153,428.57</b>	<b>15,894,489.49</b>

Techonology development service charges

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Jiangling Holdings Co., Ltd.	1,886,792.45	-
<b>Total</b>	<b>1,886,792.45</b>	<b>-</b>

Collection of trademark use rights fees

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Chongqing Changan Kuayue Automobile Co., Ltd.	6,483,396.23	3,744,169.81

Related party monetary funds

In RMB Yuan

Related parties	Ending Amount	Beginning Amount
China South Industries Group Finance Co., Ltd	4,570,371,194.59	4,449,345,493.13
Changan Automobile Finance Co., Ltd	1,500,000,000.00	1,500,000,000.00

In the first half of 2018, the annual rate of return of the company in the financial limited liability company of China South Industries Group Finance Co., Ltd and Changan automobile finance co., ltd is 1.9 % and 3.915 % respectively.

Borrowing

Short-term borrowing

In RMB Yuan

Related parties	Ending Amount	Beginning Amount
China South Industries Group Finance Co., Ltd	186,000,000.00	175,000,000.00

Interest income of deferred payment

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Chongqing Wanyou Zunda Automobile Sales &	-	131,052.14
Wanyou Automobile Investment Co., Ltd.	2,186.32	705,979.48
Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Guangxi Branch	-	19,045.30
Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Guizhou Branch	-	81,722.22
Yunan Xiangyu Auto Sales and Service Co., Ltd.	-	12,622.23
Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Sichuan Branch	-	816,674.36
Chengdu Wanyou Xiangyu Auto Sales and Service	116,762.05	520,312.83
Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Yunan Branch	-	1,115,457.26
China Changan Automobile Group Tianjin Sales Co., Ltd.	8,617.09	-
Chengdu Wanyou Auto Trade Service Co., Ltd.	48,452.99	-
Yunnan Wanyou Automobile Sales & Service Co., Ltd.	64,533.33	-

Guizhou Wanyou Automobile Sales & Service Co., Ltd.	28,282.91	-
<b>Total</b>	268,834.69	3,402,865.82

## 5. Payment and receivables of related parties

Payment receivables of related listed companies

In RMB Yuan

Items	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad-debts	Book balance	Provision for bad-debts
Notes receivable	Tianjin Sales Co., Ltd.CCAG	39,526,490.00	-	37,824,480.00	-
Notes receivable	Wanyou Automobile Investment Co., Ltd.	207,400,000.00	-	2,676,220,000.00	-
Notes receivable	Yunnan Wanyou Automobile Sales and Service Co., Ltd	124,380,000.00	-	17,000,000.00	-
Notes receivable	Chengdu Wanyou Auto Trade Service Co., Ltd.	145,000,000.00	-	16,900,000.00	-
Notes receivable	Chongqing Wanyou Economic Development Co., Ltd.	194,140,000.00	-	2,000,000.00	-
Notes receivable	Guizhou Wanyou Automobile Sales & Service Co., Ltd.	171,900,000.00	-	2,000,000.00	-
Notes receivable	Guangxi Wanyou Automobile Sales & Service Co., Ltd.	2,800,000.00	-	1,500,000.00	-
Notes receivable	Yunnan Xiangyu Automobile Sales & Service Co., Ltd.	34,620,000.00	-	-	-
Notes receivable	Nanning Wanyou Automobile Sales & Service Co., Ltd.	6,420,000.00	-	-	-
Notes receivable	Chengdu Wanyou Xiangyu Automobile Sales & Service Co., Ltd.	149,000,000.00	-	-	-
<b>Subtotal</b>		<b>1,075,186,490.00</b>	<b>-</b>	<b>2,753,444,480.00</b>	<b>-</b>
Account receivable	Changan Ford Automobile Co.,Ltd.	-	-	22,529,864.32	-
Account receivable	Chongqing Changan Suzuki Automobile Co., Ltd.	103,186,219.74	-	135,914,168.09	-
Account receivable	Jiangling Holding Co., Ltd	113,423,244.94	-	30,661,901.66	-
Account receivable	Changan Peugeot Citroen Automobile Co., Ltd.	22,758,165.00	-	22,926,567.86	-
Account receivable	Chongqing Changan Kuayue Automobile Co., Ltd	26,509,633.04	-	10,887,572.26	-

