

Company Code: 600104

Abbreviation of Company: SAIC

# **SAIC MOTOR CORPORATION LIMITED**

## **Annual Report 2015**

### **Important Note**

- 1. Board of directors (the "Board"), board of supervisors, directors, supervisors and senior management of the Company certify that this report does not contain any false or misleading statements or material omissions and are jointly and severally liable for the authenticity, accuracy and integrity of the content.**
- 2. All directors attended Board meetings.**
- 3. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued standard unqualified audit report for the Company.**
- 4. Mr. Chen Hong, Chairman of the Board, Mr. Gu Feng, the chief financial officer, and Ms. Gu Xiao Qiong, Head of Accounting Department, certify the authenticity, accuracy and integrity of the financial statements contained in the annual report of the current year.**
- 5. Plan of profit distribution or capital reserve capitalization approved by the Board**

The Company plans to distribute cash dividends of RMB 13.60 (inclusive of tax) per 10 shares, amounting to RMB 14,994,770,615.44 in total, based on total shares of 11,025,566,629 as of the end of year 2015. The Company has no plan of capitalization of capital reserve this year. The cash dividend distribution for the recent three years accumulates to RMB42,558,687,187.94 in total (including 2015).
- 6. Risk statement of forward-looking description**

The forward-looking description on future plan and development strategy in this report does not constitute substantive commitment to investors. Please note the investment risk.
- 7. Does the situation exist where the controlling shareholders and their related parties occupy the funds of the Company for non-operational use?**

No.

**8. Does the situation exist where the Company provides external guarantee which is not in compliance with the required decision-making procedures?**

No.

**9. Significant risk alert**

There are no significant risks which have substantive effects on Company's production and operation during the reporting period. The Company has described the possibly existing relevant risks exposed in the process of production and operation in this report. Please refer to the part "potential risks" in Section IV "The Management's Discussion and Analysis" for details.

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## Section I Definitions

### I. Definition

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

<b>Definition of usual words</b>		
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
Shanghai SASAC	Refers to	Shanghai State-owned Assets Supervision and Administration Commission
Company, the Company, the Group	Refers to	SAIC Motor Corporation Limited
SAIC	Refers to	Shanghai Automotive Industry Corporation (Group)
SAIC VOLKSWAGEN	Refers to	SAIC Volkswagen Automotive Co., Ltd.
SAIC GM	Refers to	SAIC General Motors Co., Ltd.
SAIC Passenger Vehicle	Refers to	SAIC Motor Corporation Limited Passenger Vehicle Branch
SGMW	Refers to	SAIC GM Wuling Co., Ltd.
SAIC Maxus	Refers to	SAIC Maxus Automotive Co., Ltd.
Shanghai Sunwin	Refers to	Shanghai Sunwin Bus Co., Ltd.
IVECO Hongyan, SAIC-IVECO Hongyan	Refers to	SAIC-IVECO Hongyan Commercial Vehicle Co., Ltd.
Nanjing Iveco	Refers to	Nanjing Iveco Automobile Co., Ltd.
SAIC Motor-CP	Refers to	SAIC Motor-CP Co., Ltd.
HASCO Motor, HASCO	Refers to	HUAYU Automotive Systems Co., Ltd.
SFC	Refers to	SAIC Finance Co., Ltd.
GMAC-SAIC	Refers to	SAIC-GMAC Automotive Finance Co., Ltd.

## Section II General Information and Financial Indicators of the Company

### I. Information of the Company

<b>Legal company name in Chinese</b>	上海汽车集团股份有限公司
<b>Abbreviation of legal company name in Chinese</b>	上汽集团
<b>Legal company name in English</b>	SAIC Motor Corporation Limited
<b>Abbreviation of legal company name in English</b>	SAIC MOTOR
<b>Legal representative of the Company</b>	Mr. Chen Hong

### II. Contacts

	<b>Secretary to the Board</b>	<b>Securities affairs representative</b>
<b>Name</b>	Ms. Wang Jianzhang	Mr. Wei Yong
<b>Address</b>	No.489, Weihai Road, Jing'an District, Shanghai, China	No.489, Weihai Road, Jing'an District, Shanghai, China
<b>Telephone number</b>	(021)22011138	(021)22011138
<b>Facsimile number</b>	(021)22011777	(021)22011777
<b>E-mail</b>	saicmotor@saic.com.cn	saicmotor@saic.com.cn

### III. Basic information of the Company

<b>Registration address</b>	Room 509, No.1 Tower, Pilot Free Trade Zone, Shanghai, China
<b>Post code of registration address</b>	201203
<b>Office address</b>	No. 489 Weihai Road, Jing'an District, Shanghai, China
<b>Post code of office address</b>	200041
<b>Website</b>	<a href="http://www.saicmotor.com">http://www.saicmotor.com</a>
<b>E-mail</b>	saicmotor@saic.com.cn

### IV. Information disclosure and the locations

<b>Designated newspapers for information disclosure</b>	"Shanghai Securities News", "China Securities Journal" and "Securities Times"
<b>Website designated by CSRC for the publication of the Company's annual report</b>	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
<b>The Company's annual report is available at</b>	Office of the Board

### V. Abbreviation of the Company's shares

<b>Abbreviation of the Company's shares</b>				
<b>Class of shares</b>	<b>Stock exchange</b>	<b>Short name</b>	<b>Stock code</b>	<b>Former short name</b>
A shares	Shanghai Stock Exchange	上汽集团(SAIC MOTOR)	600104	上海汽车

**VI. Other relevant information**

<b>Information of the accounting firm appointed by the Company (domestic)</b>	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	F/30,Bund Center, No. 222 Yan An Road East, Shanghai
	Signing Certified Public Accountant	Yuan Shouqing, Ma Tiantian
<b>Sponsor performing continuous supervision duties in the reporting period*</b>	Name	CITIC Securities Co., Ltd.
	Office address	F/23,CSCEC Tower, No. 1568 Century Road, Shanghai
	Authorized sponsor representative	Yu Junli, Yin Xiong
	Continuous supervision period	December 10,2010 - December 31,2011

\*The Company published "Announcement on Changes in Sponsor Agent and Sponsor Representative" on April 20, 2016, which states that from the year 2016, the sponsor agent and sponsor representative for 2010 non public offering project have been changed into Guotai Junan Securities Corporation Limited, and Mr. Zhang Chao and Ms. Deng Yinghua, respectively. (For details, please refer to the website of Shanghai Stock Exchanges [www.sse.com.cn](http://www.sse.com.cn).)

**VII. Major accounting data and financial indicators in recent three years****(1) Major accounting data****Unit: RMB**

Major accounting data	2015	2014	Year-on-year (%)	2013
Operating income	670,448,223,139.34	630,001,164,437.70	6.42	565,807,011,579.82
Net profit attributable to shareholders of the Company	29,793,790,723.65	27,973,441,274.41	6.51	24,803,626,272.23
Net profit excluding non-recurring profit or loss attributable to shareholders of the Company	27,330,818,075.38	25,916,187,753.37	5.46	22,780,329,617.96
Net cash flow from operating activities	25,992,574,916.30	23,283,810,974.30	11.63	20,602,511,608.81
	<b>December 31,2015</b>	<b>December 31,2014</b>	<b>Year-on-year (%)</b>	<b>December 31,2013</b>
Net assets attributable to shareholders of the Company	175,128,738,657.93	157,664,385,972.52	11.08	137,757,238,640.92
Total assets	511,630,690,839.21	414,870,673,481.85	23.32	373,640,740,801.94
Total share capital	11,025,566,629.00	11,025,566,629.00	0.00	11,025,566,629.00

**(II) Major financial indicators**

Major financial indicators	2015	2014	Year-on-year (%)	2013
Basic earnings per share (RMB/Share)	2.702	2.537	6.50	2.25
Diluted earnings per share (RMB/Share)	N/A	N/A	N/A	N/A
Basic earnings per share excluding non-recurring profit or loss (RMB/Share)	2.479	2.351	5.44	2.066
Weighted average return on net assets (%)	17.91	18.97	Decreased by 1.06 percentage points	19.07
Weighted average return (excluding non-recurring profit or loss) on net assets (%)	16.43	17.58	Decreased by 1.15 percentage points	17.52

**Explanations for accounting data and financial indicators for recent three years**

In the past three years, the Company has promoted “innovative transformation, upgrade development”, whilst adhered to the general guideline of making progress while ensuring stability, reinforcing all measures to steady and elevate the financial performance with the detrimental impact of downward of macro economy and fluctuation of automobile market. Stimulated by national industry incentive policy in the fourth quarter of the reporting period, the Company realized a year-on-year growth in sales, operating income and net profit attributable to the shareholders of the Company.

**VIII. Differences on financial information under foreign and domestic accounting principles****i. Differences on net profit and net assets attributable to shareholders of the Company where financial statements under both China’s Accounting Standards for Business Enterprises and International Financial Reporting Standards are disclosed**

Not applicable

**ii. Differences on net profit and net assets attributable to shareholders of the Company where financial statements under both China’s Accounting Standards for Business Enterprises and foreign Accounting Principles are disclosed**

Not applicable

**iii. Explanations for differences under domestic and foreign accounting principles**

No

**IX. Quarterly financial data for the year 2015**

Unit: RMB

	First Quarter (Jan. to Mar.)	Second Quarter (Apr. to Jun.)	Third Quarter (Jul. to Sept.)	Fourth Quarter (Oct. to Dec.)
Operating income	167,819,002,216.59	155,796,486,867.53	146,225,355,900.12	200,607,378,155.10
Net profit attributable to shareholders of the Company	7,467,783,695.91	6,697,680,505.74	7,096,536,646.99	8,531,789,875.01
Net profit attributable to shareholders of the Company, excluding non-recurring profit or loss	7,344,507,208.89	6,379,164,523.03	6,846,874,948.49	6,760,271,394.97
Net cash flow from operating activities	1,161,398,842.77	10,590,931,755.75	7,992,704,636.68	6,247,539,681.10

Explanations for differences between quarterly data and disclosed data in periodic report

Not applicable

**X. Items and amounts of non-recurring profit or loss**

Unit: RMB

Items and amounts of non-recurring profit or loss	2015	Note	2014	2013
Profit or loss on disposal of non-current assets	-810,291,807.86		78,151,532.81	178,555,175.64
Documents with ultra vires approval or informal approval, or non-recurring tax refund and exemption				
Government grants recognized in profit or loss for the current year, except for those which are closely associated with the normal business operation, in line with national policies and regulations, and are granted at a fixed amount or rate according to certain criteria on a recurring basis.	2,964,271,237.07		2,672,209,600.09	1,390,054,367.76
Fund usage charges received from non-financial institutes, recognized in current profit or loss				
The excess of acquirer's proportionate share of fair value of identifiable net assets of acquiree over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	204,657,090.00		802,311.00	8,484,365.00
Profit or loss arising from non-monetary assets exchange				
Profit or loss from entrusted investment or assets management				
Various type of assets impairment provision for force majeure (e.g. natural disaster)				
Profit or loss on debt restructuring	199,000.89		538,622.93	4,743,165.63
Restructuring expense, including employee resettlement, integration fees, etc.,				
Amount exceeding the fair value in unfair transactions, recognized in profit or loss				
Net profit or loss of subsidiaries acquired in business combination involving enterprises under common control from the beginning of the period up to the business combination date				
Profit or loss arising from business irrelevant to normal business courses or contingent events				
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those for effective hedging activities relating to recurring operating business	-21,514,132.79		141,464,229.85	826,563,161.71
Reversal of impairment provision for accounts receivable, of which the impairment loss was individually recognized	752,487,529.12		-	-
Profit or loss on entrusted loans	38,707,922.55		21,203,441.14	23,782,326.94
Profit or loss from changes in fair value of investment properties which subsequently measured using fair value model				
Effects on profit or loss arising from one-off adjustment on profit or loss in accordance with laws or regulations on tax, accounting, etc.				
Custodian fees received from entrusted operation				
Other non-operating income and expenses other than the above	-96,602,430.85		-165,240,686.44	134,226,042.86
Other non-recurring profit or loss items				
Impairment loss on available-for-sale financial assets			-30,000,000.00	-23,347,620.00
Amounts attributable to minority shareholders (after taxation)	-316,981,790.31		-300,617,158.36	-249,990,957.70
Income tax effects	-251,959,969.55		-361,258,371.98	-269,773,373.57



<b>Total</b>	<b>2,462,972,648.27</b>	<b>2,057,253,521.04</b>	<b>2,023,296,654.27</b>
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**XI. Items at fair value**

Unit: RMB

<b>Item</b>	<b>December 31,2014</b>	<b>December 31,2015</b>	<b>Fluctuation</b>	<b>Effects on profit or loss</b>
Financial assets at fair value through profit or loss	179,263,543.85	1,221,103,619.65	1,041,840,075.80	-278,030,579.56
Available-for-sale financial assets	36,448,127,149.53	65,495,009,648.25	29,046,882,498.72	
Financial liabilities at fair value through profit or loss		7,486,291.00	7,486,291.00	-7,486,291.00
<b>Total</b>	<b>36,627,390,693.38</b>	<b>66,723,599,558.90</b>	<b>30,096,208,865.52</b>	<b>-285,516,870.56</b>

### Section III The Company's business Overview

#### I. Major businesses, operation models and industry profile in the reporting period

The Company is mainly engaged in research and development, manufacturing and sales of automobiles (including passenger vehicles and commercial vehicles) and automobile spare parts (including engines, transmissions, power trains, chassis, interior and exterior trim, electronic appliances, etc.), as well as service, trading and financial investment related to automobiles. On the basis of hybrid operation model combining investment holding and business operation, the Company holds investment in its affiliated companies including SAIC Volkswagen, SAIC GM, SGMW, etc., and it operates the business of owned brands. The operating income and profit of the Company are largely contributed by vehicle business, and the composition of operating income and profit had no significant changes in the period.

The Company is a key player in automotive industry. After an incredible soar in recent decade, the domestic automotive industry has swifited to a stable growth phase. Today, in the face of great challenges, the automobile industry are still admired to be a place of opportunities: 1. While the domestic automobile market suffered from a slowdown, there is huge potential in aftermarket, and great structural opportunities in overseas market; 2. Cluster of high technologies emerges, and crossover entries may impact, or even change the traditional boundary of automobile industry, and provided possibilities for new technology advantages; 3. With increasing expectations from customers and more stringent regulatory requirements, favorable market conditions have been created for high-tech application and business model innovation, which bring forth new economic growth engine for the industry.

The Company is the largest domestic automobile group in terms of sales and manufacturing scale by far, and the largest automobile company listed in A share in terms of market capitalization. The Company has taken a lead in vehicle sales and production for decades with complete distribution in industrial chain, consistently improved innovative R&D capacity, and boosting by accelerating developing capital market after overall listing. In 2015, the Company's vehicle sales hit 5.902 million, with a year-on-year increase of 5.0% (0.8 percentage point higher than average market growth rate), and took up to 23.2% of domestic market share, with a year-on-year increase of 0.2%. With total consolidated revenue of USD 102.2 billion for prior year, the Company was ranked 60th in FORTUNE 500 for the 11th consecutive time.

#### II. Explanations of significant changes on major assets of the Company in the reporting period

- i. In the reporting period, SFC, the subsidiary of the Company acquired 5% equity share of GMAC-SAIC from General Motors Financial Company Inc. Hence, the Company indirectly held 55% of equity interest in GMAC-SAIC, and included GMAC-SAIC in the scope of consolidated financial statements from January 2, 2015.
- ii. In the reporting period, HASCO, the subsidiary of the Company restructured its global interior trim business with Johnson Controls Inc. ("JCI"), and jointly established Yanfeng Automotive Interior Trim Co., Ltd. ("Yanfeng Interior Trim") where HASCO holds 70% equity of it. The transaction was completed on July 2, 2015, and Yanfeng Interior Trim was included in consolidated financial statements accordingly. For related details, please refer to announcements published on [www.sse.com.cn](http://www.sse.com.cn) by HASCO (stock code: 600741).

### III. Analysis of core competitiveness during the reporting period

Core competitiveness of the Company is demonstrated in three aspects. Firstly, the Company has competitive advantage by owning the entire automotive industry chain. Operations of the Group have covered the entire automotive industry chain, which is propitious to produce synergistic effect and enhance the comprehensive competitive capacity. Secondly, the Company has leading advantage in domestic market. The Company plays a leading role for years in vehicle production and sales, with varieties of product categories and extensive sales network under continuous optimization in layout, which is beneficial for the Company to enhance the market presence and capability of quick reaction to customers' needs. Thirdly, innovation capability, an emerging advantage of the Company, is being advanced. The Company has initially established a global self-owned brand R&D framework; local R&D capability of major joint ventures is getting stronger, and independently developed core technology for new energy automobiles. In addition, the Company accelerated its innovation layout in automobile aftermarket, and highlighted itself for its business scale in automotive finance services with consistently innovation efforts.

During the reporting period, the Company has fully implemented the innovation-driven development strategy with layout of its innovation chain throughout the industry value chain. Under the general guidance of "Emphasizing on business expansion toward both ends of industry chain and accelerating innovation and transformation to comprehensively upgrade the industry chain", the Company promoted its transformation and upgrading with full efforts. In R&D sector, keeping a keen eye on new energy, internet, intelligence and other key technologies, the Company cuts its innovation edges with technology strengths. In market sector, focusing on service and trading, finance, and overseas market, the Company explores potential for transformation upgrading in the market, and promotes industry development by enhancing capital operation capabilities and integrating industry and finance services; meanwhile, holding the new vision, mission and values of the Company, and leveraged by the opportunities of name changing of SAIC Volkswagen and SAIC GM, the Company enforces corporate branding of SAIC group and builds up new corporate image by engaging itself in culture, sports and other social undertaking, providing strong support to the development of self-branding.

## Section IV The Management's Discussion and Analysis

### I. Management discussion and analysis

The year 2015 witnessed unconstrained fluctuation in domestic automotive market. Held down by downward pressure of domestic macro economy and huge fluctuation in stock exchange market, the growth rate in domestic automotive market continuously slid, alerting with a remarkable consecutive negative growth in passenger vehicle market for months; in the fourth quarter, stimulated by favorable policy for half deduction of purchase tax on low-emission vehicles ( $\leq 1.6T$ ), the domestic automotive market bottomed out quickly, presenting a "V" shape market trend in the year 2015. Sales volume of automobiles in domestic market of 2015 is 25.1 million, a year-on-year increase of 4.2%; including 20.95 million passenger vehicles and 4.15 million commercial vehicles, representing 7.8% year-on-year increase and 10.5% year-on-year decrease.

In the market with big fluctuation, the Company, adhering to the general guideline of making progress while maintaining stability, gained a stable growth in its innovation and transformation development path with efforts of promoting comprehensive transformation and innovation, and reinforcing group branding built-up. By putting Seed Fund into function, including fault tolerance mechanism into the Company's Articles of Associations, and launching Key Employee Stock Ownership Plan, the Company comprehensively deepened its reform. Regarding to development of new energy automobiles, the Company speeded up its efforts in boosting production capacity, product upgrading and cutting costs, and further completed spectrum planning for future new energy products. Meanwhile, the Company was dedicated in accelerating

charging pile construction for new energy automobiles, and established SAIC Anyo Charging Technology Co., Ltd. to support the development of new energy automobiles. Regarding to the development of internet automotive, the verification testing has been started after completion of software and hardware development. The first model of internet car will be launched in the fourth quarter of 2016. Regarding to forward-looking technology research, the Company planned to accelerate the development in big data and cloud computing platform, and make the layouts of interconnection, smart driving, HMI, software engineering, material science and energy technology via venture capital. The smart car which is independently developed by the Company has successfully passed 14,000km simulation test and expressway field test. SAIC iGS Smart Car has been awarded with golden prize in China International Industry Fair, and the Company has participated in building up intelligent transportation system demonstration area in Jiading district, Shanghai. Regarding to the efforts to set up automotive e-commerce platform and further develop O2O business, the Company's online platform gained steady increase in daily average PV and online transactions, and "Che Xiang Hui" Club membership begun to take shape. The Company launched SAIC-Petro China co-brand petroleum card featuring with "Che Xiang Fu" function, so as to establish payment financial platform. Meanwhile, the Company launched "e sharing car" time-sharing rental business in the offline market, and "Che Xiang Jia" service network has been significantly rearranged. Regarding to exploring solutions for finance-industry integration, the Company set up finance business division to integrate the financial business resources. The Company launched non-public offering to raise no more than RMB 15 billion, which will be used in new energy automotive, internet automotive, intelligent manufacturing, automotive service and finance, etc., to accelerate Company to the process of innovation and transformation. In the global market, the Company made its debut on Dubai International Motor Show, set up overseas branch in Australia, and four new offices in Iran, South Africa, Malaysia and Saudi Arabia. The overseas sales surges incredibly in Thailand and England, and Middle East and South Africa branches successfully gained sales increase against gloomy market. The factory invested by SGMW in Indonesia was in a smooth development progress.