Account receivable	Changan Mazda Automobile Co., Ltd.	-	-	10,185,773.13	-
Account receivable	Chongqing Changan Min Sheng Logistics Co., Ltd.	56,586,500.25	-	-	-
Account receivable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	44,554,740.12	-	43,541,400.14	-
Account receivable	Yunnan Wanyou Automobile Sales and Service Co., Ltd	-	-	4,700,833.08	-
Account receivable	Chengdu Wanyou Auto Trade Service Co., Ltd.	-	-	1,311,647.66	-
Account receivable	Chongqing Changan Industries Group Co. Ltd	4,773,143.29	-	1,325,600.89	-
<b>Subtotal</b>		<b>386,230,274.69</b>	-	<b>283,985,329.09</b>	-
Other receivable	Chongqing Changan Suzuki Automobile Co., Ltd.	27,374,260.16	-	40,784,896.53	-
Other receivable	China South Industries Group Finance Co., Ltd	241,878.39	-	-	-
Other receivable	Chongqing Changan Min Sheng Logistics Co., Ltd.	281,148.25	-	123,793.03	-
Other receivable	Harbin Dongan Auto Engine Co., Ltd.	268,000.00	-	268,000.00	-
<b>Subtotal</b>		<b>28,165,286.80</b>	-	<b>41,176,689.56</b>	-
Advanced payment	Chongqing Changan Suzuki Automobile Co., Ltd.	295,474.25	-	295,474.25	-
<b>Subtotal</b>		<b>295,474.25</b>	-	<b>295,474.25</b>	-

## Accounts payable to related parties of listed companies

In RMB Yuan

Items	Related parties	Ending balance	Beginning balance
Notes payable	Harbin Dongan Automobile Power Co., Ltd.	538,815,000.00	617,420,000.00
Notes payable	Harbin Dongan Automobile Engine Manufacturing Co., Ltd.	216,487,900.00	479,180,000.00
Notes payable	Chongqing Changan Construction Engineering Co., Ltd.	299,405,493.00	332,992,262.00
Notes payable	China Changan Automobile Co., Ltd. -Chongqing Qingshan Transmission Branch	299,870,000.00	214,270,000.00
Notes	Chongqing Changan Min Sheng Logistics Co.,	171,002,497.63	198,023,651.37

payable	Ltd.		
Notes payable	Chongqing Changan Suzuki Automobile Co., Ltd.	120,635,816.08	189,532,516.13
Notes payable	South Air International Co.,Ltd.	283,320,000.00	182,640,000.00
Notes payable	Changan Ford Automobile Co.,Ltd.	126,781,543.38	65,536,197.82
Notes payable	Chongqing Wanyou Engineering Installation Co., Ltd.	51,264,191.75	52,786,747.00
Notes payable	Chongqing Construction Vehicle Air Conditioner Co., Ltd.	21,890,000.00	27,120,000.00
Notes payable	Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	23,950,000.00	20,580,000.00
Notes payable	Chengdu Wanyou Filter Co., Ltd.	62,010,000.00	14,960,000.00
Notes payable	Hubei Xiaogan Huazhong Auto Lamp Co., Ltd.	19,960,000.00	9,950,000.00
Notes payable	Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd.	12,240,000.00	7,690,000.00
Notes payable	Sichuan Jian'an Industry Co., Ltd.	5,000,000.00	5,910,000.00
Notes payable	Chongqing Changfeng Jiyu Machinery Co., Ltd.	12,300,000.00	5,510,000.00
Notes payable	Chongqing Yihong Engineering Plastics Co., Ltd.	8,840,000.00	5,310,000.00
Notes payable	Chengdu Huachuan Denso Co., Ltd.	2,570,000.00	2,190,000.00
Notes payable	Sichuan Hongguang Automobile Electrical Co., Ltd.	2,940,000.00	2,030,000.00
Notes payable	Southern Tianhe Chassis System Co., Ltd.	190,000.00	1,370,000.00
Notes payable	Chengdu Ningxing Automobile Spring Co., Ltd.	-	1,110,000.00
Notes payable	Chengdu Lingchuan Special Industry Co., Ltd.	11,510,000.00	170,000.00
Notes payable	Chongqing Changan Kuayue Automobile Co., Ltd	35,631,901.39	-
Notes	Chongqing Shangfang Auto Parts Co., Ltd.	200,000.00	-