## II. Operation conditions in the reporting period

In the reporting period, the Company kept on taking lead in domestic market. The Company's vehicle sales hit 5.902 million, with a year-on-year increase of 5.0% (0.8 percentage point higher than average market growth rate), including 4.935 million of passenger vehicles and 0.967 million of commercial vehicles, which increased 7.2% and 5.1% respectively compared to prior year. Meanwhile, the Company takes up to 23.2% of domestic market share, with a year-on-year increase of 0.2%. The total of overseas distribution and export of vehicles in 2015 was up to 86,000, fairly the same as prior year. In 2015, the Company's total operating income is RMB 670.448 billion, with a year-on-year increase of 6.42%; the net profit attributable to the shareholders of the Company is RMB 29.794 billion, with a year-on-year increase of 6.51%. The Company maintained good momentum that growth rate of operating income exceeding that of sales volume, growth rate of profit exceeding that of operating income, demonstrating growth with high quality and efficiency.

The development on energy-saving and environmental-friendly has always been put on top agenda of the Company. By consistently improving product performance and cutting fuel consumption, all self-owned brands and JV brands passenger vehicles of the Company have satisfied the third level limit of national oil consumption, and the products have won good recognition in the market. On September 29, 2015, the State Council set out favorable policy of half deduction of purchase tax on low-emission vehicles ( $\leq 1.6T$ ), which significantly boosted domestic passenger vehicle market. As low-emission vehicle ( $\leq 1.6T$ ) accounted for 70% of the Company's total passenger vehicles in the market, higher than the average proportion of the market of 60%, the Company has a remarkable surge in sales stimulated by the policy. In the fourth quarter, sales volume of the Company increased by 20% compared with the fourth quarter of prior year.

### (I) Analysis on major businesses

#### Analysis on fluctuation of accounts in income statement and cash flow statement

Unit: RMB

Items	2015	2014	Changes (%)
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Operating income	661,373,929,792.65	626,712,394,486.86	5.53
Operating costs	585,832,883,216.26	549,236,025,914.00	6.66
Selling expenses	35,537,515,509.27	40,073,775,337.67	-11.32
Administrative expenses	24,275,281,948.48	19,308,705,072.27	25.72
Financial expenses	-231,192,097.17	-164,598,681.79	-40.46
Net cash flow from operating activities	25,992,574,916.30	23,283,810,974.30	11.63
Net cash flow from (used in) investing activities	-13,736,860,282.34	-5,292,759,991.92	-159.54
Net cash flow from (used in) financing activities	-22,356,869,623.95	-20,185,314,532.36	-10.76
Research and development expenditures	8,371,404,317.02	6,832,028,495.10	22.53

## 1. Operating income and cost analysis

### (1) Analysis on major businesses by industry, product and geographical region

Unit: RMB

By industry						
By industry	Operating income	Operating costs	Gross margin ratio (%)	Change of operating income (%)	Change of operating costs (%)	Change of gross margin ratio (%)
Automotive manufacturing	661,373,929,792.65	585,832,883,216.26	11.42	5.53	6.66	Decreased by 0.94 percentage points
Financial services	9,074,293,346.69	2,392,505,093.48	73.63	175.92	162.78	Increased by 1.31 percentage points
<b>Total</b>	<b>670,448,223,139.34</b>	<b>588,225,388,309.74</b>	<b>12.26</b>	<b>6.42</b>	<b>6.92</b>	<b>Decreased by 0.42 percentage points</b>
By product						
By product	Operating income	Operating costs	Gross margin ratio (%)	Change of operating income (%)	Change of operating costs (%)	Change of gross margin ratio (%)
Vehicles	505,752,823,943.47	458,925,975,996.17	9.26	3.66	4.90	Decreased by 1.08 percentage points
Parts	125,733,526,700.70	101,181,521,349.86	19.53	11.91	12.84	Decreased by 0.66 percentage points
Trading	9,899,903,807.26	9,489,601,764.09	4.14	-2.85	-3.03	Increased by 0.17 percentage points
Service and others	19,987,675,341.22	16,235,784,106.14	18.77	22.87	31.88	Decreased by 5.55 percentage points
Finance	9,074,293,346.69	2,392,505,093.48	73.63	175.92	162.78	Increased by 1.31 percentage points
<b>Total</b>	<b>670,448,223,139.34</b>	<b>588,225,388,309.74</b>	<b>12.26</b>	<b>6.42</b>	<b>6.92</b>	<b>Decreased by 0.42 percentage points</b>
By region						
By geographic region	Operating income	Operating costs	Gross margin ratio (%)	Change of operating income (%)	Change of operating costs (%)	Change of gross margin ratio (%)
China	656,096,403,326.30	575,277,499,092.41	12.32	4.33	4.7	Decreased by 0.36 percentage points
Others	14,351,819,813.04	12,947,889,217.33	9.78	1,169.14	1,193.55	Decreased by 1.70 percentage points
<b>Total</b>	<b>670,448,223,139.34</b>	<b>588,225,388,309.74</b>	<b>12.26</b>	<b>6.42</b>	<b>6.86</b>	<b>Decreased by 0.42 percentage points</b>

#### Explanations for main businesses by industry, product or region:

The year 2015 witnessed a great surge in operating income and cost of overseas business, which mainly attributable to the incorporation of Yanfeng Automotive Interior Trim System Co., Ltd., in consolidated financial statement, a joint venture set up by Johnson Control Inc. and HASCO, a subsidiary of the Company for restructuring of global auto interior business. For details, please refer to related announcement published by HASCO (stock code: 600741) on www.sse.com.

## (2) Analysis on production and sales

Enterprises	Production (Volume)	Sales (Volume)	Inventories	Change of Production (Volume) (%)	Change of Sales (Volume) (%)	Change in inventories (%)
SAIC VOLKSWAGEN	1,803,584	1,812,077	89,405	3.46	5.05	2.16
SAIC GM	1,728,919	1,752,015	51,386	-0.14	-0.46	8.50
SAIC Passenger Vehicle	171,643	170,017	14,553	-6.43	-5.56	11.72
SGMW	2,005,248	2,040,007	136,416	11.21	12.97	-20.41
SAIC Maxus	35,502	35,053	2,525	66.79	66.82	21.63
Shanghai Sunwin	2,104	2,103	4	-45.60	-45.60	33.33
IVECO Hongyan, SAIC-IVECO Hongyan	9,781	8,708	2,248	-60.85	-65.17	96.50
Nanjing Iveco	79,375	77,000	4,776	-19.97	-22.23	98.92
SAIC Motor-CP	5,129	4,908	1,373	258.17	1,652.86	19.18
<b>Total</b>	<b>5,841,285</b>	<b>5,901,888</b>	<b>302,686</b>	<b>4.09</b>	<b>5.01</b>	<b>-7.17</b>

## (3) Cost analysis

Unit: RMB

By Industry							
By industry	Items	2015	Proportion to total costs (%)	2014	Proportion to total costs (%)	Changes (%)	Remarks
Automotive manufacturing	raw material, labor salaries and wages, depreciation, energy, etc.	585,832,883,216.26	99.59	549,236,025,914.00	99.83	6.66	
Financial services	labor salaries and wages, depreciation, energy, etc.	2,392,505,093.48	0.41	910,465,638.39	0.17	162.78	
<b>Total</b>		<b>588,225,388,309.74</b>	<b>100</b>	<b>550,146,491,552.39</b>	<b>100</b>	<b>6.92</b>	
By Product							
By product	Items	2015	Proportion to total costs (%)	2014	Proportion to total costs (%)	Changes (%)	Remarks
Vehicles	raw material, labor salaries and wages, depreciation, energy, etc.	458,925,975,996.17	78.02	437,472,171,075.10	79.51	4.9	
Parts	raw material, labor salaries and wages, depreciation, energy, etc.	101,181,521,349.86	17.2	89,667,112,081.10	16.3	12.84	
Trading	raw material, labor salaries and wages, depreciation, energy, etc.	9,489,601,764.09	1.61	9,786,066,547.86	1.78	-3.03	
Service and others	raw material, labor salaries and wages, depreciation, energy, etc.,	16,235,784,106.14	2.76	12,310,676,209.94	2.24	31.88	
Finance	labor salaries and wages, depreciation, energy, etc.	2,392,505,093.48	0.41	910,465,638.39	0.17	162.78	

**2. Expenses**

Unit: RMB

Items	2015	2014	Changes%
Selling expenses	35,537,515,509.27	40,073,775,337.67	-11.32
Administrative expenses	24,275,281,948.48	19,308,705,072.27	25.72
Financial expenses	-231,192,097.17	-164,598,681.79	40.46
Income tax expenses	5,735,707,263.02	4,438,022,170.80	29.24

Note: Compared with last year, financial expenses decreased by about RMB 67 million, or 40.46%, mainly due to 1) the Company repaid significant borrowings this year to reduce interest expenses; 2) the Company reinforced capital income management to earn more interest income.

**3. Research and development expenditures**  
**Research and development ("R&D") expenditures**

Unit: RMB

R&D expenditures expensed in the current period	8,371,404,317.02
R&D expenditures capitalized in the current period	0.00
Total R&D expenditures	8,371,404,317.02
Proportion of R&D expenditures to operating income (%)	1.25
Headcounts of R&D personnel	21,585
Proportion of R&D headcount to total employee headcount (%)	13.17
Proportion of capitalization of R&D expenditures (%)	0.00

**4. Cash flow**

Unit: RMB

Items	2015	2014	Changes
Net cash flow from operating activities	25,992,574,916.30	23,283,810,974.30	2,708,763,942.00
Net cash flow from investing activities	-13,736,860,282.34	-5,292,759,991.92	-8,444,100,290.42
Net cash flow from financing activities	-22,356,869,623.95	-20,185,314,532.36	-2,171,555,091.59

Note: Compared with last year, net cash flow from investing activities decreased by RMB 8.444 billion, or 159.54%, mainly due to incremental investment in securities and funds by SFC, a subsidiary of the Company.

**(II) Significant changes on profit arising from non-principal business**

Not applicable

**(III) Analysis of assets and liabilities**

Assets and liabilities

Unit: RMB

Items	Amount December 31,2015	Proportion to total assets (%) December 31,2015	Amount December 31,2014	Proportion to total assets (%) December 31,2014	Changes (%)
Financial assets at fair value through profit or loss	1,221,103,619.65	0.24	179,263,543.85	0.04	581.18
Accounts receivable	29,332,370,952.75	5.73	20,696,097,314.82	4.99	41.73
Prepayments	13,388,651,691.99	2.62	21,298,374,862.24	5.13	-37.14
Interest receivable	382,043,515.93	0.07	222,437,332.51	0.05	71.75
Dividends receivable	1,597,857,015.27	0.31	1,185,280,168.70	0.29	34.81
Other receivables	5,080,900,116.77	0.99	2,729,970,912.83	0.66	86.12
Non-current assets due within one year	29,213,526,240.21	5.71	15,793,373,034.24	3.81	84.97

Other current assets	43,496,708,158.65	8.50	17,044,305,103.64	4.11	155.20
Loans and advances	34,676,090,843.68	6.78	8,574,071,474.85	2.07	304.43
Available-for-sale financial assets	65,495,009,648.25	12.80	36,448,127,149.53	8.79	79.69
Accounts payable	99,034,578,618.58	19.36	66,027,244,570.41	15.92	49.99
Taxes payable	7,391,537,440.61	1.44	3,410,400,465.00	0.82	116.74
Dividends payable	448,541,726.94	0.09	137,519,670.03	0.03	226.17
Deferred income	13,803,658,069.28	2.70	8,701,834,935.13	2.10	58.63

## Analysis:

- 1) Balance of financial assets at fair value through profit or loss increased by RMB 1.042 billion, or 581.18% compared with the opening balance, for the main reason that the subsidiaries of the Company increased their investment in held-for-trading financial assets.
- 2) Balance of accounts receivable increased by RMB8.636 billion, or 41.73% compared with the opening balance, mainly due to surge in sales volume and incorporation of Yanfeng Automotive Interior Trim System Co., Ltd. in consolidated financial statement ,a joint venture set up by Johnson Control Inc. and HASCO , a subsidiary of the Company for restructuring of global auto interior business.
- 3) Balance of prepayments decreased by RMB 7.91 billion, or 37.14%, compared with opening balance, mainly due to changes in settlement process of the transactions with a vehicle manufacturer, which is joint venture of the Company.
- 4) Balance of interest receivables increased by RMB 0.16 billion, or 71.75% compared with opening balance, mainly due to the acquisition of GMAC-SAIC by SFC, a subsidiary of the Company
- 5) Balance of dividend receivable increased by RMB 0.413 billion, or 34.81% compared with the opening balance, mainly for the reason that certain JCEs declared dividends at the year-end.
- 6) Balance of other receivables increased by RMB 2.351 billion, or 86.12% compared with opening balance, mainly due to the change in consolidation scope of HASCO, a subsidiary of the Company.
- 7) Balance of non-current assets due within one year increased by RMB 13.42 billion, or 84.97% compared with opening balance, mainly because of addition of individual automotive consumption loans due within one year from GMAC-SAIC which was acquired by SFC.
- 8) Balance of other current assets increased by RMB 26.452 billion, or 155.20% compared with opening balance, mainly due to the additional short-term individual automotive consumption loans from GMAC-SAIC which was acquired by SFC.
- 9) Balance of loans and advances increased by RMB 26.102 billion, or 304.43% compared with opening balance, mainly due to the additional medium-term and long-term individual automotive consumption loans from GMAC-SAIC which was acquired by SFC.
- 10) Balance of available-for-sale financial assets increased by RMB 29.047 billion, or 79.69% compared with opening balance, mainly for the reason that SFC increased their investment in funds.
- 11) Balance of accounts payables increased by RMB 33.007 billion, or 49.99% compared with opening balance, mainly due to: 1. the settlement process of the transactions with a vehicle manufacturer changed from prepayment to purchase on credit; 2. an increase of RMB 3.604 billion arised from changes in the scope of consolidated financial report of the period; 3. an increase in amount due to suppliers arised from enlargement of sales and production.
- 12) Taxes payables increased by RMB 3.981 billion, or 116.74% compared with opening balance, mainly due to increase in VAT and income tax arising from growth in sales and profit of the Company.
- 13) Balance of dividends payable increased by RMB 0.311 billion, or 226.17% compared with opening balance, mainly for the reason that the subsidiaries of the Company declared dividends to minority shareholders.
- 14) Balance of deferred income increased by RMB 5.102 billion, or 58.63% compared with opening balance, mainly due to: 1. increase of interest advances from loans with the expansion of loan scale of SFC; 2. Additional interest advances arisng from acquisition of GMAC-SAIC; 3. the relocation compensation received from government.



**(IV) Analysis on operational data in automotive industry****Analysis of operation data for automotive manufacturer****1. Production capacity****Existing production capacity**

Major manufacturers	Designed production capacity	Production capacity in the period	Utilization ratio (%)
SAIC VOLKSWAGEN	1,550,000	1,780,000	115
SAIC GM	1,510,000	1,700,000	113
SAIC Passenger Vehicle	280,000	170,000	61
SGMW	1,650,000	2,000,000	121
SAIC Maxus	52,000	36,000	69
Shanghai Sunwin	2,700	2,300	85
IVECO Hongyan, SAIC-IVECO Hongyan	28,000	9,700	35
Nanjing Iveco	200,000	77,000	39
SAIC Motor-CP	20,000	4,900	25

The above data is updated as at December 31, 2015; "Production capacity in the period" refers to actual production volume for the reporting period.

**Capacity under construction**

Unit: 0'000RMB

Workshop under construction	Planning investment	Amount invested in the period	Accumulated investment	Estimated completion date	Estimated capacity
SAIC Motor Passenger Vehicle Nanjing plant (Capacity improvement)	120,800	16,504	16,580	2017	240,000
Wuxi manufacture base of SAIC Maxus (expansion and renovation)	217,679	100,031	146,136	2017	100,000
Capacity expansion of SAIC GM Jinqiao	800,000	100,600	279,200	2016	160,000
Wuhan North plant of SAIC GM	354,000	68,000	68,000	2017	240,000
Baojun Phase II project, SGMW	225,800	150,000	170,000	2016	120,000
Ningbo phase II project, SAIC-Volkswagen	637,314	250,462	310,031	2017	240,000

**Capacity calculation criteria**

The calculation of designed production capacity is on the basis of 250 working days per year, and 16 working hours per day, namely 4000 working hours for one year; production capacity in the period refers to actual production volume for the reporting period; utilization ratio is production volume of 2015 divided by designed production capacity.

## 2. Vehicle sales

### By vehicle categories

Categories	Sales (Volume)			Production (Volume)		
	2015	2014	Changes (%)	2015	2014	Changes (%)
Car	2,978,974	3,138,724	-5.1	2,982,320	3,143,123	-5.1
SUV	825,837	472,775	74.7	791,073	464,989	70.1
MPV	1,132,119	991,642	14.2	1,116,868	1,025,864	8.9
Cross passenger car	615,798	653,770	-5.8	602,416	611,899	-1.5
Passenger car	61,773	64,626	-4.4	62,836	64,035	-1.9
Truck	287,387	298,661	-3.8	285,772	302,080	-5.4
<b>Total</b>	<b>5,901,888</b>	<b>5,620,198</b>	<b>5.0</b>	<b>5,836,156</b>	<b>5,610,558</b>	<b>4.0</b>

### By region

√Applicable □N/A

Categories	Sales in domestic market			Sales in overseas market		
	2015	2014	Changes (%)	2015	2014	Changes (%)
Car	2,920,879	3,076,650	-5.1	58,095	62,074	-6.4
SUV	824,256	472,774	74.3	1,581	1	158,000.0
MPV	1,130,737	991,634	14.0	1,382	8	17,175.0
Cross passenger car	599,616	638,907	-6.1	16,182	14,863	8.9
Passenger car	57,054	61,532	-7.3	4,719	3,094	52.5
Truck	284,191	292,882	-3.0	3,196	5,779	-44.7
<b>Total</b>	<b>5,816,733</b>	<b>5,534,379</b>	<b>5.1</b>	<b>85,155</b>	<b>85,819</b>	<b>-0.8</b>

## 3. Sales and production of auto parts

Not applicable

## 4. New energy vehicles

### Production capacity of new energy vehicles

Major workshops	Designed production capacity	Production capacity in the period	Utilization ratio (%)
SAIC Motor Passenger Vehicle Lingang plant	-	12,310	NA
SAIC Maxus Wuxi plant	-	1,250	NA

### Sales and production of new energy vehicles

Model	Sales (Volume)			Production (Volume)		
	2015	2014	Changes (%)	2015	2014	Changes (%)
E50	412	168	145.2	309	399	-22.6
E550	10,711	2,735	291.6	12,001	2,806	327.7
V80	1,014	0	-	1,250	0	-

**Revenue and subsidies of new energy vehicles**

Unit: 0'000 RMB

Model	Revenue	Subsidy for new energy vehicles	Proportion of subsidy to revenue (%)
E50	7,794	3,389	43.49
E550	240,973	68,669	28.50
V80	48,897	38,477	78.69

**5. others**

Not applicable

**(V) Investment Analysis****1. General analysis on equity investment**

The Company is mainly engaged in R&D, sales, manufacture of vehicles (including passenger vehicles and commercial vehicles) and auto parts (including engine, transmission, gearbox, power-train, chassis, interior and exterior trim, electric appliances, etc.), as well as automobile service trading and financial investment in varieties. In perspective of long-term equity investment only, as of the balance sheet date, the long-term equity investment was amounted to RMB 59.02 billion, decreased by RMB4.37 billion on a year-on-year basis, mainly due to the incorporation of GMAC-SAIC into the consolidated financial statement, as SFC, a subsidiary of the Company acquired additional 5% of equity interests in GMAC-SAIC. Details of investment are set out in Section XI - Financial Statement.

**(1) Significant equity investment**

1) SFC, a subsidiary of the Company, acquired 5% of equity interests in GMAC-SAIC held by General Motors Financial Company Inc. in the reporting period, hence the Company indirectly held 55% of equity interest in GMAC-SAIC, and has included GMAC-SAIC in the scope of consolidated financial report of the Company from January 2015.

2) During the reporting period, HASCO, a subsidiary of the Company, restructured its global interior business with Johnson Controls Inc. ("JCI"), and jointly established Yanfeng Automotive Interior Trim Co., Ltd. where HASCO holds 70% of equity interest in it. The transaction was completed on July 2, 2015, and Yanfeng Interior Trim has been included in the scope of the consolidated financial statements accordingly. For details, refer to relevant announcements published on [www.sse.com.cn](http://www.sse.com.cn) by HASCO (stock code: 600741).

**(2) Significant non-equity investment**

Not applicable

**(3) Financial assets at fair value**

Unit: RMB

Items	December 31, 2014	December 31, 2015	Changes	Effects on profit of the current year
Financial assets at fair value through profit or loss	179,263,543.85	1,221,103,619.65	1,041,840,075.80	-278,030,579.56
Available-for-sale financial assets	36,448,127,149.53	65,495,009,648.25	29,046,882,498.72	0.00
Financial liabilities at fair value through profit or loss	0.00	7,486,291.00	7,486,291.00	-7,486,291.00

Total	36,627,390,693.38	66,723,599,558.90	30,096,208,865.52	-285,516,870.56
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**(VI) Significant disposal of assets and equity**

Not applicable

**(VII) Analysis of major invested companies with controlling shareholding and non-controlling shareholding**

Unit: RMB 0'000

Company name	Business nature	Main products or services	Registered capital	Total assets	Net assets attributable to shareholders of the Company	Total revenue	Net profit attributable to shareholders of the Company
SAIC VOLKSWAGEN	Manufacturing	Manufacturing and sales of vehicles	1,150,000	10,628,147	4,085,346	21,840,881	2,490,332
SAIC GM	Manufacturing	Manufacturing and sales of vehicles	USD 108,300	9,358,895	3,191,968	17,770,320	1,656,661
SGMW	Manufacturing	Manufacturing and sales of vehicles	166,808	4,864,095	943,832	9,224,764	501,536
HASCO	Manufacturing	Manufacturing and sales of auto-parts	258,320	7,859,969	2,726,746	9,112,020	478,338
SFC	Finance	Financial service	738,000	17,376,864	1,377,080	1,047,875	298,679

**III. Discussion and analysis on future development of the Company****(I) Industry competitive landscape and development trend**

By the end of 12th Five-year Plan period, the scale of production and sales in domestic automotive market has reached 25 million units. Whilst at the threshold of 13th Five-year Plan, as the market evolution, technology development and industry pattern, there will be profound innovation take place in both international and domestic automotive markets. Another new leap in industry development is expected on the trigger, which will bring new opportunities as well as challenges to Chinese automotive manufacturers.

In a view of opportunities, new products and service demands will be brought on with the changes in consumer groups; structural opportunities will emerge in oversea developed market and emerging market; with the popularity of intelligent interconnection technology and new energy automotive technology, domestic automotive manufacturers are open to seize this opportunity to catch up the overseas rivals. The automotive aftermarket has great potentials to be explored, and anti-monopoly offers new growth space to the industry.

In a view of challenges, the domestic market is gradually saturated, while time window for self-owned brands development is narrow; the existing system, organization and team building of domestic automotive manufacturers are restrained from international operation; with the development of e-commerce and interconnection mode, the domestic vehicle manufacturers will face challenges for demands in mode optimization and innovation throughout the industry chain; the application of crossover technology will cast more stiff pressure on traditional R&D and manufacture; new growth points will transfer from manufacture to service in the industry chain; demands for innovation in automotive service and finance on the basis of

big data will consistently turn up.

It is estimated that the domestic automotive market will continue to grow steadily in 2016 and domestic sales of vehicles will reach 26.20 million units, an increase of 4.4%, including approximately 22.20 million passenger vehicles with a year-on-year increase of 5%, and 4.00 million commercial vehicles with a year-on-year decrease of 3.7%.

## **(II) The Company's development strategy**

The Company will keep pace with the development trend of market evolution, technology improvement, and industry transformation. Adhering to its philosophy of "Innovation, Synchrony, Green, Open and Sharing", the Company will devote in developing key technologies in new energy, internet, intelligence, and will endeavor to make breakthrough in service, trading, finance and other key segments. At an era of digital, the Company will take initiative in the process of restructuring industry chain and value chain; meanwhile, the Company will continuously deepen its reform so as to play the leading role in the market in resources allocation, and create favorable institutional environment for innovation and development; geared toward its target of becoming a prominent innovation-oriented player in global market and a foregoer to lead the future automotive industry, efforts will be concentrated on global development and multinational operation, trying to enhance its international competitiveness and brand recognition.

1. Developing independent innovation simultaneously with joint venture cooperation. As the core carrier for building up international prominent automotive supplier, the Company will devote itself in speeding up the development of independent innovation; meanwhile, as the pillar for maintaining scale competitiveness, the Company will insist on joint venture cooperation.
2. Striving for innovation in R&D and market. Focusing on "Internet + New Energy + Intelligitization", the Company will strive to make differentiation competitiveness of products in R&D development; while in marketing, the Company will accelerate its steps in developing emerging business and emerging market in service trade, finance, overseas market, and create new growth points with efforts for innovation in business models.
3. Promoting integration of informationization and industrialization in the digital era. By taking advantage of cutting edge information technology, the Group will stride its industry chain structure forward to medium-and-high end, and promote the integration and multiplication development of industrial technology and information technology.
4. Coordinating the vehicle development and auto parts development at the same pace. Steering the businesses to "zero level, neutral and global", the Company will concentrate on innovation development and coordinate the deepening reform of state-owned enterprise, further establish the institutional system of "encouraging innovation, tolerancing failure and accomplishing dreams".

## **(III) Business plan**

Facing the uncertainties in the macro-economy and domestic market in 2016, the Company, insisting on the overall guideline of "Promoting development while ensuring stability, with efforts concentrated on development", will focus on optimization of quality, effectiveness, and structure by seizing every chance in the market and accurately controlling the balance between production and sales; in pursuant to strategic arrangement for innovation transformation, the Company will coordinate internal resources and get through innovation business chain, trying to achieve every target and have a good start for the development of 13th Five-year Plan. The Company will spare no efforts to achieve the target sales of 6.17 million units, with estimated operating income of RMB 700.7 billion and estimated operating cost of RMB 617.9 billion.

The main operation tasks of the Company in 2016 consist: 1. Adhering to "Promoting development while ensuring stability, with efforts concentrated on development", the Company will make instant judgement on changes of market focus, balance the production and sales, as well as keep alert for risks, so as to effectively improve the quality and effectiveness of operation; 2. Focusing on innovation transformation and internationalization, the Company, oriented by innovation and driven by transformation, will enhance its capacity and space for future upgrading and development, complete its international operation arrangement, and accelerate its pace in overseas market exploration during the implementation progress of 13th Five-year

Plan; 3. on the basis of non-public offering and core employee shareholding scheme, the Company will reinforce its market capitalization management and branding built-up which will further support the implementation of innovation strategy; 4. Emphasizing on safety and quality management, and improve the Company's sustainable and rapid development through motivating talents effectively.

#### **(IV) Potential risks**

The potential risks include: 1. downturn of macro economy would influence consumers' confidence; 2. further differentiation of market growth would lead to continuously decreasing of the terminal price in the growing fierce market competition, and challenges on profitability would be pressed on players in automotive market; 3. dealers would be suffered by shrunk profit and growing financing cost, and further weaken their willingness of purchase and confidence in operation; 4. the incentive effect of the favorable policy of half deduction of purchase tax on low-emission vehicles ( $\leq 1.6T$ ) will diminish gradually.

#### **IV. Reasons for noncompliance with disclosure requirements where the requirements are not applicable to the Company or due to other special situation**

Not applicable

### **Section V Important Events**

#### **I. Ordinary shares distribution or preliminary proposal for capitalization of capital reserve**

##### **(I) Policies of cash dividend distribution of the Company and the implementation or adjustment**

Pursuant to item 157 of the Articles of Association, profit distribution policy of the Company is: (1) Profit distribution of the Company shall reflect a reasonable investment return for the investors and take into account of sustainable development of the Company. Profit distribution policy shall be consistent and stable. (2) The Company can distribute dividends in cash or by stocks, and cash dividend should be considered first. The Company can make mid-year cash dividend distribution. (3) The Company shall make cash dividends distribution when its net profits and accumulated retained profits in the audited financial statements of the Company during the current year are presented in positive figures, and the cash flow of the Company can satisfy the Company's ordinary operation and sustainable development. Total amount for cash dividends distribution by the Company in the current year shall be equal to or exceed 30% of net profits attributable to shareholders of the Company in the audited consolidated financial statements in the current year. Cash paid for the repurchase of shares shall be deemed as cash dividends. (4) If the Company does not propose cash dividends distribution plan though it makes profits and accumulated retained profits are presented in positive figures during the current year, independent directors shall issue a clear opinion, meanwhile the Company shall explain in details the reasons for not making profit distribution in the annual report, and the usage of the funds which would otherwise have been used for cash dividend distribution. (5) If circumstance exists that shareholders occupy the funds of the Company which is in violation of the regulations, the occupied amount should be deducted from the shareholder's cash dividend in order to repay the cash the shareholders occupy. (6) When significant changes incur in the Company's operating environment or the Board think it is necessary, the Company will changes the profit distribution policies. During the adjustment of profit distribution policies proposed by the Company, opinions of non-controlling shareholders should be considered, while reasons of the adjustment should be specified by the Board on the basis of an issue of independent opinions from independent directors. Resolution in respect of the adjustment of profit distribution shall be passed by 2/3 of voting rights held by shareholders who present the general meeting.

During the reporting period, the Company completed the profit distribution of year 2014. The profit distribution scheme complies with the requirements of Article of Association of the Company and the approval process, which has fully protected the interests of investors.

In 2015, based on total 11,025,566,629 shares, the Company plans to distribute RMB 13.60 (inclusive of tax) per 10 shares, amounting to RMB 14,994,770,615.44. The Company has no plan of converting capital reserve into capital this year. The accumulative cash dividends during the last three years (including year 2015) of the Company were RMB 42,558,687,187.94.

**(II) Plan or preliminary proposal for ordinary share distribution and capitalization of capital reserve of the Company in recent three years**

Unit: RMB

Year	Stock dividend per 10 shares (shares)	Cash dividend per 10 shares (RMB) (inclusive of tax)	Capital reserve transferred into share capital per 10 shares (share)	Amount of cash dividend (inclusive of tax)	Net profit attributable to shareholders of the Company in consolidated financial statements for the year of dividend distribution	Proportion of net profit attributable to shareholders of the Company in consolidated financial statements (%)
2015	-	13.60	-	14,994,770,615.44	29,793,790,723.65	50.33
2014	-	13.00	-	14,333,236,617.70	27,973,441,274.41	51.24
2013	-	12.00	-	13,230,679,954.80	24,803,626,272.23	53.34

**(III) Where the preliminary proposal for cash profits distribution of ordinary shares is not proposed although the Company earns profits and the distributed profits attributable for ordinary shareholders is set out in positive figures, the Company shall disclose relevant reasons in details, and the usage and plan for retained profits.**

Not applicable

**II. Performance on commitment matters**

Not applicable

**III. Funds occupation and settlement during the reporting period**

Not applicable

**IV. Explanations of the Board on “Non-standard Auditor’s Report” issued by the auditor**

**(I) Explanations the Board and board of supervisors on “Non-standard Auditor’s Report ” issued by the auditor**

Not applicable

**(II) Analysis on reasons and impacts for changes in accounting policies, accounting estimates and accounting treatments by the Board**

Not applicable

**(III) Analysis on reasons and impacts for correction of significant accounting errors of prior period by the Board**

Not applicable



**V. Appointment and dismissal of auditor**

Unit: RMB 0'000

	Current status
Domestic auditor	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration paid to the auditor	860
Service period of domestic auditor	10 years

	Name	Remuneration
Auditor for internal control audit	Deloitte Touche Tohmatsu Certified Public Accountants LLP	200

Explanations on the appointment and dismissal of auditor  
Not applicable

Pursuant to the resolution of 2014 general meeting of shareholders, the Company continued to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as the auditor for the audit of the financial statements and internal control over financial reporting of year 2015.

Explanations on change of auditor.  
Not applicable

**VI. Risk exposure to the suspension of listing****(I) Reasons to explain the suspension of listing and measures adopted by the Company to resume listing**

Not applicable

**VII. Bankruptcy and reorganization**

Not applicable

**VIII. Significant lawsuit and arbitration**

Not applicable

**IX. Penalty and rectification of the Company and its directors, supervisors, senior management, controlling shareholders, actual controllers and purchasers**

Not applicable

**X. Credit situation of the Company and its controlling shareholders and actual controllers during the reporting period.**

During the reporting period, the Company and its controlling shareholders, and actual controllers have solid credit ratings.

**XI. The Company's share option incentive scheme, employee stock ownership plan or other employee incentive scheme and relevant impacts.****(I) Incentive schemes that have been disclosed in the temporary announcement but have no progress or change subsequently**

Brief introduction	Announcement
Key Employee Stock Ownership Plan	Official website of Shanghai Stock Exchange, Shanghai Securities News, China Security Journal, and Securities Times on December 12, 2015

**(II) Incentive schemes not disclosed in the temporary announcement or having subsequent progresses.**

Share option incentive scheme  
Not applicable

Employee stock ownership plan  
Not applicable

Other incentive scheme  
Not applicable

The Company prepared and stated to implement the Company Incentive Fund Scheme in 2012. Given that the operation results of the Company in prior year met the conditions to implement incentive fund scheme, the Board reviewed and approved "2014 Implementation Plan for Company Incentive Fund Scheme" and "Proposal to Increase the Number of Incentive Employees Included in 2014 Implementation Plan for Company Incentive Fund Scheme", in which 1623 employees can participate the incentive scheme, including middle-and-senior management and key employees.

**(III) Description of Company's incentive schemes during the reporting period**  
None.**XII Significant related party transactions of the Company during the reporting period**  
Not applicable**XIII Significant contracts and the execution****(I) Trusteeship, contracting and leasing**  
Not applicable**(II) Guarantee**

Unit: RMB 0'000

General information of guarantee (except guarantee provided for subsidiaries)													
Guarantor	Relationship	Guarantee	Amount of guarantee	Signed date of guarantee	Starting date of guarantee	Ending date of guarantee	Type of guarantee	Completion of guarantee	Overdue of guarantee	Overdue amount of guarantee	Counter guarantee	Related party guarantee	Relationship
SAIC Hong Kong Limited	Wholly-owned subsidiary	IEE SA Lux	2,681.99	June 26 2015	June 26 2015	June 26 2020	Joint liability guarantee	No	No	0	No	No	Shareholder
Total amount of guarantee incurred during the reporting period (except guarantee provided for subsidiaries)							2,681.99						
Total balance of guarantee at the end of the reporting period(A) (except guarantee provided for subsidiaries)							4,167.73						
Guarantee provided for subsidiaries from the Company and its subsidiaries.													
Total amount of guarantees provided for subsidiaries during the reporting period							350,728.10						
Total balance of guarantees provided for subsidiaries at the end of the reporting period(B)							75,970.72						
Total amount of guarantees provided (including guarantee provided for subsidiaries)													
Total amount of guarantees provided (A and B)							80,138.45						

Ratio of total amount of guarantee against net assets - %)	0.46
Including:	
Amount of guarantee provided for shareholders, actual controller and its related parties (C)	-
Direct or indirect debt guarantees provided for guaranteed parties whose asset-liability ratio exceeds 70% (D)	-
Amount of total amount exceeding 50% of net assets (E)	-
Total amount of guarantee above (C, D and E)	-
Statement for joint liability of undue guarantee	
Information of guarantee	

### (III) Cash asset management by others under entrustment

#### 1. Entrusted assets management

Not applicable

#### 2. Entrusted loans

Unit: RMB 0'000

Borrower	Entrusted loans	Length of maturity	Interest rate	Purpose	Collateral or guarantor	Overdue	Related transactions	Extension	Law suit	Relationship	Investment profit(loss)
SAIC Maxus Automotive Co., Ltd	9,000	2015.12.2 1-2016.12.20	2.75 %	Working capital	N	N	N	N	N	Wholly-owned subsidiary	247.50
SAIC Maxus Automotive Co., Ltd	20,000	2015.04.0 8-2016.04.07	-	Working capital	N	N	N	N	N	Wholly-owned subsidiary	0.00
SAIC Maxus Automotive Co., Ltd	1,000	2015.04.1 4-2016.04.13	2.75 %	Working capital	N	N	N	N	N	Wholly-owned subsidiary	27.50
SAIC Maxus Automotive Co., Ltd	15,000	2015.04.2 3-2018.04.22	3.25 %	Working capital	N	N	N	N	N	Wholly-owned subsidiary	1,462.50
SAIC Maxus Automotive Co., Ltd	20,000	2015.05.2 1-2018.05.20	3.25 %	Working capital	N	N	N	N	N	Wholly-owned subsidiary	1,950.00
SAIC Maxus Automotive Co., Ltd	10,000	2015.07.2 1-2016.07.20	-	Working capital	N	N	N	N	N	Wholly-owned subsidiary	-
SAIC Maxus Automotive Co., Ltd	10,000	2015.10.1 2-2016.10.11	-	Working capital	N	N	N	N	N	Wholly-owned subsidiary	-
SAIC Maxus Automotive Co., Ltd	10,000	2015.12.1 6-2018.12.15	2.75 %	Working capital	N	N	N	N	N	Wholly-owned subsidiary	825.00
Nanjing Automobile (Group) Corporation	50,000	2015.01.0 4-2016.01.03	-	Working capital	N	N	N	N	N	Wholly-owned subsidiary	-
Nanjing Automobile (Group) Corporation	20,000	2015.02.2 5-2016.02.24	-	Working capital	N	N	N	N	N	Wholly-owned subsidiary	-
Donghua Automobile Industrial Co., Ltd.	55,000	2015.12.2 8-2016.12.27	1.00 %	Working capital	Yuejin Motor (Group) Corporation	N	N	N	N	Partially owned subsidiary	550.00

SAIC Motor Transmission Co., Ltd.	45,000	2013.12.25-2016.12.24	3.00 %	Working capital	N	N	N	N	N	Wholly-owned subsidiary	4,050.00
SAIC Motor Transmission Co., Ltd.	100,000	2015.04.28-2018.04.27	3.25 %	Working capital	N	N	N	N	N	Wholly-owned subsidiary	9,750.00
SAIC Motor Equity Investment Co., Ltd.	45,000	2015.03.20-2018.9.19	2.00 %	Working capital	N	N	N	N	N	Wholly-owned subsidiary	3,150.00
SAIC Motor Equity Investment Co., Ltd.	15,000	2015.12.28-2016.06.27	1.69 %	Working capital	N	N	N	N	N	Wholly-owned subsidiaries	126.75
Shanghai Shangyuan Investment Management Co., Ltd.	5,180	2015.11.10-2016.11.09	2.18 %	Working capital	N	N	N	N	N	Wholly-owned subsidiaries	112.67
Shanghai Automotive Industry Group (Beijing) Co., Ltd.	1,400	2013.04.22-2016.04.21	3.00 %	Working capital	N	N	N	N	N	Wholly-owned subsidiaries	126.00
SAIC Motor Activity Center Co., Ltd.	5,839	2015.09.28-2018.09.27		Working capital	N	N	N	N	N	Wholly-owned subsidiaries	-
Shanghai Shanghong Real Estate Co., Ltd.	70,000	2015.12.24-2020.12.23	3.00 %	Working capital	N	N	N	N	N	Wholly-owned subsidiaries	9,835.00
Yizheng Automotive Industrial Park Investment and Service center	8,000	2015.12.17-2016.12.17	0.81 %	Working capital	N	N	N	N	N	Others	64.80
SAIC Motor HK Investment Co., Ltd.	USD 35,980	2015.05.19-2025.04.30	0.30 %	Working capital	N	N	N	N	N	Wholly-owned subsidiaries	USD 1,079.40
SAIC Motor HK Investment Co., Ltd.	USD 12,000	2014.9.19-2024.09.11	0.30 %	Working capital	N	N	N	N	N	Wholly-owned subsidiaries	USD 360.00
SAIC Motor HK Investment Co., Ltd.	USD 3,000	2014.9.19-2024.09.11	3.00 %	Working capital	N	N	N	N	N	Wholly-owned subsidiaries	USD 900.00
SAIC Motor HK Investment Co., Ltd.	USD 7,000	2015.01.28-2025.01.28	0.30 %	Working capital	N	N	N	N	N	Wholly-owned subsidiaries	USD 210.00
SAIC Motor HK Investment Co., Ltd.	USD 8,000	2015.01.29-2025.01.29	0.30 %	Working capital	N	N	N	N	N	Wholly-owned subsidiaries	USD 240.00
SAIC Motor HK Investment Co., Ltd.	USD 10,000	2015.01.30-2025.01.30	0.30 %	Working capital	N	N	N	N	N	Wholly-owned subsidiaries	USD 300.00

### 3. Other investments, assets management and investments of derivative products

Not applicable

#### (IV) Other significant contracts

None

#### XIV. Other significant matters

The Company is in the process of non-public offering.