payable			
Notes payable	Chongqing Dajiang Yugqiang Plastic Products Co., Ltd.	142,490,000.00	-
Notes payable	Chongqing Dajiang Jiexin Forging Co., Ltd.	930,000.00	-
<b>Subtotal</b>		<b>2,470,234,343.23</b>	<b>2,436,281,374.32</b>
Account payable	Harbin Dongan Automobile Power Co., Ltd.	239,912,645.10	345,797,944.98
Account payable	China Changan Automobile Co., Ltd. -Chongqing Qingshan Transmission Branch	82,059,537.62	207,968,397.78
Account payable	Southern Tianhe Chassis System Co., Ltd.	79,076,167.38	199,363,707.33
Account payable	Jiangling Holdings Co., Ltd.	133,102,373.73	191,084,011.75
Account payable	Chongqing Nexteer Steering System Co., Ltd.	242,879,683.57	176,288,268.39
Account payable	Southern Inte Air Conditioning Co., Ltd.	71,888,114.42	171872351.5
Account payable	Harbin Dongan Automobile Engine Manufacturing Co., Ltd.	70,183,107.51	155,247,645.33
Account payable	Sichuan Jian'an Industry Co., Ltd.	97,987,282.15	117,078,608.55
Account payable	Chongqing Changan Kuayue Automobile Co., Ltd	1,216,091.55	93,727,399.68
Account payable	Changan Ford Automobile Co.,Ltd.	11,723,605.16	89,646,556.61
Account payable	Chongqing Changan Suzuki Automobile Co., Ltd.	35,098,690.66	77,082,367.50
Account payable	Chongqing Wanyou Economic Development Co., Ltd.	74,064,072.75	54,096,010.02
Account payable	Chengdu Wanyou Filter Co., Ltd.	50,666,108.25	42,372,755.39
Account payable	Chongqing Changan Minsheng Logistics Co., Ltd.	120,157,503.60	37,085,168.07
Account payable	Chongqing Dajiang Xinda Automobile Co., Ltd.	56,255,628.27	30,253,807.17
Account payable	Chongqing Dajiang Yuqiang Plastic Products Co., Ltd.	71,814,653.56	26,019,486.15

Account payable	Chengdu Lingchuan Vehicle Fuel Tank Co., Ltd.	17,232,048.62	25,415,872.54
Account payable	Chongqing Construction Vehicle Air Conditioner Co., Ltd.	31,598,774.90	21,933,236.63
Account payable	Hubei Xiaogan Huazhong Auto Lamp Co., Ltd.	17,026,184.06	18,068,182.67
Account payable	Chongqing Changfeng Jiyu Machinery Co., Ltd.	10,049,158.17	14,806,992.88
Account payable	Chongqing Shangfang Auto Parts Co., Ltd.	9,752,747.74	12,633,188.89
Account payable	Chongqing Changan Industries Group Co. Ltd	21,827,532.88	10,548,846.45
Account payable	Chengdu Ningxing Automobile Spring Co., Ltd.	-	8,808,787.49
Account payable	Chongqing Yihong Engineering Plastics Co., Ltd.	3,494,773.28	8,669,550.54
Account payable	Yunnan Xiyi Industrial Co., Ltd.	11,933,961.93	5,574,383.25
Account payable	Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	14,231,841.87	5,527,769.06
Account payable	Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd.	2,180,536.79	5,431,628.68
Account payable	Chengdu Huachuan Denso Co., Ltd.	26,304,851.24	4,332,585.36
Account payable	Sichuan Ningjiang Shanchuan Machinery Co., Ltd. Longchang Shock Absorber Branch	4,491,581.72	4,093,547.21
Account payable	Chengdu Lingchuan Special Industry Co., Ltd.	6,237,447.98	3,626,071.14
Account payable	Chongqing Changrong Machinery Co., Ltd.	3,478,024.59	3,524,818.39
Account payable	Chengdu Ningjiang Zhaohe Auto Parts Co., Ltd.	11,644,384.60	2,976,243.85
Account payable	Sichuan Hongguang Automobile Electrical Co., Ltd.	1,406,219.30	1,939,534.94
Account payable	Hafei Automobile Co., Ltd.	661,117.68	661,117.68
Account payable	Chongqing Dajiang Jiexin Forging Co., Ltd.	184,596.76	605,591.85