On November 6, 2015, the Company published a series of announcements, including "Announcement to Related Transactions in Respect of Non-public Offering of A-shares", "Preliminary Proposal of Non-public Offering of A-shares by SAIC Motor Corporation Limited and the Announcement of Matters in Respect of Key Employee Shareholding Scheme of the Company". (Refer to [www.sse.com.cn](http://www.sse.com.cn) for details)

On December 5, 2015, the Company published the announcement for the Obtainment of Approval of Non-public Offering of Shares by State-owned Assets Supervision and Administration Commission of Shanghai. In the first extraordinary general meeting of the Company held on December 11, 2015, the proposal in respect of non-public offering was passed by more than 99% of voting rights. (Refer to Announcement for the Resolution in the First Extraordinary General Meeting in 2015 published in [www.sse.com.cn](http://www.sse.com.cn) on December 12, 2015 for details.)

On December 21, 2015, the Company received the Notice to the Acceptance of the Application from China Securities Regulatory Commission (No.153617). China Securities Regulatory Commission accepted the application after reviewing the completeness and compliance of application materials of non-public offering (Refer to Announcement on the Reception of Notice to the Acceptance of Application from China Securities Regulatory Commission published in [www.sse.com.cn](http://www.sse.com.cn) on December 23, 2015 for details).

On January 18, 2016, a variety of files were approved in the fifth session of the Board on its sixth board meeting, including the "Proposal for Effect on the Company's Major Financial Indicators Arising from Diluted Return due to Non-public Offering of Shares and Measures Adopted", "Commitment to Compensation Measures on Diluted Return due to Non-public Offering of Shares", "Proposal on Supplementary Contract of Share Subscription Agreement Subject to a Condition Precedent Between the Company and Shanghai Automotive Industry Corporation(Group)", "Proposal on Supplementary Contract of Share Subscription Agreement Subject to a Condition Precedent Between the Company and Changjiang Pension Insurance Co., Ltd.", "Preliminary Proposal on Non-public Offering of A-shares by the Company (Revised)", and "Proposal on the Convening of the Company's First Extraordinary General Meeting of 2016". Pursuant to above files, the Company revised the preliminary proposal of this non-public offering of shares. (Refer to relevant announcements published in [www.sse.com.cn](http://www.sse.com.cn) on January 19, 2016 for details.) On the first extraordinary general meeting of the Company held on February 3, 2016, "Proposal for Effect on the Company's Major Financial Indicators Arising from Diluted Return due to Non-public Offering of Shares and Measures Adopted", and "Commitment to Compensative Measures on Diluted Return due to Non-public Offering of Shares" were passed by more than 99% of voting rights (Refer to Announcement for the Resolution in the First Extraordinary General Meeting in 2016 published in [www.sse.com.cn](http://www.sse.com.cn) on February 4, 2016 for details.).

On January 26, 2016, the Company published the "Reply to the Review Comments on Application Documents in Respect of Non-public Offering of Shares" in accordance with the "Review Comments on Administrative Licensing Items" by China Securities Regulatory Commission (No.153617). (Refer to [www.sse.com.cn](http://www.sse.com.cn) for details.)

At present, the non-public offering of shares is still in progress. The Company will fulfill its obligation of information disclosure in accordance with relevant laws and regulations, and make timely announcement related to relevant progress. It is preferred for investors to pay attention to relevant announcement and be aware of investment risks.

**XV. Active fulfilment of social responsibility**

**(I) Achievement of fulfilling social responsibility**

Refer to the Company's 2015 Social Responsibility Report (announced in [www.sse.com.cn](http://www.sse.com.cn))

**(II) Environment protection of the Companies and subsidiaries in high pollution industries regulated by the State Environmental Protection Department.**

None

**XVI. Convertible bonds of the Company**

Not applicable

## Section VI Share Capital Changes and Information of Shareholders

### I. Changes in share capital of ordinary shares

#### (I) Changes in ordinary shares

##### 1. Changes in ordinary shares

There is no change in total amount and share structure during the reporting period.

##### 2. Description of changes of ordinary shares

None

##### 3. Effect of changes in ordinary shares on financial indicators including earnings per share and net assets per share in latest year/period (if any)

None

##### 4. Other disclosures Company considers necessary or required by regulators

None

#### (II) Changes of restricted shares

Not applicable

### II. Shares issuing and listing

None

### III. Shareholders and actual controller

#### (I) Number of shareholders:

Number of ordinary shareholders at the end of the reporting period	127,409
Number of ordinary shareholders at the end of last month prior to the announcement of the annual report	121,140

#### (II) Shareholding of top ten shareholders, top ten shareholders of non-restricted shares till the end of reporting period

Unit: share

Top ten shareholders							
Name of shareholders	Increase/decrease during reporting period	Number of shares held	Proportion (%)	Number of restricted shares held	Number of shares pledged or frozen		Nature of shareholders
					Status	quantity	
Shanghai Automotive Industry Corporation (Group)	-	8,191,449,931	74.30	0	None		Stated-owned legal person

Yuejin Motor (Group) Corporation	-	413,919,141	3.75	0	Unkn wn		Stated- owned legal person
Shanghai International Group Co., Ltd.	334,408,775	334,408,775	3.03	0	Unkn wn		Stated- owned legal person
China Securities Finance Corporation Limited	303,083,691	303,083,691	2.75	0	Unkn wn		Unkn wn
Hong Kong Securities Clearing Company Ltd	-91,429,375	137,300,902	1.25	0	Unkn wn		Unkn wn
Central Huijin Investment Ltd.	100,754,000	100,754,000	0.91	0	Unkn wn		Unkn wn
GIC PRIVATE LIMITED	2,134,413	44,097,650	0.40	0	Unkn wn		Unkn wn
ICBC-complex securities investment funds of Nanfang Consumption Vigor placement	26,468,612	26,468,612	0.24	0	Unkn wn		Unkn wn
Orient Minerva asset – Minsheng Bank – Zhongrong International Trust – Zhongrong – Xinrui No.1 Structural funds integration trust plan	25,179,000	25,179,000	0.23	0	Unkn wn		Unkn wn
ICBC-SSE 50 ETF	1,862,591	24,053,364	0.22	0	Unkn wn		Unkn wn
<b>Top ten shareholders of non-restricted shares</b>							
Name of shareholders	Number non-restricted shares held	Type and number of shares					
		Type	Number				
Shanghai Automotive Industry Corporation (Group)	8,191,449,931	Ordinary shares in RMB	8,191,449,931				
Yuejin Motor (Group) Corporation	413,919,141	Ordinary shares in RMB	413,919,141				
Shanghai International Group Co., Ltd.	334,408,775	Ordinary shares in RMB	334,408,775				
China Security Finance Corporation Limited	303,083,691	Ordinary shares in RMB	303,083,691				
Hong Kong Securities Clearing Company Ltd	137,300,902	Ordinary shares in RMB	137,300,902				
Central Huijin Investment Ltd.	100,754,000	Ordinary shares in RMB	100,754,000				
GIC PRIVATE LIMITED	44,097,650	Ordinary shares in RMB	44,097,650				
ICBC – complex securities investment funds of Nanfang Consumption Vigor placement	26,468,612	Ordinary shares in RMB	26,468,612				
Orient Minerva asset – Minsheng Bank – Zhongrong International Trust – Zhongrong – Xinrui No.1 Structural funds integration trust plan	25,179,000	Ordinary shares in RMB	25,179,000				
ICBC-SSE 50 ETF	24,053,364	Ordinary shares in RMB	24,053,364				
Situation of the related relationship or concerted actions among the above shareholders	Among the top 10 shareholders, Shanghai Automotive Industry Corporation (Group) and other 9 shareholders have no related relationships nor persons acting in concert as regulated in Administrative Rules on Acquisition of Listed Company, it is unknown whether other 9 shareholders have related relationships or persons acting in concert.						
Situation of preferred shareholders with restored voting rights and shares quantity							

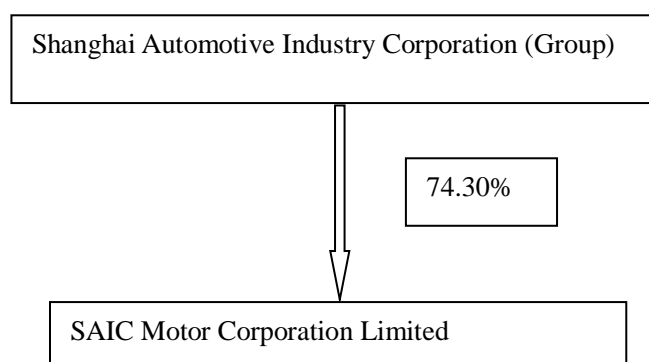


**IV. Holding shareholders and actual controlling party****(I). Corporate controlling shareholder****1. Legal person**

Name	Shanghai Automotive Industry Corporation (Group)
Legal representative	Mr. Chen Hong
Date of establishment	March 1, 1996
Business scope	Manufacturing, development, sales and investment of automobiles, motorcycles and tractors, operation and management of state-owned assets under authorization, domestic trading (except for special provisions) and advisory services.
Investment in domestic or foreign listed companies during the reporting period	None
Other explanations	None

**2. Index and date of change of shareholders during reporting period**

There is no change of shareholders during reporting period.

**3. The Company's organizational chart of ownership and controlling relationships are illustrated as below:**

**(II) Actual controller****1. Legal person**

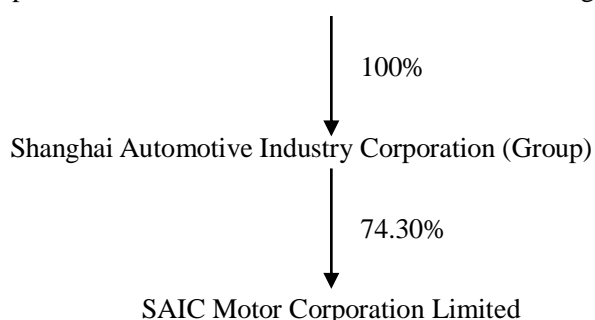
Actual controller of the Company is State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government which is directly under Municipal Government of Shanghai and authorized to represent the Municipal Government of Shanghai to perform responsibilities as contributor and supervise municipal state-owned assets.

**2. Index and date of change of actual controller during reporting period**

There is no change of actual controller during reporting period.

**3. The block diagram of controlling relationship and ownership between the Company and the actual controller**

State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government

**V. Other corporate shareholders holding more than 10% shares of the Company**

None

**VI. Situation of decrease of restricted shares**

Not applicable

**Section VII Preferred Stock Information**

Not applicable

## Section VIII Directors, Supervisors, Senior Management and Employees

## I. Information of shareholding and remuneration

## (I) Ownership and remuneration of directors, supervisors and senior management in incumbent and exited in reporting period

Unit: share

Name	Position (note)	Gender	Age	Beginning date of term	Ending date of term	Shares held at the beginning of the year	Shares held at the end of the year	Increase /decrease of number of shares held	Reason for the change	Total remuneration (before tax) received from the Company during the reporting period (0'000)		Whether received remuneration from the related parties of the Company
										Total amount (0'000) (before tax)	Including: 2014 incentive fund (0'000) (before tax)	
Chen Hong	Chairman of the Board	Male	54	2015-6-18	2018-6-17	8,380	8,380	0		215.84	123.84	No
Chen Zhi Xin	Director, President	Male	56	2015-6-18	2018-6-17					225.31	133.31	No
Xie Rong	Director	Male	63	2015-6-18	2018-6-17					0	0	No
Wang Fang Hua	Independent director	Male	68	2015-6-18	2018-6-17					10	0	No
Sun Zheng	Independent director	Male	58	2015-6-18	2018-6-17					0	0	No
Tao Xin Liang	Independent director	Male	65	2015-6-18	2018-6-17					5.83	0	No
Zhong Li Xin	Employee representative director	Male	52	2015-6-18	2018-6-17					126.98	46.94	No
Bian Bai Ping	Chairman of board of supervisors	Male	59	2015-6-18	2018-6-17					0	0	No
Chen Wei Feng	Vice chairman of board of supervisors	Male	53	2015-6-18	2018-6-17					126.98	46.94	No
Hong Jin Xin	Supervisor	Female	58	2015-6-18	2018-6-17					0	0	No
Ma Long Ying	Employee representative supervisor	Female	54	2015-6-18	2018-6-17					137.78	47.10	No
Jiang Bao Xin	Employee representative supervisor	Male	46	2015-6-18	2018-6-17					128.83	36.83	No
Zhou Lang Hui	Vice president	Male	44	2015-6-18	2018-6-17					194.63	111.83	No
Yu Jian Wei	Vice president	Male	55	2015-6-18	2018-6-17					74.41	54.43	No
Gu Feng	Chief financial officer	Male	43	2015-6-18	2018-6-17					183.81	102.85	No
Chen De Mei	Vice president	Male	53	2015-6-18	2018-6-17					183.81	102.85	No
Wang Xiao Qiu	Vice president	Male	51	2015-6-18	2018-6-17					141.35	59.47	No
Shen Yang	Vice president	Male	54	2015-6-18	2018-6-17					48.55	48.55	No
Zhang Hai	Vice president	Male	45	2015-6-18	2016-3-11					135.73	55.69	No

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Lan Qing Song	Vice president	Male	50	2015-6-18	2018-6-17					123.13	43.09	No
Cheng Jing Lei	Chief engineer	Male	48	2015-6-18	2018-6-17					127.25	47.21	No
Wang Jian Zhang	Secretary to the Board	Female	46	2015-6-18	2018-6-17					137.78	47.61	No
Shen Jian Hua	Former director	Male	62	2012-5-24	2015-5-23					192.43	143.83	No
Yu Zhuo Ping	Former director	Male	55	2012-5-24	2015-5-23					0	0	No
Zhou Qin Ye	Former independent director	Male	63	2012-5-24	2015-5-23					5	0	No
Yu Ying Hui	Former independent director	Male	67	2012-5-24	2015-5-23					0	0	No
Liu Jian De	Former supervisor	Male	62	2012-5-24	2015-5-23					0	0	No
Zhu Xian	Former employee representative supervisor	Male	61	2012-5-16	2015-5-23					85.25	48.11	No
Zhu Gen Lin	Former vice president	Male	60	2012-5-24	2015-5-23					144.47	103.99	No
<b>Total</b>	/	/	/	/	/	<b>8,380</b>	<b>8,380</b>	<b>0</b>	/	<b>2,755.15</b>	<b>1,108.54</b>	/

Name	Major career experience
Chen Hong	He served as vice board chairman and vice secretary of Party Committee of Shanghai Automotive Industry Corporation (Group), president, vice board chairman and vice secretary of Party Committee of SAIC Motor Corporation Limited; vice chairman of the Board, president and vice secretary of Party Committee of SAIC Motor Corporation Limited; vice chairman of the Board, president and secretary of Party Committee of SAIC Motor Corporation Limited. He is currently the chairman of the Board, and secretary of Party Committee of SAIC Motor Corporation Limited.
Chen Zhi Xin	He served as executive vice president of SAIC Motor Corporation Limited and general manager of passenger vehicle branch; president of SAIC Motor Corporation Limited, vice secretary of Party Committee of SAIC Motor Corporation Limited and general manager of passenger vehicle branch. He is currently director, president and vice secretary of Party Committee of SAIC Motor Corporation Limited.
Zhong Li Xin	He served as assistant president, head of president office; and chairman of the labor union of SAIC Motor Corporation Limited, head of president office. He is currently employee representative director, chairman of the labor union and head of Party Committee office of SAIC Motor Corporation Limited.
Xie Rong	He served as vice dean of Shanghai National Accounting Institute. He is currently director of SAIC Motor Corporation Limited and professor of Shanghai National Accounting Institute.
Wang Fang Hua	He served as director of industrial economy teaching and research section of college of management, assistant to dean of college of management and director of department of business management of Fudan University; vice dean, general vice dean and dean of college of management, dean of Antai College of Economics & Management of Shanghai Jiao Tong University, dean of Institute for the development of Chinese enterprises. He is currently independent director of SAIC Motor Corporation Limited and special adviser of Shanghai Jiao Tong University.
Sun Zheng	He served as the deputy dean and dean of department of accounting of Shanghai University of Finance and Economics; person in charge at Shanghai National Accounting Institute; Principal assistant and vice principal of Shanghai University of Finance and Economics. Currently serves as an independent director of SAIC Motor Corporation Limited, Chairman at Academic Council and dean of Business School of Shanghai University of Finance and Economics
Tao Xin Liang	He served as a section chief of research department of Shanghai University of Technology, deputy director of research department of Shanghai University of Technology, vice president and

	president of patents affairs bureau; Deputy dean of Faculty of Humanities of Shanghai University Of Technology; Deputy dean, executive deputy dean of Intellectual Property Academy of Shanghai University; Dean of Shanghai Institute of Intellectual Property; Deputy dean of Law school of Shanghai University; Dean of Intellectual Property Academy of Tongji University. Currently serves as an independent director at SAIC Motor Corporation Limited and dean of Intellectual Property Institute of Shanghai University.
Bian Bai Ping	He served as Secretary of Changning District. He is currently the chairman of board of supervisors of SAIC Motor Corporation Limited and Shanghai City Investment (Group) Co., Ltd.
Chen Wei Feng	He served as a party member and the chief of management department of party commission in Shanghai Automotive Industry Corporation (Group), party member the chief of management department of party commission in SAIC Motor Corporation Limited. Currently serves as vice chairman, secretary of discipline inspection commission in SAIC Motor Corporation Limited.
Hong Jin Xin	She served as the vice supervisor officer, supervisor officer and supervisor officer in administrative audit business of Shanghai Municipal Audit Bureau and economic responsibility auditing. Currently serves as full-time supervisor in SAIC Motor Corporation Limited, and vice researcher in economic responsibility auditing of Shanghai Municipal Audit Bureau.
Ma Long Ying	She served vice chairman of labor union of Shanghai Automotive Industry Corporation (Group), She is currently the employee representative supervisor and vice chairman of labor union of SAIC Motor Corporation Limited.
Jiang Bao Xin	He served as the CFO of Shanghai Diesel Engine Co., Ltd and vice supervisor of audit office in SAIC Motor Corporation Limited. Currently serves as employee representative supervisor and supervisor of audit office in SAIC Motor Corporation Limited.
Zhou Lang Hui	He served as vice president; vice president and director of Human Resources Department of SAIC Motor Corporation. He is currently vice president and vice Secretary of Party Committee of SAIC Motor Corporation Limited.
Yu Jian Wei	He is currently vice president of SAIC Motor Corporation and secretary of Party Committee of Nanjing Automobile (Group) Corporation concurrently.
Gu Feng	He served as chief financial officer and executive director of Capital Operation Department of SAIC Motor Corporation Limited. He is currently chief financial officer of SAIC Motor Corporation Limited and general manager of SAIC Motor HK Investment Ltd and SAIC Investment Management Co., Ltd concurrently.
Chen De Mei	He served as vice chief economic engineer of SAIC Motor Corporation Limited, general manager of Shanghai Huizhong Automobile Manufacturing Corporation Limited and general manager of Shanghai Wanzhong Auto Parts Manufacturing Corporation Limited; vice president of Shanghai Automotive Industry Corporation (Group) and general manager of automobile trade in services business department concurrently. He is currently vice president of SAIC Motor Corporation Limited.
Wang Xiao Qiu	He served as general manager and vice secretary of Party Committee of Shanghai Diesel Engine Co., Ltd; vice chief economic engineer of SAIC Motor Corporation Limited, general manager of SGM. He is currently vice president of SAIC Motor Corporation Limited, general manager of passenger vehicle branch and director of technology center concurrently.
Shen Yang	He is currently the vice president of SAIC Motor Corporation Limited and general manager of SGMW concurrently.
Zhang Hai Liang	He served as executive manager of SVW, general manager of SVWS, general manager and vice Secretary of Party Committee of SVW. He is currently vice president of SAIC Motor Corporation Limited.
Lan Qing Song	He served as vice manager of department of commercial vehicle of SAIC Motor Corporation Limited. He is currently general manager of department of commercial vehicle of SAIC Motor Corporation Limited and SAIC Commercial Vehicle Co., Ltd.
Cheng Jing Lei	He served as vice chief engineer of SAIC Motor Corporation Limited, executive director of department of strategy and business planning. He is currently the chief engineer of SAIC Motor Corporation Limited.
Wang Jian Zhang	She served as secretary to the Board and director of Office of the Board of SAIC Motor Corporation Limited. She is currently secretary to the Board and executive director of Risk Management Department of SAIC Motor Corporation Limited.