Account payable	Chongqing Changan Construction Engineering Co., Ltd.	242,002.64	271,400.31
Account payable	Chongqing Automobile Air Conditioner Co., Ltd.	205,041.51	205,041.51
Account payable	Chongqing Jialing Yimin Special Equipment Co., Ltd.	104,496.50	104,496.50
Account payable	Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd.	86,617.41	88,689.65
Account payable	Chongqing Xiyi Automobile Connecting Rod Co., Ltd.	65,110.17	70,136.39
Account payable	Beijing Beiji Electromechanical Industry Co., Ltd.	48,435.24	26,382.70
Account payable	Sichuan Jian'an Industrial Chengdu Jianan Axle Branch	-	20,257.22
Account payable	Chongqing Qingshan Transmission Sales Co., Ltd.	4,935,786.56	548.02
<b>Subtotal</b>		<b>1,637,508,539.42</b>	<b>2,174,949,387.99</b>
Advance receipts	Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	27,866,189.84	149,605,982.46
Advance receipts	Chongqing Wanyou Economic Development Co., Ltd.	36,263,741.47	147,992,787.85
Advance receipts	Guizhou Wanyou Automobile Sales & Service Co., Ltd.	34,897,988.08	93,966,433.63
Advance receipts	Yunnan Wanyou Automobile Sales & Service Co., Ltd.	7,659,187.24	56,027,446.21
Advance receipts	Wanyou Automobile Investment Co., Ltd.	17,748,734.00	33,392,271.43
Advance receipts	Chengdu Wanyou Auto Trade Service Co., Ltd.	3,600,358.61	28,665,986.30
Advance receipts	Yunnan Xiangyu Automobile Sales & Service Co., Ltd.	1,707,858.67	13,152,733.90
Advance receipts	Guangxi Wanyou Automobile Sales & Service Co., Ltd.	5,265,173.17	10,218,258.22
Advance receipts	Tianjin Sales Co., Ltd.CCAG	1,086,718.44	8,262,589.55
Advance receipts	Changan Ford Mazda Engine Co., Ltd.	3,288,125.92	3,202,789.69
Advance	Nanning Wanyou Automobile Sales & Service	274,641.31	3,049,999.16

receipts	Co., Ltd.		
Advance receipts	Hafei Automobile Co., Ltd.	670,500.00	670,500.00
Advance receipts	Chongqing Changan Minsheng Logistics Co., Ltd.	-	361,998.32
Advance receipts	Chongqing Anfu Automobile Marketing Co., Ltd.	1,155,144.00	119,144.00
Advance receipts	Changan Mazda Automobile Co., Ltd	232,800.63	113,420.00
Advance receipts	Southern Inte Air Conditioning Co., Ltd.	-	4,991.00
Advance receipts	Chongqing Shangfang Auto Parts Co., Ltd.	3,980.00	-
Advance receipts	Chongqing Wanyou Economic Development Co., Ltd. Jiangnan Branch	17,875,663.79	-
Advance receipts	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Guangxi Branch	236,049.57	-
Advance receipts	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Guizhou Branch	5,821,619.84	-
Advance receipts	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Parts Branch	9,143,714.05	-
Advance receipts	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Sichuan Branch	2,604,650.10	-
Advance receipts	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Yunan Branch	3,281,320.52	-
Advance receipts	Chongqing Wanyou Longrui Automobile Sales & Service Co., Ltd.	659.60	-
Advance receipts	Chongqing Wanyou Ducheng Automobile Sales & Service Co., Ltd.	138,221.72	-
Advance receipts	Chongqing Wanyou Xingjian Automobile Sales & Service Co., Ltd.	57,612.00	-
Advance receipts	Luzhou Wanyou Automobile Service Co., Ltd.	5,654.88	-
<b>Subtotal</b>		<b>180,886,307.45</b>	<b>548,807,331.72</b>
Other payables	Chongqing Changan Minsheng Logistics Co., Ltd.	305,237,260.47	159,507,227.79
Other payables	Chongqing Changan Construction Engineering Co., Ltd.	8,179,765.09	23,746,341.39

Other payables	Chongqing Changan Industries Group Co. Ltd.	18,455,573.67	4,841,997.36
Other payables	Chongqing Changan Property Management Co., Ltd.	3,727,132.40	2470202.68
Other payables	Chongqing Wanyou Engineering Installation Co., Ltd.	3,510,639.25	2,278,297.00
Other payables	Hafei Automobile Co., Ltd.	184,804.39	640,668.85
Other payables	Chongqing Wanyou Economic Development Co., Ltd.	-	450,057.20
Other payables	Chongqing Changan Suzuki Automobile Co., Ltd.	110,144.00	330,432.00
Other payables	Chengdu Wanyou Auto Trade Service Co., Ltd.	-	191,979.64
Other payables	Yunnan Wanyou Automobile Sales & Service Co., Ltd.	-	182,607.80
Other payables	Guizhou Wanyou Automobile Sales & Service Co., Ltd.	-	159,500.00
Other payables	Guangxi Wanyou Automobile Sales & Service Co., Ltd.	-	150,000.00
Other payables	Changan Ford Mazda Engine Co., Ltd.	-	144,115.79
Other payables	Chengdu Wanyou Filter Co., Ltd.	-	120,000.00
Other payables	Chongqing Anfu Automobile Marketing Co., Ltd.	-	100,000.00
Other payables	Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	100,000.00	-
Other payables	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Guangxi Branch	50,000.00	-
Other payables	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Guizhou Branch	150,000.00	-
Other payables	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Sichuan Branch	150,000.00	-
Other payables	Chongqing Wanyou Zunda Automobile Sales and Service Co., Ltd. Yunnan Branch	100,000.00	-
<b>Subtotal</b>		<b>339,955,319.27</b>	<b>195,313,427.50</b>