**(II) Information of incentive shares awarded to directors, supervisors and senior management during reporting period**

Not applicable

**II. Information of directors, supervisors and senior management in incumbent and outgoing in the reporting period****(I). Information of positions held at shareholder**

Name	Name of shareholder entity	Position held	Starting date of term	Ending date of term
Chen Hong	Shanghai Automotive Industry Corporation (Group)	Board chairman	2014-10-16	2017-10-15
Chen Zhi Xin	Shanghai Automotive Industry Corporation (Group)	Director	2014-10-16	2017-10-15
Zhou Lang Hui	Shanghai Automotive Industry Corporation (Group)	Supervisor	2014-10-16	2017-10-15
Gu Feng	Shanghai Automotive Industry Corporation (Group)	Director	2014-10-16	2017-10-15
Chen De Mei	Shanghai Automotive Industry Corporation (Group)	Director	2014-10-16	2017-10-15

**(II) Information of positions in other entities**

Name	Name of other entity	Position held	Starting date of term	Ending date of term
Chen Hong	HUAYU Automotive Systems Co., Ltd.	Chairman of the Board	2015-5-29	2018-5-28
Chen Zhi Xin	HUAYU Automotive Systems Co., Ltd.	vice president	2015-5-29	2018-5-28
Zhong Li Xin	HUAYU Automotive Systems Co., Ltd.	Director	2015-5-29	2018-5-28
Zhou Lang Hui	HUAYU Automotive Systems Co., Ltd.	Chairman of board of supervisors	2015-5-29	2018-5-28
Zhou Lang Hui	Shanghai Diesel Engine Co., Ltd.	Chairman of board of supervisors	2015-5-20	2018-5-19
Shen Jian Hua	HUAYU Automotive Systems Co., Ltd.	Former vice president	2012-5-25	2015-5-29
Lan Qing Song	Shanghai Diesel Engine Co., Ltd.	Director	2015-5-20	2018-5-19
Jiang Bao Xin	HUAYU Automotive Systems Co., Ltd.	Supervisor	2015-5-20	2018-5-19
Gu Feng	Shanghai Diesel Engine Co., Ltd.	Former director	2012-5-18	2015-5-20
Cheng Jing Lei	Shanghai Diesel Engine Co., Ltd.	Former director	2012-5-18	2015-5-20
Zhu Xian	Shanghai Diesel Engine Co., Ltd.	Former supervisor	2012-5-18	2015-5-20

**III. Compensation of directors, supervisors and key management personnel**

Decision-making process of remuneration of directors supervisors and senior management	The allowance of independent directors shall be decided by the Board and subject to the approval of general meeting of shareholders. Each independent director may receive allowance of RMB 100,000 and the necessary and reasonable costs arising from performing the duties shall be borne by the Company. The Company's non-independent directors shall not receive remuneration for the position of directors. The Company's supervisors shall not receive remuneration for the position of supervisors.
Basis for decision of remuneration of directors, supervisors and senior management	The remuneration is based on performance review of senior management according to the key performance indicators including the Company's operating performance and individual's performance.
Actual payment of remuneration of directors supervisors and senior management	According to "Incentive Fund Plan of SAIC Motor Corporation Limited" approved by the 36th meeting of 4th the Board of the Company, 21st meeting of 5th the Board approved "Implementation Plan of Incentive Fund of SAIC Motor Corporation Limited of 2014", and this plan has been implemented in reporting period. Amount of incentive fund is included in the total amount of remuneration.
Total remuneration of directors supervisors and senior management received by the end of the reporting period	RMB 27,551,500

**IV Changes of directors, supervisors and key management personnel**

Name	Position	Changes	Reason for the change
Chen Hong	Chairman of the Board	Election	Re-election of Board, elected as director in shareholders meeting and chairman of the Board at the Board meeting
Chen Zhi Xin	Director, President	Election	Re-election of Board, director elected by shareholders, president appointed by the Board
Xie Rong	Director	Election	Re-election of Board, elected at the shareholder meeting
Wang Fang Hua	Independent director	Election	Re-election of Board, elected at the shareholder meeting
Sun Zheng (note1)	Independent director	Election	Re-election of Board, elected at the shareholder meeting
Tao Xin Liang	Independent director	Election	Re-election of Board, elected at the shareholder meeting
Zhong Li Xin	Employee representative director	Election	Elected by 27 <sup>th</sup> meeting of 2 <sup>nd</sup> session of employee representative meeting
Bian Bai Ping	Chairman of board of supervisors	Election	Re-election of board of supervisors, supervisor elected by shareholders, chairman of board of supervisors by board of supervisors
Chen Wei Feng	Vice chairman of board of supervisors	Election	Re-election of board of supervisors, supervisor elected by shareholders, vice chairman of board of supervisors by board of supervisors
Hong Jin Xin	Supervisor	Election	Re-election of board of supervisors, elected at the shareholder meeting
Ma Long	Employee	Election	Elected by 27 <sup>th</sup> meeting of 2 <sup>nd</sup> session of

Ying	representative supervisor		employee representative meeting
Jiang Bao Xin	Employee representative supervisor	Election	Elected by 27 <sup>th</sup> meeting of 2 <sup>nd</sup> session of employee representative meeting
Zhou Lang Hui	Vice president	Appointment	Appointed by the Board
Yu Jian Wei	Vice president	Appointment	Appointed by the Board
Gu Feng	Chief financial officer	Appointment	Appointed by the Board
Chen De Mei	Vice president	Appointment	Appointed by the Board
Wang Xiao Qiu	Vice president	Appointment	Appointed by the Board
Shen Yang	Vice president	Appointment	Appointed by the Board
Zhang Hai Liang (note 2)	Vice president	Appointment	Appointed by the Board
Lan Qing Song	Vice president	Appointment	Appointed by the Board
Cheng Jing Lei	Chief engineer	Appointment	Appointed by the Board
Shen Jian Hua	Former director	Dismissal	Re-election of Board
Yu Zhuo Ping	Former director	Dismissal	Re-election of Board
Zhou Qin Ye	Former independent director	Dismissal	Re-election of Board
Yu Ying Hui	Former independent director	Dismissal	Re-election of Board
Liu Jian De	Former supervisor	Dismissal	Re-election of Board
Zhu Xian	Former employee representative supervisor	Dismissal	Re-election of Board
Zhu Gen Lin	Former vice president	Dismissal	Retirement

**Note 1:** On December 22, 2015, Mr. Sun Zheng, independent director, requested to resign as the independent director. As Mr. Sun Zheng's resignation will cause the number of independent directors fewer than one-third of the Board, Mr. Sun Zheng's resignation will not take effect until a new independent director is elected at shareholders meeting in accordance with relevant regulations. Before that, Mr. Sun Zheng will continue his duty as an independent director.

**Note 2:** Mr. Zhang Hai Liang, Vice president of the Company, requested to resign as the vice president due to personal reasons, which was accepted at Company's 6<sup>th</sup> Session on the 6<sup>th</sup> the Board meeting held on March 11, 2016.

#### V. Penalty by regulators in recent three years

Not applicable

#### VI. Information of the Company's employees

##### (I) Information of employees

Number of employees of holding company	7,813
Number of employees of major subsidiaries	156,004
Total number of employees on active duty	163,817



Retired employees whose expense is undertaken by holding company and major subsidiaries	45,744
Composition of employees by specialization	
<b>Areas of specialization</b>	<b>Headcounts (persons)</b>
Production personnel	1,360
Marketing and sales personnel	391
Engineering technical personnel	4,722
Finance personnel	144
Administrative personnel	465
Others	731
<b>Total</b>	<b>7,813</b>
Composition of employees by education level	
<b>Education level</b>	<b>Headcounts (persons)</b>
Postgraduate or above	2,652
University graduate	3,625
College diploma	998
Secondary school diploma or below	538
<b>Total</b>	<b>7,813</b>

## (II) Remuneration policy

The Company complies with relevant national labor laws and regulations strictly by establishing remuneration and welfare system, paying employees remuneration in full and on time and contributing to employee social insurance schemes. In the meantime, the Company has established salary growth mechanism, where the increase of employees' income is in line with labor productivity and operating performance, by determining annual salary adjustment program based on CPI index, enterprise salary growth guideline set by the local government, operating performance of the Company and the benchmark of the market.

The Company has explored diversified incentives, created high performance and high motivated culture. The Company has implemented incremental profit incentive plan to all employees to share the result of the Company's development; innovation incentive fund on technology and management to motivate the initiative of core and mature talents; incentive fund and medium and long-term incentive plan to retain the core talents effectively. The Company has planned to implement ESOP. In addition, the Company awarded incentive to employees who won nationwide, industrial, provincial and municipal Technology Advance Award and Labor Medal in 2015.

## (III) Training plan

The Company focuses on the target of improving core competitiveness and global operation capabilities, carrying out medium and long-term talent development program, promoting professional education of employees. The tailored training program has been stipulated to build the team of management talent, professional technical talent and advance skilled talent, which has brought positive results.

## Section IX Corporate Governance

### I. Corporate governance and related information

#### 1. Shareholders and general meeting of shareholders

During the reporting period, the Company strictly followed the relevant provisions of Code of Corporate Governance for Listed Companies, Articles of Association and Rules of Procedure for General Meeting of Shareholders to convene general meetings of shareholders, combine online voting with on-site voting, and to ensure that all shareholders have equal status and rights. At the same time, the Company commissioned an attorney to attend general meetings of shareholders to witness and verify meeting procedures, matters for deliberation and the identification of the attendants to ensure the validity of the general meetings of shareholders and the equal status and rights of all shareholders to exercise their rights. The Company held two annual general meetings of shareholders in year 2015, and please refer to “Brief introduction of shareholders meeting” for more details.

#### 2. Directors and Board

The Company has seven directors, including 1 external director (who does not hold position in the Company except for director and is not an independent director) and 3 independent directors. Strategic committee, audit committee and nomination, remuneration and assessment committee are established under the Board of the Company. External directors and independent directors account for three fifths of the members of strategic committee; audit committee and nomination, remuneration and assessment committee are entirely composed of external directors and independent directors, with the independent director acting as chairman. During the reporting period, seven Board meetings, two meetings of strategic committee, six meetings of audit committee and four meetings of nominations, remuneration and assessment committee were held. Special committee meetings play an important role in significant operation decision making including developing strategies, reviewing non-public offering plans and key employee shareholding scheme, reviewing periodic reports, re-election of Board, appointing senior management, making implementation plan of incentive funds, improving internal controls, supervising external auditors, etc.

During the reporting period, all the directors performed their obligations and duties in a faithful and diligent manner. They devoted continuous attention to the operation and management of the Company and actively participated in on-site interviews and investigations. On board meetings, they carefully deliberated on the proposals, carried out thorough discussion and exchange and made scientific decisions. No circumstances of violating against laws and regulations or the damaging the interests of the Company or shareholders were found.

#### 3. Supervisors and board of supervisors

The Company's board of supervisors and supervisors have earnestly performed the supervisory and examination responsibilities endowed by the general meeting of shareholders in a spirit of being highly responsible for all the shareholders according to the provisions of the Articles of Association and Rules of Procedure for the Board of Supervisors and implemented effective supervision on the Company's operating, financial and duty-performing of directors and senior management. During the reporting period, the board of supervisors held 6 meetings for reviewing and supervising the Company's periodic reports, revision of rules of procedures, non-public offering plan and key employee share ownership plan, internal control construction and use of raised-funds, etc. No circumstances of violation of laws and regulations or damage of the interests of the Company or shareholders were found.

#### 4. Corporate governance system

During the report period, the Company revised and improved the following regulations in pursuant to latest regulatory requirements and actual operation management including Article of Association, Rules of Procedure at Shareholders Meetings, Rules of Procedures of Board of Directors Meetings, and Working Manual for Strategic Committee of Board of Directors. The Company strictly executed related regulations to ensure orderly working regarding information disclosure, investors' relationships management, dividends distribution as well as fund raise and management. Meanwhile, the Company carries out registration management system for insiders to continue its good work in management

including training, registering, reporting, and etc, to effectively maintain fair disclosure of company information.

#### 5. Performance evaluation, incentive and restraining mechanism

The Company has selected managerial personnel according to the principle of ability and integrity, equality and fairness and implemented tenure system. In the meantime, the Company has established a performance evaluation and remuneration system which links remuneration of management with the Company's operating performance and individual's performance. Meanwhile, in order to improve the Company's operating performance continuously and to achieve sustainable development, the Company implemented "The Incentive Fund Plan of the Company" in year 2012. Given that the operating performance of the Company in prior year met the criteria for implementation of incentive fund plan, the Board approved "Implementation Plan of the Company's Incentive Fund Plan of Year 2014", and On Proposal of Increasing Incentive Employees of Implementation of Incentive Fund Plan for 2014, which involved 1623 employees, including medium and senior executives and core talents of the Company.

#### 6. Stakeholders

The Company has fully demonstrated due respect to maintain legal rights of stakeholders to balance interest in shareholders, employee and society etc. to promote sustainable and healthy development of the Company eventually. (Please refer to the Company's social responsibility report in 2015)

#### 7. Information disclosure and transparency

During the reporting period, the Company took initiative to work on investors' relationship in accordance with the requirements as set forth in Investors Relationship Management System and Information Disclosure Management System. During year 2015, the Company received 227 investment agents' visits, 1409 individual investors' visits and more than 800 enquiry calls. In addition, 2 meetings for communication of financial performance and 42 attendance in investors communication meetings organized by security traders were organized to facilitate investors' understanding of the Company's operating results timely and accurately.

During the reporting period, the Company disclosed 4 periodic reports, made 56 temporary announcements, and made no announcement of correction, so that the investors could be informed of the true status of the Company on a timely, fair, accurate and comprehensive basis.

If corporate governance is difference from related requirements of China Securities Regulatory Commission; if there is difference, specify the reason

None

## II. Brief introduction of Shareholders meeting

Sequence of the Meeting	Date	Designated index website of resolutions publicized	Disclosure date of resolutions
Shareholders meeting in 2014	June 18, 2015	Shanghai Stock Exchange Website <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	June 19, 2015
First temporary shareholders meeting in 2015	December 11, 2015	Shanghai Stock Exchange Website <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	December 12, 2015

## III. General meeting of shareholders

### (I) Attendance of directors in the 4th Board meetings

Name of director	Independent director (yes or no)	Attendance of directors in board meetings	Attendance of directors in general meeting of

								shareholders
		Number of board meetings for attendance (Times)	Attended in person (Times)	Attended via communication tools (Times)	Attended by delegation (Times)	Absence (Times)	Absence twice consecutively (yes or no)	Number of attendance in general meeting of shareholders
Chen Hong	No	7	7	3	0	0	No	2
Chen Zhi Xin	No	7	7	3	0	0	No	2
Xie Rong	No	7	6	3	1	0	No	2
Zhong Li Xin	No	7	7	3	0	0	No	2
Wang Fang Hua	Yes	7	6	3	1	0	No	2
Sun Zheng	Yes	4	4	1	0	0	No	1
Tao Xin Liang	Yes	4	3	1	1	0	No	1
Shen Jian Hua	No	3	3	2	0	0	No	0
Yu Zhuo Ping	No	3	3	2	0	0	No	0
Zhou Qin Ye	Yes	3	2	2	1	0	No	0
Yu Ying Hui	Yes	3	3	2	0	0	No	0

Note: (1) On June 18, 2015, the Company approved *Proposal of Change of Directors of the Company's Board of Directors* on its annual shareholders meeting of 2014, Directors (Chenhong, Chen Zhixin, Xierong, Zhong Lixin) and independent directors (Wang Wanhua, Sunzheng, Tao Xinliang) comprise of the 6<sup>th</sup> the Board, of which Zhong Lixin, employee representative director, is approved to enter into the Board directly from the election of the 27<sup>th</sup> joint conference of the Company's 2<sup>nd</sup> employee conference, and members of the 5<sup>th</sup> the Board (Shen Jianhua, Yu Zhuoping, Zhou Qinye and Yu Yinghui) are no longer directors.

(2) On December 22, 2015, independent director Sunzheng request to resign as the independent director. As independent director Sunzheng's resignation will lead to the independent directors falling lower than one-third of members of the Board, Sunzheng's resignation will not take effect until a new independent director is elected at shareholders meeting in accordance with relevant regulations. Before that, Sunzheng will continue his duty as an independent director.

Statement of absence twice consecutively

None

Number of meetings of the Board	7
Including: Number of on-site meetings	4

Number of meetings via communication tools	3
Number of meetings on-site and via communication tools simultaneously	0

**(II) Circumstance where independent directors raised different opinions**

No circumstances existed where independent directors raised different opinions on proposals of the Board or other matters.

**(III) Others**

Pursuant to laws and regulations including "Corporate Law", "Guiding Opinion on Establishing Independent Director System by Listed Companies" and "Code of Corporate Governance for Listed Companies", the Company established "Work System for Independent Directors with Regards to Annual Reports" and "Annual Report Work System for Independent Directors", which ensured independent directors' performance of their duties. During the reporting period, independent directors performed their duties of good faith and due diligence, took their roles in specialized committees actively and protected the interests of the Company and shareholders, in particular, of the minority shareholders. Independent directors actively participated in the Board meetings and specialized committees meetings, especially deepen their understandings of non-public offering A shares plan and attentively study on use of non-public offering proceeds and key employee share ownership plan as well as research incentive fund implementation plan and agreed to enlarge incentive objects, which enable the independent directors to understand the Company's operations, to provide their recommendations for the management and development of the Company and to enhance the improvement of corporate governance. During the reporting period, independent directors also expressed their independent opinions on election of the board, employment of the management, external guarantees, related transactions involved in non-public offering, key employee share ownership plan and other significant matter to enhance the corporate governance of the Company. During the preparation of the annual report, independent directors communicated with finance department, internal audit office and statutory auditor of the Company according to "Work System for Independent Directors with Regards to Annual Reports".

**IV. Important comments and suggestions made by specialized committees under the Board when performing their duties during the reporting period, any disagreement should be disclosed with details.**

During the reporting period, the Strategic Committee of the Board held 2 conferences to mainly review important matters including the Company's "1+5" rolling development plan, non-public offering plan, and key employees share ownership plan. The Strategic Committee believed, in the process of reviewing and approving the Proposal of the Feasibility Report Regarding Company's Non-public Offering A Shares for Fund Raise, the use of the proceeds of non-public offering was in accordance with national industry policies and innovation requirements of the Company and considered with promising development future. Therefore, the Company was suggested to speeding up establishment of leading advantages to seize market share with acceleration in transformation.

Audit committee of the Board held 6 meetings to mainly review important matters including regularly reviewing financial reports, assessing external audit institutions, guiding internal audit work, inspecting effectiveness of internal control as well as reviewing related transactions involved in non-public offering. While reviewing the Proposal of Non-public Offering A Shares of the Company and Related Transactions, the audit committee proposed to make sure related transactions involved in this offering is open, fair and integral; and pricing method is in accordance with relevant law, regulations and normative documents; and subscription prices for holding shareholders, key management share ownership plan is objective, fair and in the interest of the Company and all shareholders.

The Company's Nomination and Performance and Assessment convened 4 meetings to review important matters including supervising implementation of remuneration system, reviewing annual implementation plan for incentive funds plan, reviewing senior management applications, deliberating participation in share compensation plan of some director supervisors and senior management and related matters. While reviewing the Proposal of Implementation of Incentive Funds in 2014, the remuneration and assessment

committee suggested to gradually improve incentive system of the Company to enlarge its coverage and dynamics and engage in preparation work for research for a new round incentive schemes.

#### **V. Illustration about the risks of the Company identified by board of supervisors**

Pursuant to relevant laws, regulations and the relevant provisions of the "Articles of Association" and "Rules of Procedure for the Board of Supervisors", the board of supervisors has monitored and supervised the Company's decision-making procedures, internal control management and the performance of duties of senior management. The board of supervisors has been presented at the general meeting of shareholders of the Company, Board meetings and meetings of relevant specialized committees of the Board. In the opinion of board of supervisors, during the reporting period, the Company's decision-making process has been in strict compliance with the "Articles of Association", the decision-making process is democratic and transparent and management of the Company has faithfully implemented the resolutions of general meetings of shareholders and Board meetings and has periodically reported on the implementation of the resolutions and matters authorized by the Board. Director, president and other senior management of the Company have demonstrated diligence in the course of performing their duties. There has been no violation of the laws, regulations or the "Article of Association". No damage to the interests of the Company or shareholders has been found.

#### **VI. Declaration on whether the Company is independent from the controlling shareholder on business, personnel, assets, organization and finance and whether it can keep independent operating abilities**

After the Company completed the transaction of assets acquisition through issuing shares to the controlling shareholder, the Company has integrated the business resource of controlling shareholder in automobile industry chain. With more than 99% controlling shareholder's assets acquired by the Company, the Company has built integrated and independent business and independent operating abilities, which are completely independent from controlling shareholder in respects of business, personnel, assets, organization and finance. Related party transactions between the Company and the controlling shareholder were reduced substantially and there's no horizontal competition. The Company has fully independent operation capability.

Resolutions and work schedules and subsequent working plan for peer rivalry

None

#### **VII. The establishment and execution of evaluation and incentive system for senior management during the reporting period**

(I) Performance Assessment Plan for Management in SAIC Motor Corporation Limited is to be prepared to assess performance of senior management.

(II) Board of directors approved "Implementation Plan of SAIC Motor Corporation Limited Incentive Fund Plan of Year 2014", and implemented after the annual general meeting approved the annual report.

#### **VIII. If the Company release self-assessment report on internal control or not**

In accordance with internal control system and evaluation method, the Company evaluated effectiveness of internal control on December 31, 2015 (reference date of internal control evaluation report) based on regular and special supervision on internal control and then drew an internal control self-assessment report. The financial statement is free from significant deficiency regarding internal control at the reference date of internal control evaluation report based on assertions made on internal control of the Company. Directors believe that the Company has successfully maintained effective internal control in all aspects in accordance with relevant requirements and internal control system of enterprise. Please refer to Internal Control Evaluation Report of SAIC Motor Corporation Limited in 2015 published on Shanghai Stock Exchange website on April 22, 2016.

Explanations of significant deficiency in internal control during the reporting period  
Not applicable

**IX. Auditors' report on internal control**

Deloitte Touche Tohmatsu Certified Public Accountants LLP issued "Auditors' Report on Internal Control of SAIC Motor Corporation Limited" (De Shi Bao (Shen) Zi (16) No. S0177). For details, please refer to relevant announcements of the Company.

If the Company release internal control report or not: Yes

**X. Others**

**Section X Circumstances about Corporate Bonds**

Not applicable

## Section XI Financial Report

### AUDITOR'S REPORT

De Shi Bao (Shen) Zi (16) No.P1125

To the shareholders of SAIC Motor Corporation Limited:

We have audited the accompanying financial statements of SAIC Motor Corporation Limited ("SAIC Motor"), which comprise the consolidated and the company's balance sheets as of December 31, 2015, and the consolidated and the company's income statements, the consolidated and the company's statements of changes in shareholders' equity and the consolidated and the company's cash flow statements for the year then ended, and the notes to the financial statements.

#### **1. Management's responsibility for the financial statements**

Management of SAIC Motor is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements. (2) designing, implementing and maintaining internal control that is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

#### **2. Auditor's responsibility**

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

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

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



AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (16) No.P1125

**3. Opinion**

In our opinion, the consolidated and the company's financial statements of SAIC Motor present fairly, in all material respects, the financial position of SAIC Motor as of December 31, 2015, and the consolidated and the company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu  
Certified Public Accountants LLP  
Shanghai, China

Chinese Certified Public Accountant  
Yuan Shouqing  
Ma Tiantian  
April 20, 2016

*The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.*

DECEMBER 31, 2015

## Consolidated Balance Sheet

Unit: RMB

Item	Notes	December 31, 2015	December 31, 2014
<b>Current assets:</b>			
Cash and bank balances	(VI)1	72,672,666,192.62	87,948,624,133.99
Financial assets at fair value through profit or loss	(VI)2	1,221,103,619.65	179,263,543.85
Notes receivable	(VI)3	36,273,968,771.39	31,144,243,041.67
Accounts receivable	(VI)4	29,332,370,952.75	20,696,097,314.82
Prepayments	(VI)5	13,388,651,691.99	21,298,374,862.24
Interest receivable		382,043,515.93	222,437,332.51
Dividends receivable	(VI)6	1,597,857,015.27	1,185,280,168.70
Other receivables	(VI)7	5,080,900,116.77	2,729,970,912.83
Inventories	(VI)8	37,243,441,948.98	38,765,888,491.75
Assets classified as held for sale	(VI)9	27,459,029.83	34,684,325.47
Non-current assets due within one year	(VI)10	29,213,526,240.21	15,793,373,034.24
Other current assets	(VI)11	43,496,708,158.65	17,044,305,103.64
<b>Total current assets</b>		<b>269,930,697,254.04</b>	<b>237,042,542,265.71</b>
<b>Non-current assets:</b>			
Loans and advances	(VI)12	34,676,090,843.68	8,574,071,474.85
Available-for-sale financial assets	(VI)13	65,495,009,648.25	36,448,127,149.53
Long-term receivables	(VI)14	801,879,818.41	1,347,201,401.01
Long-term equity investments	(VI)15	59,019,671,405.86	63,389,634,195.51
Investment properties	(VI)16	2,684,961,353.45	2,884,580,134.77
Fixed assets	(VI)17	38,690,585,922.68	31,709,006,820.92
Construction in progress	(VI)18	11,856,268,860.79	10,702,857,557.18
Intangible assets	(VI)19	8,360,918,797.39	6,477,803,607.25
Development expenditure	(VI)20	4,298,394.04	8,434,650.99
Goodwill	(VI)21	463,459,170.13	82,304,137.64
Long-term deferred expenses	(VI)22	1,286,897,910.97	1,033,544,543.95
Deferred tax assets	(VI)23	16,991,606,228.73	13,757,825,810.37
Other non-current assets	(VI)24	1,368,345,230.79	1,412,739,732.17
<b>Total non-current assets</b>		<b>241,699,993,585.17</b>	<b>177,828,131,216.14</b>
<b>TOTAL ASSETS</b>		<b>511,630,690,839.21</b>	<b>414,870,673,481.85</b>

DECEMBER 31, 2015

## Consolidated Balance Sheet - Continued

Unit: RMB

Item	Notes	December 31, 2015	December 31, 2014
<b>Current liabilities:</b>			
Short-term borrowings	(VI)25	4,908,346,545.97	5,505,253,039.46
Customer deposits and deposits from banks and other financial institutions	(VI)26	44,384,484,259.05	44,758,063,908.24
Loans from banks and other financial institutions	(VI)27	23,429,657,800.31	-
Financial liabilities at fair value through profit or loss	(VI)28	7,486,291.00	-
Notes payable	(VI)29	7,282,802,230.82	5,574,215,320.69
Accounts payable	(VI)30	99,034,578,618.58	66,027,244,570.41
Receipts in advance	(VI)31	18,317,063,798.28	27,430,862,400.76
Employee benefits payable	(VI)32	8,406,294,056.51	7,107,347,694.73
Taxes payable	(VI)33	7,391,537,440.61	3,410,400,465.00
Interest payable		230,220,570.51	152,481,488.16
Dividends payable	(VI)34	448,541,726.94	137,519,670.03
Other payables	(VI)35	38,646,826,463.17	32,830,291,360.05
Non-current liabilities due within one year	(VI)36	4,974,248,176.38	6,843,788,125.87
Other current liabilities	(VI)37	205,734,205.76	154,042,787.13
<b>Total current liabilities</b>		<b>257,667,822,183.89</b>	<b>199,931,510,830.53</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	(VI)38	1,398,811,144.23	2,049,144,366.45
Bonds payable	(VI)39	8,208,109,400.04	2,700,490,000.00
Long-term payable		12,010,354.00	
Long-term employee benefits payable	(VI)40	6,018,478,333.05	5,516,722,123.55
Special payable	(VI)41	902,125,492.72	1,097,038,323.24
Provisions	(VI)42	9,869,134,713.81	7,685,580,005.22
Deferred income	(VI)43	13,803,658,069.28	8,701,834,935.13
Deferred tax liabilities	(VI)23	2,833,255,427.98	2,189,275,882.82
<b>Total non-current liabilities</b>		<b>43,045,582,935.11</b>	<b>29,940,085,636.41</b>
<b>TOTAL LIABILITIES</b>		<b>300,713,405,119.00</b>	<b>229,871,596,466.94</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	(VI)44	11,025,566,629.00	11,025,566,629.00
Capital reserve	(VI)45	38,939,769,815.73	37,986,599,121.54
Other comprehensive income	(VI)46	10,916,793,233.73	9,703,495,421.66
Special reserve		275,789,416.38	181,962,263.44
Surplus reserve	(VI)47	26,728,261,764.70	21,836,161,907.74
General risk reserve		844,919,712.17	844,919,712.17
Retained earnings	(VI)48	86,397,638,086.22	76,085,680,916.97
<b>Total shareholders' equity attributable to shareholders of the Company</b>		<b>175,128,738,657.93</b>	<b>157,664,385,972.52</b>
Minority interests		35,788,547,062.28	27,334,691,042.39
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>210,917,285,720.21</b>	<b>184,999,077,014.91</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>511,630,690,839.21</b>	<b>414,870,673,481.85</b>

The accompanying notes form part of the financial statements.

The financial statements on pages 3 to 131 were signed by the following:

Head of the Company:

Chief Financial Officer:

Head of Accounting Department:

DECEMBER 31, 2015

## Balance Sheet of the Company

Unit: RMB

Item	Notes	December 31, 2015	December 31, 2014
<b>Current assets:</b>			
Cash and bank balances		53,896,855,196.85	45,655,207,147.68
Notes receivable	(XV)1	2,064,855,456.00	1,667,502,363.90
Accounts receivable	(XV)2	838,938,654.90	811,157,896.85
Prepayments		235,168,640.76	408,921,235.09
Interest receivable		582,762,654.73	638,170,737.20
Dividends receivable		1,393,127,747.64	862,327,306.04
Other receivables	(XV)3	1,123,787,791.35	801,358,750.64
Inventories	(XV)4	1,686,337,023.61	1,437,442,939.95
Non-current assets due within one year		464,000,000.00	2,231,616,200.00
Other current assets		2,197,260,829.46	4,909,965,865.00
<b>Total current assets</b>		<b>64,483,093,995.30</b>	<b>59,423,670,442.35</b>
<b>Non-current assets:</b>			
Available-for-sale financial assets	(XV)5	7,775,944,851.05	7,168,968,598.05
Long-term equity investments	(XV)6	87,047,436,773.87	82,063,231,267.52
Investment properties	(XV)7	310,977,948.29	335,627,123.72
Fixed assets	(XV)8	3,991,148,046.26	2,757,682,219.42
Construction in progress	(XV)9	764,034,160.92	2,048,908,249.16
Intangible assets	(XV)10	1,399,393,378.74	1,565,627,184.74
Development expenditure	(XV)10	-	-
Other non-current assets		7,595,536,291.58	1,594,523,313.92
<b>Total non-current assets</b>		<b>108,884,471,450.71</b>	<b>97,534,567,956.53</b>
<b>TOTAL ASSETS</b>		<b>173,367,565,446.01</b>	<b>156,958,238,398.88</b>

DECEMBER 31, 2015

## Balance sheet of the Company - Continued

Unit: RMB

Item	Notes	December 31, 2015	December 31, 2014
<b>Current liabilities:</b>			
Accounts payable		10,077,574,279.58	6,441,305,184.24
Receipts in advance		1,383,138,953.65	490,209,598.46
Employee benefits payable	(XV)11	2,036,723,433.58	2,123,793,742.11
Taxes payable		(367,465,196.51)	(388,225,008.04)
Other payables		2,226,473,576.34	1,334,056,672.37
Non-current liabilities due within one year	(XV)12	249,019,844.71	263,788,740.11
<b>Total current liabilities</b>		<b>15,605,464,891.35</b>	<b>10,264,928,929.25</b>
<b>Non-current liabilities:</b>			
Long-term employee benefits payable	(XV)13	3,339,937,865.69	3,154,776,437.94
Special payables	(XV)14	863,767,352.72	900,428,309.00
Provisions	(XV)15	1,238,399,125.71	1,001,248,196.79
Deferred income	(XV)16	486,400,776.62	451,507,338.75
Deferred tax liabilities	(XV)17	421,477,341.10	330,730,903.15
<b>Total non-current liabilities</b>		<b>6,349,982,461.84</b>	<b>5,838,691,185.63</b>
<b>TOTAL LIABILITIES</b>		<b>21,955,447,353.19</b>	<b>16,103,620,114.88</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital		11,025,566,629.00	11,025,566,629.00
Capital reserve	(XV)18	50,924,492,456.98	50,924,492,456.98
Other comprehensive income	(XV)19	3,195,353,753.27	2,765,116,611.53
Surplus reserve		26,728,261,764.70	21,836,161,907.74
Retained earnings		59,538,443,488.87	54,303,280,678.75
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>151,412,118,092.82</b>	<b>140,854,618,284.00</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>173,367,565,446.01</b>	<b>156,958,238,398.88</b>

The accompanying notes form part of the financial statements.

YEAR ENDED DECEMBER 31, 2015

## Consolidated Income Statement

Unit: RMB

Item	Notes	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>I. Total operating income</b>		670,448,223,139.34	630,001,164,437.70
Including: Operating income	(VI)49	661,373,929,792.65	626,712,394,486.86
Interest income	(VI)50	8,295,161,232.11	3,195,091,850.17
Fee and commission income	(VI)51	779,132,114.58	93,678,100.67
Less: Total operating costs		588,225,388,309.74	550,146,491,552.39
Including: Operating costs	(VI)49	585,832,883,216.26	549,236,025,914.00
Interest expenses	(VI)50	2,347,899,980.15	899,418,199.38
Fee and commission expenses	(VI)51	44,605,113.33	11,047,439.01
Business taxes and levies	(VI)52	5,598,402,254.42	3,757,210,874.15
Selling expenses	(VI)53	35,537,515,509.27	40,073,775,337.67
Administrative expenses	(VI)54	24,275,281,948.48	19,308,705,072.27
Financial expenses	(VI)55	(231,192,097.17)	(164,598,681.79)
Impairment losses of assets	(VI)56	2,848,172,468.53	4,400,239,891.44
Add: Gain (loss) from changes in fair values	(VI)57	(285,516,870.56)	17,727,642.36
Investment income	(VI)58	29,663,134,420.97	27,834,668,696.05
Including: Income from investments in associates and JCEs		26,631,281,828.54	25,300,635,852.35
Foreign exchange gains		15,758,109.29	2,031,776.32
<b>II. Operating Profit</b>		43,588,030,405.77	40,333,768,506.30
Add: Non-operating income	(VI)59	3,666,663,216.93	3,329,082,332.66
Including: Gains from disposal of non-current assets		130,869,909.39	428,958,213.82
Less: Non-operating expenses	(VI)60	1,445,017,136.44	974,055,646.12
Including: Losses from disposal of non-current assets		385,789,730.40	105,676,803.02
<b>III. Total profit</b>		45,809,676,486.26	42,688,795,192.84
Less: Income tax expenses	(VI)61	5,735,707,263.02	4,438,022,170.80
<b>IV. Net profit</b>		40,073,969,223.24	38,250,773,022.04
Net profit attributable to shareholders of the Company		29,793,790,723.65	27,973,441,274.41
Profit or loss attributable to minority interests		10,280,178,499.59	10,277,331,747.63
<b>V. Other comprehensive income</b>	(VI)62	1,041,372,544.12	6,065,205,482.27
Other comprehensive income attributable to shareholders of the Company		1,213,297,812.07	5,280,869,505.84
1. Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss		(223,640,942.42)	936,924,910.50
(1) Changes in net liabilities or net assets due to remeasurement of defined benefit plans		(213,487,736.64)	926,771,704.72
(2) Shares of other comprehensive income that will not be reclassified subsequently to profit or loss of invested entities under equity method		(10,153,205.78)	10,153,205.78
2. Other comprehensive income that may be reclassified subsequently to profit or loss		1,436,938,754.49	4,343,944,595.34
(1) Shares of other comprehensive income that may be reclassified subsequently to profit or loss of invested entities under equity method in future		19,984,713.86	(125,331,242.26)
(2) Changes in fair value of available-for-sale financial assets		1,059,919,194.99	4,386,120,889.83
(3) Exchange differences arising on translating		357,034,845.64	83,154,947.77
Other comprehensive income (loss) attributable to minority shareholders		(171,925,267.95)	784,335,976.43
<b>VI. Total comprehensive income</b>		41,115,341,767.36	44,315,978,504.31
Total comprehensive income attributable to shareholders of the Company		31,007,088,535.72	33,254,310,780.25
Total comprehensive income attributable to minority shareholders		10,108,253,231.64	11,061,667,724.06
<b>VII. Earnings per share</b>			
(I) Basic earnings per share		2.702	2.537
(II) Diluted earnings per share		Not applicable	Not applicable

The accompanying notes form part of the financial statements.