### XIII. Share-based payments

#### 1. General information

	2018.6
The total amount of the employee services as a result of the share-based payments	32,697,000.00

#### The equity settled share based payments are as follows:

	2018.6
The accumulated amount of equity settled share-based payments included in capital reserve	32,697,000.00
The amount of equity settled share-based payments included in expense	-

#### 2. Share-based payment scheme

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

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

The performance indicators of the share option includes:

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

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

The exercise terms of share options:

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

The fair value of share options granted amounted to RMB139,527,600. On April 17, 2018, according to the 30th meeting of the seventh board of directors of the Company, due to the failure of the performance evaluation target of the first exercise period of the stock option incentive plan, and 12 incentive targets have been dismissed the labor contract, so they no longer meet the conditions of stock option incentives. The Company has approved the cancellation of 10,826,600 stock options by the board of directors. After the cancellation, the company's stock options issued under the plan are 18.831 million shares, and the corresponding fair value is RMB. 87,721,200 yuan. The share option fee confirmed by the company in June 2018 is RMB 0.00.

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

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

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

## XIV. Commitments and Contingencies

### 1. Significant commitments

Investment commitment

By June 30th 2018, the group has no investment commitment that has been signed but not yet fully fulfilled.

### 2. Contingencies

By June 30th 2018, the company has no significant contingencies that need to be published.

## XV. Events after the balance sheet date

### 1. Significant non-adjusting events

Applicable  Not Applicable

### 2. Distribution of profit

Applicable  Not Applicable

### 3. Sales return

Applicable  Not Applicable

## XVI. Other important events

### 1. Correction of accounting error of earlier stage

Applicable  Not Applicable



**2. Debt restructuring**

Applicable  Not Applicable

**3. Asset replacement**

Applicable  Not Applicable

**4. Annuity plan**

Applicable  Not Applicable

**5. Discontinuing operation**

Applicable  Not Applicable

**6. Information on business branch**

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

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

- (1) the component has income and expenditure incurred in routine activities;
- (2) the management of the company regularly evaluates the operation performance of the component to decide the company's resource distribution and evaluate its overall performance
- (3) The group receives related accounting information on the financial situation, operation performance and cash flow.

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

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

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

In RMB Yuan

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								

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	610,262,793.76	10.99	14,881,634.65	2.44	336,704,741.88	6.73	13,247,893.43	3.93
Group 2: Account receivables for related parties	4,944,713,693.79	89.01	-	-	4,668,539,742.55	93.27	-	-
Group subtotal	5,554,976,487.55	100	14,881,634.65	0.27	5,005,244,484.43	100	13,247,893.43	0.26
Notindividually significant amount but other receivables of individually provision for bad debts								
Total	5,554,976,487.55	100	14,881,634.65	0.27	5,005,244,484.43	100	13,247,893.43	0.26

Types of account receivables

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

√ Applicable □ Not Applicable

In RMB Yuan

Account receivable age	Ending			Beginning		
	Book balance		Provision for bad-debts	Book balance		Provision for bad-debts
	Amount	(%)		Amount	(%)	
Within 1 year						
Including						
0- 6 months	558,051,597.15	91.45	-	308,058,891.27	91.50	-
6 to 12 months	25,508,286.00	4.18	1,275,414.30	11,052,418.43	3.28	552,620.92
Within 1 year subtotal	583,559,883.15	95.63	1,275,414.30	319,111,309.70	94.78	552,620.92
1 to 2 years	14,541,878.43	2.38	1,454,187.84	5,432,400.00	1.61	543,240.00
2 to 3 years	2,836.67	-	851.00	2,836.67	-	851.00
3 to 4 years	14,028.00	-	7,014.00	14,028.00	-	7,014.00
4 to 5 years						
Over 5 years	12,144,167.51	1.99	12,144,167.51	12,144,167.51	3.61	12,144,167.51
Total	610,262,793.76	100	14,881,634.65	336,704,741.88	100	13,247,893.43

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

Applicable  Not applicable

(2) On June 30, 2018, the top five accounts receivable totalled RMB 4,325,702,550.47, accounting for 77.88% of the total accounts receivable (2017: RMB 3,973,737,026.11, accounting for 82.95% of the total accounts receivable).

### (3) Account receivables of related parties

In RMB Yuan

Group	2018.6		2017.12	
	book balance	provision for bad-debts	book balance	provision for bad-debts
Related party accounts receivable provision for bad debts	4,944,713,693.79	-	4,668,539,742.55	-

## 2. Other receivables

### (1) Other receivables

In RMB Yuan

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	1,544,178,640.00	69.64	-	-	1,127,509,417.42	65.37	-	-
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	121,990,433.54	5.50	1,072,191.62	0.88	125,520,423.39	7.28	1,088,333.82	0.87
Group 2: Account receivables of provision for bad-debts calculated and extracted by related parties	551,236,733.19	24.86	-	-	471,782,095.90	27.35	-	-
Group subtotal	673,227,166.73	30.36	1,072,191.62	0.16	597,302,519.29	34.63	1,088,333.82	0.18
no Individually significant amount but other receivables of individually provision								

for bad debts								
Total	2,217,405,806.73	100	1,072,191.62	0.05	1,724,811,936.71	100	1,088,333.82	0.06

## Types of the account receivables

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

√ Applicable □ Not Applicable

In RMB Yuan

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	117,153,597.36	96.03	-	119,053,084.31	94.85	-
6 to 12 months	2,861,451.16	2.35	143,072.56	5,512,392.58	4.39	275,619.62
Within 1 year subtotal	120,015,048.52	98.38	143,072.56	124,565,476.89	99.24	275,619.62
1 to 2 years	1,072,883.60	0.88	107,288.36	76,250.15	0.06	7,625.02
2 to 3 years	23,805.07	0.02	7,141.52	48,000.00	0.04	14,400.00
3 to 4 years	128,014.34	0.10	64,007.17	80,014.34	0.06	40,007.17
4 to 5 years	-	-	-	-	-	-
Over 5 years	750,682.01	0.62	750,682.01	750,682.01	0.60	750,682.01
Total	121,990,433.54	100	1,072,191.62	125,520,423.39	100	1,088,333.82

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

In RMB Yuan

Group	2018		2017	
	Book balance	Provision for bad-debts	Book balance	Provision for bad-debts
Related party other accounts receivable provision for bad debts	551,236,733.19	-	471,782,095.90	-

## 3. Long-term equity investment

In RMB 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	1,190,705,710.43	-80,032,104.09	1,110,673,606.34	50	50	None	-	-	-
Jiangling Holding Co., Ltd	Equity	1,008,511,522.00	2,907,749,943.37	-83,707,141.74	2,824,042,801.63	50	50	None	-	-	-
Changan Ford Automobile Co., Ltd	Equity	975,232,926.29	4,125,426,104.20	866,427,723.13	4,991,853,827.33	50	50	None	-	-	-
Changan Mazda Automobile Co., Ltd	Equity	1,097,839,635.00	2,439,429,811.02	635,451,737.12	3,074,881,548.14	50	50	None	-	-	-
Changan Ford Mazda Engine Co., Ltd	Equity	786,734,634.10	903,838,395.08	-73,187,649.79	830,650,745.29	50	50	None	-	-	114,500,000.00
Changan PSA Automobile Co., Ltd	Equity	2,007,841,700.00	93,561,126.76	-171,729,822.06	-78,168,695.30	50	50	None	-	-	-
2、 Associated Enterprises											
Chongqing Changan Kuayue Automobile Co., Ltd	Equity	61,800,885.00	101,399,892.43	17,458,524.85	118,858,417.28	34.3	34.3	None	-	-	-
Chongqing Changan Kuayue	Equity	1.00	-	-	0.00	34.3	34.3	None	-	-	-

Automobile Sales Co., Ltd												
Beijing Fang'an Xinyue taxi Co., Ltd	Equity	6,000,000.00	-	-	0.00	20.7	20.7	None	-	-		
Chongqing Auto Finance Co., Ltd.	Equity	1,805,000,000.00	1,817,669,991.73	137,070,317.23	1,954,740,308.96	28.66	28.66	None	-	-		
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	Equity	518,743,029.48	518,742,921.95	289,516,719.35	808,259,641.30	32.67	32.67	None	-	-		
3、Subsidiaries												
Nanjing Changan Automobile Co., Ltd	Cost	422,533,259.00	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	438,223,236.00	438,223,236.00	-	438,223,236.00	94.22	95.62	minority shareholders authorize the company to exercise voting right	-	-		
Chongqing Changan International Automobile Sales and Service Co., Ltd	Cost	13,068,581.00	13,068,581.00	-	13,068,581.00	100	100	None	-	-		
Chongqing Changan Automobile Customer Service Co., Ltd.	Cost	29,700,000.00	29,700,000.00	-	29,700,000.00	99	99	None	-	-	628,650,000.00	