YEAR ENDED DECEMBER 31, 2015

## Income Statement of the Company

Unit: RMB

Item	Notes	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>I. Operating income</b>	(XV)20	17,007,469,320.41	15,303,502,982.84
Less: Operating costs	(XV)20	15,638,660,056.78	13,806,053,316.69
Business taxes and levies		330,658,707.51	200,641,579.73
Selling expenses		2,643,246,645.61	2,914,277,533.64
Administrative expenses		5,959,206,770.19	4,749,686,383.00
Financial expenses		(1,323,292,047.16)	(1,083,957,239.68)
Impairment losses of assets	(XV)21	1,120,503,033.68	1,731,222,071.66
Add: Investment income	(XV)22	30,934,319,046.09	30,805,506,118.09
Including: Income from investments in associates and JCEs		22,024,257,822.65	23,145,791,236.31
<b>II. Operating profit</b>		23,572,805,199.89	23,791,085,455.89
Add: Non-operating income		1,083,785,133.86	966,813,433.79
Including: Gains from disposal of non-current assets		185,123,580.06	801,315.01
Less: Non-operating expenses		196,091,048.97	294,254,298.18
Including: Losses from disposal of non-current assets		6,338,958.38	1,419,726.63
<b>III. Total profit</b>		24,460,499,284.78	24,463,644,591.50
Less: Income tax expenses		-	-
<b>IV. Net Profit</b>		24,460,499,284.78	24,463,644,591.50
<b>V. Other comprehensive income</b>	(XV)19	430,237,141.74	3,005,648,891.47
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		(113,665,129.31)	992,538,210.20
1.Changes in net liabilities or net assets due to remeasurement of defined benefit plans		(113,665,129.31)	992,538,210.20
(II) Other comprehensive income that may be reclassified subsequently to profit or loss		543,902,271.05	2,013,110,681.27
1. Shares of other comprehensive income that may be reclassified subsequently to profit or loss of invested entities under equity method in future		29,672,456.00	(126,393,272.68)
2. Changes in fair value of available-for-sale financial assets		514,229,815.05	2,139,503,953.95
<b>VI. Total comprehensive income</b>		24,890,736,426.52	27,469,293,482.97

The accompanying notes form part of the financial statements.

YEAR ENDED DECEMBER 31, 2015

## Consolidated Cash Flow Statement

Unit: RMB

Item	Notes	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>I. Cash flow from operating activities:</b>			
Cash receipts from the sale of goods and rendering of services		755,958,174,719.75	738,442,989,311.00
Net increase in customer deposits and deposits from bank and other financial institutions		112,553,683.71	1,986,308,931.07
Net decrease in balance with the central bank		6,313,425,501.05	-
Net decrease in financial assets sold under repurchase		-	146,040,000.00
Cash receipts from interests, fees and commissions		10,165,188,014.62	3,532,720,138.45
Receipts of tax refunds		469,468,307.74	480,313,600.63
Other cash receipts relating to operating activities		3,614,956,863.82	3,786,729,124.20
<b>Sub-total of cash inflow from operating activities</b>		<b>776,633,767,090.69</b>	<b>748,375,101,105.35</b>
Cash payments for goods purchased and services received		659,768,302,155.44	644,150,534,452.98
Net increase in loans and advances		3,591,474,452.80	5,603,896,029.81
Net increase in balance with the central bank		-	991,173,322.38
Net decrease in loans from banks and other financial institutions		10,786,444,397.74	-
Cash payments for interests, fees and commissions		2,688,009,640.71	938,329,354.03
Cash payments to and on behalf of employees		18,541,620,374.81	15,372,676,121.15
Payments for various types of taxes		22,773,045,906.76	24,266,442,926.38
Other payments relating to operating activities		32,492,295,246.13	33,768,237,924.32
<b>Sub-total of cash outflow relating to operating</b>		<b>750,641,192,174.39</b>	<b>725,091,290,131.05</b>
<b>Net cash flow from operating activities</b>	(VI)65	<b>25,992,574,916.30</b>	<b>23,283,810,974.30</b>
<b>II. Cash flow from investing activities:</b>			
Cash receipts from recovery of investments		22,600,221,585.81	12,707,747,663.64
Cash receipts from investment income		28,389,009,121.72	23,263,910,855.77
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		571,074,171.25	239,465,087.44
Other cash receipts relating to investing activities		3,815,669,522.46	1,529,114,250.98
<b>Sub-total of cash inflow from investing activities</b>		<b>55,375,974,401.24</b>	<b>37,740,237,857.83</b>
Cash payment to acquire or construct fixed assets, intangible assets and other long-term assets		15,426,903,859.94	14,319,557,135.32
Cash payments to acquire investments		51,491,759,050.83	28,694,072,514.43
Net cash payments for acquisitions of subsidiaries	(VII)1	2,194,171,772.81	19,368,200.00
<b>Sub-total of cash outflow relating to investing</b>		<b>69,112,834,683.58</b>	<b>43,032,997,849.75</b>
<b>Net Cash flow from investing activities</b>		<b>(13,736,860,282.34)</b>	<b>(5,292,759,991.92)</b>
<b>III. Cash flow from financing activities:</b>			
Cash receipts from capital contributions		1,006,657,925.94	313,478,333.19
Including: cash receipts from capital contributions from minority shareholders of subsidiaries		1,006,657,925.94	310,273,756.54
Cash receipts from borrowings		7,666,107,288.01	12,384,390,445.08
Cash receipts from bonds issuance		6,280,000,000.00	-
<b>Sub-total of cash inflow from financing activities</b>		<b>14,952,765,213.95</b>	<b>12,697,868,778.27</b>
Cash repayments of borrowings		13,498,299,173.08	11,503,737,624.30
Cash payments for distribution of dividends or profits or settlement of interest expenses		23,210,888,620.20	21,313,472,330.49
Including: payments for distribution of dividends or profit to minority shareholders of subsidiaries		8,333,152,753.30	7,520,125,067.24
Other cash payments relating to financing activities	(VI)64	600,447,044.62	65,973,355.84
<b>Sub-total of cash outflow relating to financing activities</b>		<b>37,309,634,837.90</b>	<b>32,883,183,310.63</b>
<b>Net cash flow from financing activities</b>		<b>(22,356,869,623.95)</b>	<b>(20,185,314,532.36)</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>137,133,961.98</b>	<b>(11,898,498.63)</b>
<b>V. Net decrease in cash and cash equivalents</b>		<b>(9,964,021,028.01)</b>	<b>(2,206,162,048.61)</b>
Add: Opening balance of cash and cash equivalents	(VI)65	72,071,515,299.46	74,277,677,348.07
<b>VI. Closing balance of cash and cash equivalents</b>	(VI)65	<b>62,107,494,271.45</b>	<b>72,071,515,299.46</b>

The accompanying notes form part of the financial statements.



YEAR ENDED DECEMBER 31, 2015

## Cash Flow Statement of the Company

Unit: RMB

Item	Notes	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>I. Cash flow from operating activities:</b>			
Cash receipts from the sale of goods and rendering of services		20,231,228,325.19	17,205,243,561.22
Other cash receipts relating to operating activities		2,256,750,827.09	2,108,814,039.94
<b>Sub-total cash inflow from operating activities</b>		22,487,979,152.28	19,314,057,601.16
Cash payments for goods purchased and services		14,628,684,928.65	16,105,626,560.72
Cash payments to and on behalf of employees		2,585,902,282.17	2,233,780,114.35
Payments of various types of taxes		410,716,525.43	537,187,864.74
Other cash payments relating to operating activities		5,416,433,825.44	4,709,687,998.81
<b>Sub-total cash outflow relating to operating activities</b>		23,041,737,561.69	23,586,282,538.62
<b>Net Cash Flow from operating activities</b>	(XV)23	(553,758,409.41)	(4,272,224,937.46)
<b>II. Cash flow from investing activities:</b>			
Cash receipts from recovery of investments		19,369,926,200.00	8,056,617,476.41
Cash receipts from investment income		31,470,475,554.14	26,128,872,087.89
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		31,665,317.37	208,712,134.61
<b>Sub-total cash flow from investing activities</b>		50,872,067,071.51	34,394,201,698.91
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,451,389,278.50	2,068,362,500.96
Cash payments to acquire investments		26,294,694,437.62	9,039,243,805.82
<b>Sub-total cash outflow relating to investing activities</b>		27,746,083,716.12	11,107,606,306.78
<b>Net cash flow from investing activities</b>		23,125,983,355.39	23,286,595,392.13
<b>III. Cash flow from financing activities</b>			
Other cash receipts relating to financing activities		-	3,204,576.65
<b>Sub-total cash inflow from financing activities</b>		-	3,204,576.65
Cash payments for distribution of dividends or profits or settlement of interest expenses		14,333,236,617.70	13,326,246,970.02
<b>Sub-total cash outflow relating to financing activities</b>		14,333,236,617.70	13,326,246,970.02
<b>Net Cash flow from financing activities</b>		(14,333,236,617.70)	(13,323,042,393.37)
<b>IV. Effect of foreign exchange rate on cash and cash equivalents</b>		2,659,720.89	(711,823.17)
<b>V. Net Increase in cash and cash equivalents</b>		8,241,648,049.17	5,690,616,238.13
Add: Opening balance of cash and cash equivalents	(XV)23	45,655,207,147.68	39,964,590,909.55
<b>VI. Closing Balance of cash and cash equivalents</b>	(XV)23	53,896,855,196.85	45,655,207,147.68

The accompanying notes form part of the financial statements.

YEAR ENDED DECEMBER 31, 2015

## Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

Item	Shareholders' equity attributable to shareholders of the Company								Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risks reserve	Retained earnings	Sub-total		
Balance as of January 1, 2015	11,025,566,629.00	37,986,599,121.54	9,703,495,421.66	181,962,263.44	21,836,161,907.74	844,919,712.17	76,085,680,916.97	157,664,385,972.52	27,334,691,042.39	184,999,077,014.91
Changes during the year	-	953,170,694.19	1,213,297,812.07	93,827,152.94	4,892,099,856.96	-	10,311,957,169.25	17,464,352,685.41	8,453,856,019.89	25,918,208,705.30
(I) Total comprehensive income	-	-	1,213,297,812.07	-	-	-	29,793,790,723.65	31,007,088,535.72	10,108,253,231.64	41,115,341,767.36
(II) Shareholders' contribution	-	-	-	-	-	-	-	-	731,025,925.94	731,025,925.94
(III) Profit distribution	-	1,641,152.55	-	-	4,892,099,856.96	-	(19,481,833,554.40)	(14,588,092,544.89)	(8,899,227,681.13)	(23,487,320,226.02)
1. Appropriation of surplus reserve	-	-	-	-	4,892,099,856.96	-	(4,892,099,856.96)	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	(14,333,236,617.70)	(14,333,236,617.70)	(8,644,162,539.85)	(22,977,399,157.55)
3. Others	-	1,641,152.55	-	-	-	-	(256,497,079.74)	(254,855,927.19)	(255,065,141.28)	(509,921,068.47)
(IV) Special reserve	-	-	-	93,827,152.94	-	-	-	93,827,152.94	(190,588.71)	93,636,564.23
1. Provision for special reserve	-	-	-	96,313,710.21	-	-	-	96,313,710.21	3,364,228.93	99,677,939.14
2. Use of special reserve	-	-	-	(2,486,557.27)	-	-	-	(2,486,557.27)	(3,554,817.64)	(6,041,374.91)
(V) Others	-	951,529,541.64	-	-	-	-	-	951,529,541.64	6,513,995,132.15	7,465,524,673.79
1. Changes due to changes in the scope of consolidation during the year	-	-	-	-	-	-	-	-	4,718,647,016.24	4,718,647,016.24
2. Changes due to changes of proportion of capital contribution to subsidiaries during the year	-	938,708,711.25	-	-	-	-	-	938,708,711.25	1,789,807,776.81	2,728,516,488.06
3. Others	-	12,820,830.39	-	-	-	-	-	12,820,830.39	5,540,339.10	18,361,169.49
<b>Balance as of December 31, 2015</b>	<b>11,025,566,629.00</b>	<b>38,939,769,815.73</b>	<b>10,916,793,233.73</b>	<b>275,789,416.38</b>	<b>26,728,261,764.70</b>	<b>844,919,712.17</b>	<b>86,397,638,086.22</b>	<b>175,128,738,657.93</b>	<b>35,788,547,062.28</b>	<b>210,917,285,720.21</b>

YEAR ENDED DECEMBER 31, 2015

## Consolidated Statement of Changes in Shareholders' Equity - Continued

Unit: RMB

Item	Shareholders' equity attributable to shareholders of the Company								Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risks reserve	Retained earnings	Sub-total		
Balance as of January 1, 2014	11,025,566,629.00	37,969,525,894.74	4,422,625,915.82	94,184,174.87	16,943,432,989.44	844,919,712.17	66,456,983,324.88	137,757,238,640.92	23,974,852,470.12	161,732,091,111.04
Changes during the year	-	17,073,226.80	5,280,869,505.84	87,778,088.57	4,892,728,918.30	-	9,628,697,592.09	19,907,147,331.60	3,359,838,572.27	23,266,985,903.87
(I) Total comprehensive income	-	-	5,280,869,505.84	-	-	-	27,973,441,274.41	33,254,310,780.25	11,061,667,724.06	44,315,978,504.31
(II) Shareholders' contribution	-	3,204,576.65	-	-	-	-	-	3,204,576.65	310,273,756.54	313,478,333.19
(III) Profit distribution	-	976,695.30	-	-	4,892,728,918.30	-	(18,344,743,682.32)	(13,451,038,068.72)	(7,846,554,807.12)	(21,297,592,875.84)
1. Appropriation of surplus reserve	-	-	-	-	4,892,728,918.30	-	(4,892,728,918.30)	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	(13,230,679,954.80)	(13,230,679,954.80)	(7,592,233,233.38)	(20,822,913,188.18)
3. Others	-	976,695.30	-	-	-	-	(221,334,809.22)	(220,358,113.92)	(254,321,573.74)	(474,679,687.66)
(IV) Special reserve	-	-	-	87,778,088.57	-	-	-	87,778,088.57	(996,306.72)	86,781,781.85
1. Provision for special reserve	-	-	-	92,174,987.53	-	-	-	92,174,987.53	3,552,871.51	95,727,859.04
2. Use of special reserve	-	-	-	(4,396,898.96)	-	-	-	(4,396,898.96)	(4,549,178.23)	(8,946,077.19)
(V) Others	-	12,891,954.85	-	-	-	-	-	12,891,954.85	(164,551,794.49)	(151,659,839.64)
1. Changes due to changes in the scope of consolidation during the year	-	-	-	-	-	-	-	-	9,846,672.00	9,846,672.00
2. Changes due to changes of proportion of capital contribution to subsidiaries during the year	-	12,891,954.85	-	-	-	-	-	12,891,954.85	(174,398,466.49)	(161,506,511.64)
<b>Balance as of December 31, 2014</b>	<b>11,025,566,629.00</b>	<b>37,986,599,121.54</b>	<b>9,703,495,421.66</b>	<b>181,962,263.44</b>	<b>21,836,161,907.74</b>	<b>844,919,712.17</b>	<b>76,085,680,916.97</b>	<b>157,664,385,972.52</b>	<b>27,334,691,042.39</b>	<b>184,999,077,014.91</b>

YEAR ENDED DECEMBER 31, 2015

## Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

Item	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total shareholders' equity
Balance as of January 1, 2015	11,025,566,629.00	50,924,492,456.98	2,765,116,611.53	21,836,161,907.74	54,303,280,678.75	140,854,618,284.00
Changes during the year	-	-	430,237,141.74	4,892,099,856.96	5,235,162,810.12	10,557,499,808.82
(I) Total comprehensive income	-	-	430,237,141.74	-	24,460,499,284.78	24,890,736,426.52
(II) Profit distribution	-	-	-	4,892,099,856.96	(19,225,336,474.66)	(14,333,236,617.70)
1. Appropriation of surplus reserve	-	-	-	4,892,099,856.96	(4,892,099,856.96)	-
2. Distribution to shareholders	-	-	-	-	(14,333,236,617.70)	(14,333,236,617.70)
<b>Balance as of December 31, 2015</b>	<b>11,025,566,629.00</b>	<b>50,924,492,456.98</b>	<b>3,195,353,753.27</b>	<b>26,728,261,764.70</b>	<b>59,538,443,488.87</b>	<b>151,412,118,092.82</b>

YEAR ENDED DECEMBER 31, 2015

## Statement of Changes in Shareholders' Equity of the Company - Continued

Unit: RMB

Item	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total shareholders' equity
Balance as of January 1, 2014	11,025,566,629.00	50,921,287,880.33	(240,532,279.94)	16,943,432,989.44	47,963,044,960.35	126,612,800,179.18
Changes during the year	-	3,204,576.65	3,005,648,891.47	4,892,728,918.30	6,340,235,718.40	14,241,818,104.82
(I) Total comprehensive income	-	-	3,005,648,891.47	-	24,463,644,591.50	27,469,293,482.97
(II) Shareholders' contribution	-	3,204,576.65	-	-	-	3,204,576.65
(III) Profit distribution	-	-	-	4,892,728,918.30	(18,123,408,873.10)	(13,230,679,954.80)
1. Appropriation of surplus reserve	-	-	-	4,892,728,918.30	(4,892,728,918.30)	-
2. Distribution to shareholders	-	-	-	-	(13,230,679,954.80)	(13,230,679,954.80)
<b>Balance as of December 31, 2014</b>	<b>11,025,566,629.00</b>	<b>50,924,492,456.98</b>	<b>2,765,116,611.53</b>	<b>21,836,161,907.74</b>	<b>54,303,280,678.75</b>	<b>140,854,618,284.00</b>

## I. GENERAL

SAIC Motor Corporation Limited (hereinafter referred to as the “Company”) is a stock limited company exclusively initiated by Shanghai Automotive Industry Corporation (Group) (hereinafter referred to as “SAIC”) as approved by [1997] No.41 issued by Shanghai Municipal People’s Government and by Hu Zheng Si [1997] No.104 issued by Shanghai Securities Management Office in August, 1997. The Company received the legal entity business license with Registration No. 310000000000840, and the operating period is infinite. On November 7, 1997, as approved by China Securities Regulatory Commission (hereinafter referred to as “CSRC”) with Zheng Jian Fa Zi [1997] No. 500, the Company issued the domestic shares that are listed in China (A Share) to the public for trading in the market, with the stock code of 600104.

After the establishment, the Company has undertaken quite a few equity transactions. As of January 1, 2011, the Company’s total share capital was RMB 9,242,421,691.00, in 9,242,421,691 shares, of which SAIC held 6,742,713,768 shares, accounting for 72.95% of the total shares, Yuejin Motor Group Corporation (hereinafter referred to as “Yuejin”) held 468,398,580 shares, accounting for 5.07% of the total shares, and remaining shares held by the public were 2,031,309,343 shares, accounting for 21.98% of the total shares.

On April 1, 2011, “Proposal of Assets Acquisition through Share Issue and Related Party Transactions of SAIC Motor Corporation Limited” was approved by the 4th session of the board of the Company on the 26th board meeting and the Company is approved to acquire assets from SAIC and Shanghai Automotive Industry Co., Ltd. (hereinafter referred to as “SAIC Ltd”) through issuing shares to SAIC and SAIC Ltd. According to “Assets Acquisition through Share Issue Agreement” entered into between the Company, SAIC and SAIC Ltd on April 1, 2011, the Company was to issue shares to SAIC and SAIC Ltd to acquire assets and equity investments related to business of independent supply of auto parts, automotive service and trading and new energy automotive owned by SAIC and SAIC Ltd (hereinafter referred to as “2011 Restructuring”). On May 11, 2011, “Proposal of Assets Acquisition through Share Issue and Related Party Transaction of the Company” and “Proposal of Signing ‘Supplement Agreement of Assets Acquisition through Share Issue’” were approved by the 4th session of the board of the Company on the 29th meeting. The Company, SAIC and SAIC Ltd signed Supplemental Agreement of Assets Acquisition through Share Issue on the same day. On May 20, 2011, Shanghai SASAC approved 2011 Restructuring with “Approval of the Nonpublic Issue of Shares of SAIC Motor Corporation Limited” (Hu Guo Zi Wei Chan Quan [2011] No. 187). On May 27, 2011, “Proposal of Assets Acquisition through Share Issue and Related Party Transaction” and “Proposal of Signing ‘Assets Acquisition through Share Issue Agreement’ and ‘Supplemental Agreement of Assets Acquisition through Share Issue’” were approved by the second temporary general meeting of shareholders of 2011. On September 9, 2011, CSRS approved 2011 Restructuring with “Approval of Assets Acquisition through Share Issue” (Zheng Jian Xu Ke [2011] No. 1431).