Chongqing Changan Vehicle Networking Technology Co., Ltd.	Cost	88,500,000.00	88,500,000.00	-	88,500,000.00	100	100	None	-	-	-
Chongqing Changan Automobile Sales Co., Ltd	Cost	3,150,000.00	3,150,000.00	-	3,150,000.00	100	100	None	-	-	-
Chongqing Changan Special Automobile Co., Ltd	Cost	2,500,000.00	2,500,000.00	-	2,500,000.00	50	50	None	-	-	-
Chongqing Changan Europe Design Center Co., Ltd	Cost	155,469,913.50	155,469,913.50	-	155,469,913.50	100	100	None	-	-	-
Chongqing Changan new Energy Automobile Co. Ltd	Cost	18,850,000.00	18,850,000.00	-	18,850,000.00	65	65	None	-	-	-
Changan United Kingdom R&D Center Co., Ltd.	Cost	236,387,395.40	236,387,395.40	-	236,387,395.40	100	100	None	-	-	-
Beijing Changan Automotive engineering and Technology Reseach Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100	100	None	-	-	-
Harbin Changan Automotive Technology Reseach Co., Ltd.	Cost	1,000,000.00	1,000,000.00	-	1,000,000.00	100	100	None	-	-	-
Shanghai Changan Automotive Engineering and Technology Co., Ltd.	Cost	-	1,000,000.00	-1,000,000.00	-	100	100	None	-	-	-
Changan Japan Design Center Co., Ltd.	Cost	1,396,370.15	1,396,370.15	-	1,396,370.15	100	100	None	-	-	-
Changan United States R&D Center Co., Ltd.	Cost	10,243,460.00	10,243,460.00	-	10,243,460.00	100	100	None	-	-	-

Baoding Changan Bus Manufacturing Co., Ltd.	Cost	176,002,613.18	176,002,613.18	-	176,002,613.18	100	100	None	-	-	-
Hefei Changan Automobile Co., Ltd	Cost	35,367,765.23	35,367,765.23	-	35,367,765.23	100	100	None	-	-	-
Changan Automobile Russia Co., Ltd.	Cost	1,242,589.15	1,242,589.15	-	1,242,589.15	100	100	None	-	-	-
Changan Brazil Holding Co., Ltd	Cost	2,584,556.97	2,584,556.97	-	2,584,556.97	100	100	None	-	-	-
Shenzhen Changan New Energy Automobile Service Co. Ltd	Cost	50,000,000.00	50,000,000.00	-	50,000,000.00	100	100	None	-	-	-
Xiamen Changan New Energy Automobile Sales & Service Co., Ltd.	Cost	2,000,000.00	-	2,000,000.00	2,000,000.00	100	100	None	-	-	-
Guangzhou Changan New Energy Automobile Sales & Service Co., Ltd.	Cost	4,000,000.00	-	4,000,000.00	4,000,000.00	100	100	None	-	-	-
Fuzhou Fuqing Changan New Energy Automobile Sales Co., Ltd.	Cost	2,000,000.00	-	2,000,000.00	2,000,000.00	100	100	None	-	-	-
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Cost	99,000,000.00	-	99,000,000.00	99,000,000.00	100	100	None	-	-	-
Total	-	10,299,644,005.78	15,786,743,636.55	1,643,268,304.00	17,430,011,940.55	-	-	-	-	-	743,150,000.00



#### 4. Operating revenue and cost

##### (1) Operating revenue

In RMB Yuan

Items	Current amount	Prior-period amount
Main business income	32,840,989,835.15	31,674,932,332.88
Other business income	1,368,075,880.87	1,164,589,896.82
Operating cost	29,726,487,573.72	28,904,081,124.37

##### (2) Main business (classified by industries)

In RMB Yuan

Industries	Current amount		Prior-period amount	
	revenue	cost	revenue	cost
Automobile manufacturing industry	32,840,989,835.15	29,084,851,115.73	31,674,932,332.88	28,528,331,081.30
Total	32,840,989,835.15	29,084,851,115.73	31,674,932,332.88	28,528,331,081.30

##### (3) Main business (classified by products)

In RMB Yuan

Products	Current amount		Prior-period amount	
	revenue	cost	revenue	cost
Sales of goods	32,768,288,077.90	28,995,127,299.93	31,601,267,068.68	28,416,569,899.88
Outsourcing processing	72,701,757.25	89,723,815.80	73,665,264.20	111,761,181.42
Total	32,840,989,835.15	29,084,851,115.73	31,674,932,332.88	28,528,331,081.30

#### 5. Investment income

##### (1) Details of investment income

In RMB Yuan

Items	Current amount	Prior-period amount
Long-term equity investment income measured by cost method	628,650,000.00	-
Long-term equity investment income measured by equity method	1,362,011,815.11	3,831,618,978.64
investment income from long -term equity investment disposition	42,715.98	-2,000,000.00
others	4,434,355.36	1,028,907.27
Total	1,995,138,886.45	3,830,647,885.91

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

None

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

In RMB Yuan

Invested in company	Current amount	Prior-period amount
Changan Ford Automobile Co., Ltd.	866,427,723.13	3,094,825,993.27
Changan Mazda Automobile Co., Ltd.	635,451,737.12	600,278,338.63
Changan Suzuki Automobile Co., Ltd.	-80,032,104.09	-19,611,249.15
Changan Ford Mazda Engine Co., Ltd.	41,312,350.21	55,447,236.74
Jiangling Holding Co., Ltd	-83,707,141.74	96,573,362.50
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	-	127,449.67
Changan PSA Automobile Co., Ltd.	-171,729,822.06	-45,643,059.35

Chongqing Changan Kuayue Automobile Co., Ltd.	17,458,524.85	6,419,549.31
Chongqing Auto Finance Co., Ltd.	137,070,317.23	43,201,357.02
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	-239,769.54	-
Total	1,362,011,815.11	3,831,618,978.64

## 6. Supplementary information of cash flow statement

In RMB Yuan

Supplementary information	Current amount	Prior-period amount
1. Cash flow relating to operating activities calculated by adjusting the net profit		
Net profit	2,212,251,313.70	3,831,471,921.43
Add: provision for assets impairment	114,014,999.44	133,639,836.86
Depreciation of fixed assets, oil and gas assets, productive biological assets	806,662,201.79	638,817,928.22
Amortization of intangible assets	296,811,222.72	267,263,626.81
Amortization of long-term deferred expense		
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets	39,045,358.00	684,027.55
Financial expense	-248,434,734.69	-256,888,513.32
Investment loss	-1,995,138,886.45	-3,830,647,885.91
Decrease in deferred tax assets	-31,839,831.43	-113,878,150.78
Decrease in inventory	288,715,822.18	-3,660,997,018.33
Decrease of operational receivables	9,987,481,500.02	5,693,325,815.98
Increase of operational payables	-6,426,150,041.12	1,346,003,463.96
Net cash flow from operating activities	5,043,418,924.16	4,048,795,052.47
2. Major investment and financing activities involving no cash incomings / outgoings		
3. Net change in cash and cash equivalent		
Ending balance of cash	22,689,732,804.05	25,409,019,964.44
Less: beginning balance of cash	20,172,657,984.53	22,326,566,084.67
Net increase in cash and cash equivalents	2,517,074,819.52	3,082,453,879.77

## XVIII. Additional information

### 1. Non-recurring profit and loss statement of current period

In RMB Yuan

Items	Amount	Explanation
Profit and loss of non-current assets disposition	18,771,809.69	
Government subsidies counted in current profit and loss (except the government subsidies which are closely related with business events, and given certain amount according to national standards)	1,116,231,219.32	
Other non-business incomings and outgoings except above-mentioned items	-23,029,866.17	
Interest on deferred payment of funds received from non - financial enterprises	8,091,557.41	
Less: amount influenced by income tax	180,608,049.13	
Amount influenced by minority shareholders' interest (after tax)	25,566,780.69	
Total	913,889,890.43	--

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

In RMB Yuan

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	3.39%	0.34	0.34
Net profit belonging to the Company's common stockholders after deducting non-recurring profit and loss	1.47%	0.14	0.14

## 3. Accounting data difference by domestic and foreign accounting standards

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

Applicable  Not applicable

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

Applicable  Not applicable

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

None

## 4. Others

Applicable  Not applicable

## Chapter 10 Documents for Future Reference

### Catalogue of Reference Files

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

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

Chairman: Zhang Baolin

Submit Date Approved by BOD: August 31, 2018