On December 13, 2011, the Company signed “Delivery Memorandum” with SAIC and SAIC Ltd, and completed the delivery of assets of 2011 restructuring on the same day. On December 27, 2011, the Company completed the issue of 1,783,144,938 shares, including 1,448,736,163 shares issued to SAIC and 334,408,775 shares issued to SAIC Ltd. On December 28, 2011, the Company received the Security Change Registration Certificate issued by Shanghai Branch of China Security Depository and Clearing Corporation Limited for the above share issue.

After 2011 Restructuring, the Company had 11,025,566,629 shares in issue, with share capital of RMB 11,025,566,629.00, of which SAIC held 8,191,449,931 shares, accounting for 74.30% of the total shares, Yuejin held 468,398,580 shares, accounting for 4.25% of the total shares, SAIC Ltd held 334,408,775 shares, accounting for 3.03% of the total shares, and other public shareholders held 2,031,309,343 shares, accounting for 18.42% of the total shares.

During the year of 2012, Yuejin had transferred 54,479,439 shares of the Company.

**I. GENERAL - continued**

On February 12, 2015, SAIC Ltd. reached a gratuitous transfer of state-owned equity interest agreement with Shanghai International Group Ltd (hereinafter referred to as “SIG”) to transfer 334,408,775 shares of the Company to SIG. In April 2015, Shanghai SASAC approved the transfer with “Approval of the Gratuitous Transfer of Shares of SAIC Motor Corporation Limited held by Shanghai Automotive Industry Co., Ltd.” (Hu Guo Zi Wei Chan Quan [2015] No. 88). The share transfer procedure was completed on May 7, 2015 in the China Securities Depository and Clearing Co., Ltd. Shanghai Branch. After the transfer, the Company still had 11,025,566,629 shares in issue, of which SAIC held 8,191,449,931 shares, accounting for 74.30% of the total shares, SIG held 334,408,775 shares, accounting for 3.03% of the total shares.

As of December 31, 2015, the Company’s total share capital was RMB 11,025,566,629.00 in 11,025,566,629 shares, of which SAIC held 8,191,449,931 shares, accounting for 74.30% of the total shares, Yuejin held 413,919,141 shares, accounting for 3.75% of the total shares, SIG held 334,408,775 shares, accounting for 3.03% of the total shares, and other public shareholders held 2,085,788,782 shares, accounting for 18.92% of the total shares.

Business scope of the Company includes manufacturing and sales of automobiles, motorcycles, tractors and other motor vehicles, and power trains and automobile parts, domestic trading (except those under special provisions), advisory services, export of self-manufactured products and technology, import of machinery and equipment, spare parts, raw and supplementary materials, and technology needed in the business operating (except goods and technology forbidden to import and export by Chinese government), rental of cars and machinery and equipment, industrial investment, periodical publishing, advertisements in the Company’s own media, import and export business of goods and technology (Any project that requires to be approved by law can only be carried out after approved by relevant authorities ).

The Company’s parent company is SAIC, which is a state-owned enterprise supervised by Shanghai SASAC.

Refer to Note (VIII) "interests in other entities" for details of the scope of consolidated financial statements of the year. Refer to note (VII) "Changes in the scope of consolidation" for details of changes in the scope of consolidation during the year.

**II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) adopt Accounting Standards for Business Enterprises (hereinafter referred to as “ASBE”) and other related regulations issued by the Ministry of Finance of the People’s Republic of China. In addition, the Group discloses financial information in accordance with “Information Disclosure and Preparation and Reporting Rules for Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reporting (Revised in 2014)”.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES****1. Statement of compliance with ASBE**

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the consolidated and the Company’s financial position as of December 31, 2015, and the consolidated and the Company’s results of operations and cash flows for the year then ended.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****2. Basis of accounting and principle of measurement**

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Company has adopted the historical cost as the principle of measurement of the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Under the basis of historical cost, assets are measured by amount of cash or cash equivalents paid for purchase or fair value of paid consideration. Liabilities are measured by funds or amount of assets received by current obligation or amount of contract, or anticipated cash and cash equivalents paid for repayment of liabilities in daily routines

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, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and disclosure purposes in the financial statements is determined on such a basis.

Fair value measurements are categorized into 3 levels based on the degree to which the inputs to the fair value measurements are observable and the significances of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**3. Accounting period**

The Group has adopted the calendar year as its accounting year, i.e. from January 1 to December 31.

**4. Operating cycle**

Operating cycle is the period from purchasing assets for processing to realizing cash and cash equivalents. The operating cycle of the Group is usually about 12 month.

**5. Functional currency**

Renminbi (“RMB”) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company’s foreign subsidiaries determine their functional currencies in accordance with the currencies in the primary economic environment where they operate. The Group adopts RMB to prepare its financial statements.

**6. Business combination and preparation of consolidated financial statements**

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

**6.1 Business combination involving enterprises under common control**

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



**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****6. Business combination and preparation of consolidated financial statements - continued****6.1 Business combination involving enterprises under common control - continued**

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

**6.2 Business combination not involving enterprises under common control and goodwill**

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

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

**6.3 Preparation of consolidated financial statements**

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. If changes of related facts and situations lead to changes of related elements of control, the Group will undertake reassessment.

The combination of subsidiaries begins with controlling the subsidiary by the Group, and ends with the Group's losing control of the subsidiary.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****6. Business combination and preparation of consolidated financial statements - continued****6.3 Preparation of consolidated financial statements - continued**

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within owners' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority shareholders is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or receipts is adjusted to capital reserve under shareholders' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not under common control, this should be dealt with for whether this belongs to 'package deal': if it belongs to 'a bundled transaction', transactions will be dealt as transaction to acquire control. If it does not belong to 'a bundled transaction', transactions to acquire control on acquisition date will be under accounting treatment, the fair value of acquiree's shares held before acquisition date will be revalued, and the difference between fair value and book value will be recognized in profit or loss of current period; if acquiree's shares held before acquisition date involve in changes of other comprehensive income and other equity of owners under equity method, this will be transferred to income of acquisition date.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****6. Business combination and preparation of consolidated financial statements - continued****6.3 Preparation of consolidated financial statements - continued**

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost, and goodwill is offset at the same time. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

When the Group loses control of a subsidiary in two or more arrangements (transactions), terms and conditions of the arrangements (transactions) and their economic effects are considered. One or more of the following indicate that the Group shall account for the multiple arrangements as a single transaction: (i) they are entered into at the same time or in contemplation of each other; (ii) they form a single transaction designed to achieve an overall commercial effect; (iii) the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement; (iv) one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements. If the transactions of disposal of equity interest of a subsidiary are assessed as a single transaction, these transactions are accounted for as one transaction of disposal of a subsidiary. Before losing control, the difference of consideration received on disposal and the share of net assets of the subsidiary continuously calculated from acquisition date is recognized as other comprehensive income. When losing control, the cumulated other comprehensive income is transferred to profit or loss of the period of losing control. If the transactions of disposal of equity investment of a subsidiary are not assessed as a single transaction, these transactions are accounted for as unrelated transactions.

**Special purpose trust**

The Group establishes a special purpose trust (structured entity) to satisfy the need of specific businesses. The Group will assess the nature of the relationship with the special purpose trust and relevant risks and rewards to determine whether the Group has control over the special purpose trust. During the above assessment, the Group make the judgement on whether it obtains control over special purpose trust based on all relevant facts and circumstances. Once the elements involved in the definition of control changes due to changes in relevant facts and circumstances, the Group will make a reassessment. Relevant facts and circumstances include: (1) Motivation for establishing special purpose trust; (2) Activities related to the special purpose trust and how to make decisions on such activities; (3) Capabilities of the Group to dominate activities related to the special purpose trust which depends on the rights enjoyed by the Group; (4) Possibility of enjoying variable returns by participating activities related to the special purpose trust; (5) Capabilities of the Group to affect the return amount by using its power on the invested entities; (6) Relationship between the Group and other parties. If the results of the assessment show that the Group obtains control over the special purpose trust, the special purpose trust will be merged by the Group.

**7. Classification of joint arrangement and accounting treatment of joint operation**

Joint arrangement is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement, which is assessed by considering the structure and the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Group accounts for investments in joint ventures using equity method. Refer to Note (III) 14.3.2 "Long-term equity investment accounted for using the equity method" for details.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****7. Classification of joint arrangement and accounting treatment of joint operation - continued**

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting standards applicable to the particular assets, liabilities, revenues and expenses.

**8. Recognition criteria of cash and cash equivalents**

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**9. Translation of transactions and financial statement denominated in foreign currencies****9.1 Transactions denominated in foreign currencies**

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (i) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period, (ii) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting, (iii) exchange differences arising from available-for-sale non-monetary items (such as shares) denominated in foreign currencies and changes in the carrying amounts (other than the amortized cost) of available-for-sale monetary items are recognized as other comprehensive income.

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognized as “exchange differences arising on translation of financial statements denominated in foreign currencies” in other comprehensive income, and in profit and loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****9. Translation of transactions and financial statement denominated in foreign currencies - continued**9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date, shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose, all items in the income statement as well as items reflecting the distribution of profits are translated at the spot exchange rates on the dates of the transactions, the opening balance of retained earnings is the translated closing balance of the previous year's retained earnings, the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is separately presented as the exchange differences arising on translation of financial statements denominated in other comprehensive income under the shareholders' equity in the balance sheet.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the spot exchange rate on the date of the cash. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation attributable to the owners' equity of the Company and presented under shareholders' equity, to profit or loss in the period in which the disposal occurs.

When the Group decreases equity interest in a foreign operation without losing control by partial disposal or other means, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to minority interests and are not recognized in profit and loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

**10. Financial instruments**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts.

10.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****10. Financial instruments - continued**10.1 Effective interest method - continued

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

10.2 Classification, recognition and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

10.2.1 Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss.

A financial asset is classified as held for trading if one of the following conditions is satisfied: (i) It has been acquired principally for the purpose of selling in the near term, or (ii) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking, or (iii) It is a derivative that is not designated and effective as a 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 in an active market) whose fair value cannot be reliably measured.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases, or (ii) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; (iii) The hybrid financial instrument combines financial asset with embedded derivatives.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

10.2.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

10.2.3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, interest receivable, dividends receivable, and other receivables.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****10. Financial instruments - continued**10.2 Classification, recognition and measurement of financial assets - continued10.2.3. Loans and receivables - continued

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

10.2.4. Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognized in investment gains.

For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

10.3 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor,
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments,
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower,
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganizations,
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer,
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
  - Adverse changes in the payment status of borrower in the group of assets;
  - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets,

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****10. Financial instruments - continued****10.3 Impairment of financial assets - continued**

- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor,
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost,
- (9) Other objective evidence indicating there is an impairment of a financial asset.

**- Impairment of financial assets measured at amortized cost**

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognize impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

**- Impairment of available-for-sale financial assets**

A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is objective evidence of impairment. At each balance sheet date, the Group assesses available-for-sale equity instruments on an item-by-item basis. Impairment is indicated when the fair value of an equity instrument is lower than its initial investment cost over 50% (including 50%) or the fair value has been lower than its initial investment cost for over 12 months (including 12 months).

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognized directly in other comprehensive income is reclassified from other comprehensive income to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized in profit or loss.



**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****10. Financial instruments - continued**10.3 Impairment of financial assets - continued

- Impairment of financial assets measured at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognized as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognized.

10.4 Transfer and derecognition of financial assets

Transfer of the Group's financial assets, includes following two situations:

- (1) The contractual right of receiving cash flow of financial assets has been transferred,
- (2) Although the financial assets have been transferred, the Group retains the contractual right of receiving cash flow of financial assets and undertakes obligation of paying received cash flow to final recipient,
  - When receiving cash flow from financial assets, the obligation of paying to final recipients should be undertaken. The Group incurs short-term advance payment, and has the right of recovering all advances and receiving interests calculated by bank loan interest, meeting the criteria;
  - According to agreement of contract, the financial assets cannot be sold or taken as collateral, but they can be the guarantee of paying cash flow to final recipients;
  - Obligation of paying received cash flow to final recipients. The Group has no right of using cash flow to reinvest, except that the Group uses cash and cash equivalents to invest during interval of two payments. The Group reinvests according to contract agreement, and the investment income should be paid to final recipients according to contract agreement.

A financial asset of a part of a financial asset will be derecognized if one of the following conditions is satisfied:

- (1) Contractual right of receiving cash flow from the financial asset terminates;
- (2) The financial asset has been transferred, and meets one of the following conditions:
  - The Group has transferred almost all risks and reward of the financial asset;
  - The Group has not retained or transferred ownership of the financial asset, and not keeps control on the financial asset.

If the financial asset has been transferred and the risks and reward of its ownership has not been retained, and the control of the financial asset has not been transferred, the Group will recognize related financial asset according to the extent of the Group's continuing involvement in the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (i) the carrying amount of the financial asset transferred, and (ii) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****10. Financial instruments - continued**10.5 Assets securitization

As a part of operating activities, the Group has securitized certain credit assets. The Group normally transfers such assets to structured entities, which issues securities to investors. The conditions of derecognition of financial assets are set out in Note (III) 10.4. When applying the conditions of derecognition of financial assets, the Group considers the degree to which the risks and rewards of the assets are transferred to structured entities and the degree to which the Group exercises control over the structured entities. For credit assets securitization not meeting derecognition conditions, relevant financial assets are derecognized, funds raised from third parties will be treated as financing.

10.6 Classification, recognition and measurement of financial liabilities

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and the economic nature rather than its legal form.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

10.6.1 Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL consist of financial liabilities held for trading and those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if one of the following conditions is satisfied:

- (1) It has been acquired principally for the purpose of repurchasing in the near term;
- (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking;
- (3) It is a derivative, except for a derivative that is a 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 in an active market) whose fair value cannot be reliably measured.

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognizing the gains or losses on them on different bases, or (2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; or (3) The hybrid financial instrument with related embedded derivatives which meets the requirements.

Financial liabilities at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses related to the financial liabilities are recognized in profit or loss.

10.6.2 Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Except for financial guarantee contracts, financial liabilities and guarantees of loans are subsequently measured at amortized cost using the effective interest method, with gain or loss arising from derecognition or amortization recognized in profit or loss.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****10. Financial instruments - continued**10.6 Classification, recognition and measurement of financial liabilities - continued10.6.3. Financial guarantee contracts

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are initially measured at their fair values less the directly attributable transaction costs. Subsequent to initial recognition, they are measured at the higher of: (i) the amount determined in accordance with "Accounting Standard for Business Enterprises No. 13-Contingencies", and (ii) the amount initially recognized less cumulative amortization recognized in accordance with the principles set out in "Accounting Standard for Business Enterprises No. 14-Revenue".

10.7 Derecognition of Financial Liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

10.8 Derivatives and embedded derivatives

Derivative financial instruments include forward exchange contracts etc. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The resulting gain or loss is recognized in profit or loss unless the derivative is designated and highly effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss, and treated as a standalone derivative if 1) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and 2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

10.8.1 Convertible loan notes

Convertible loan notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that is settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity instrument, is included in capital reserve (other capital reserve-share conversion option).

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****10. Financial instruments - continued**10.8 Derivatives and embedded derivatives - continued10.8.1 Convertible loan notes - continued

In subsequent periods, the liability component of the convertible loan notes is carried at amortized cost using the effective interest method. The conversion option classified as equity remains in equity. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

Transaction costs incurred for the issue of convertible loan notes are allocated to the liability component and equity component in proportion to their respective fair values. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortized over the period of the convertible loan notes using the effective interest method.

10.9 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

10.10 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and written off by the Group are recognized as changes of equity. Change of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transaction are deducted from equity. The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders equity.

**11. Receivables**11.1 Receivables that are individually significant and for which bad debt provision is individually assessed

Basis or monetary criteria for determining an individually significant receivable	A receivable that exceeds RMB100 million or other receivable that exceeds RMB50 million is deemed as an individually significant receivable by the Group.
Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed	For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****11. Receivables - continued**11.2 Receivables for which bad debt provision is collectively assessed on a portfolio basis

Basis for determining a portfolio	The Group classifies the receivables that are not individually significant and those that are individually significant but are not impaired individually into groups of financial assets according to the similarity and relevance of credit risk characteristics. These credit risks usually reflect the debtors' ability to pay the amounts due at maturity under contractual terms of related assets and are related to the estimation of future cash flows of the assets subject to assessment.
Bad debt provision method for a portfolio	While assessing the provision of bad debt of the Group, the provision is measured in consideration of the structure of the Group, similar credit risk characteristics (the ability of debtor repay the due amount required by the contract), experiences gained in past period, current economic circumstances and the expected impairment of the Group.

11.3 Receivables that are not individually significant but for which bad debt provision is individually assessed

Reasons for individual bad debt provision	The receivables that prove the impairment of financial assets due to serious financial difficulties of the debtor and for other reasons are subject to individual assessment, and provision is made for bad debts.
Method of determining provision for receivables	Individual determination method

**12. Inventories**12.1 Categories of inventories

The Group's inventories mainly include materials in transit, raw materials, work-in-progress, finished goods and development costs. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

12.2 Valuation method of inventories upon delivery

For general trading companies, upon delivery of inventories, the weighted average method is used to assign the actual cost of inventories as for general trading enterprises.

For general manufacturing enterprises, inventories are accounted for using the planned costing method upon delivery. Cost variances are computed at the end of month to adjust planned costs to actual costs.

12.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

For inventories, provision for inventory depreciation is made according to the difference between the cost of an individual inventory item and its realizable net value.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****12. Inventories - continued****12.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories - continued**

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

**12.4 Inventory count system**

The perpetual inventory system is maintained for stock system.

**12.5 Amortization method for low cost and short-lived consumable items and packaging materials**

Packaging materials and low cost and short-lived consumable items are amortized using the immediate write-off method.

Other reusable materials are amortized using the immediate write-off method.

**13. Assets classified as held for sale**

When a component or non-current assets (except deferred tax assets) of the Group meets all the following conditions, the Group classifies such assets as held for sale: the component or non-current assets are available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets; the Group has decided to dispose the component or non-current assets; the Group has signed an irrevocable transfer agreement with the transferee; the transfer is to be completed within one year.

Non-current assets held for sale are not accounted for using equity method, not depreciated or amortized, and are measured at the lower of carrying amount and fair value less costs to disposal.

**14. Long-term equity investments****14.1. Determination of control, joint control and significant influence**

Control is achieved when the investor has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and the ability to use its power to affect its returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When assessing whether the investor can has control or significant influence over the investee, potential voting rights (e.g. exercisable convertible bonds and warrants) held by the investor and other parties.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****14. Long-term equity investments - continued**14.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of book value of owners' equity of combined party in financial statements of ultimate controlling party are recognized as initial investment cost of long-term equity investment at combination date. The difference between initial investment cost of long-term equity investment and cash paid, non-cash assets transferred and book value of liabilities assumed, is adjusted in capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is the share of book value of owners' equity of the acquired entity in the ultimate controlling party's consolidated financial statements at the date of combination. The aggregate face value of the shares issued is accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. Where equity interests in an acquiree are acquired in stages through stepwise transactions ultimately constituting a business combination involving entities under common control, the acquirer shall determine if these transactions are considered to be "a bundled transaction". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the initial investment cost of the long-term equity investment is the share of book value of owners' equity of the acquired entity in the ultimate controlling party's consolidated financial statements at the date of combination. The difference between the initial investment cost and the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. Other comprehensive income recognized for the previously held equity investments by accounting treatment of equity method or available-for-sale financial assets is not subject to accounting treatment temporarily.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer shall determine if these transactions are considered to be "a bundled transaction". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. If the equity previously held was accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily. If the equity investment previously held was classified as available-for-sale financial assets, the difference between the fair value and carrying amount, together with the accumulated fair value previously included in other comprehensive income are transferred to profit or loss for the period.

The expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

Long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with "Accounting Standard for Business Enterprises No.22 - Financial Instruments Recognition and Measurement" and the additional investment cost.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****14. Long-term equity investments - continued**14.3 Subsequent measurement and recognition of profit or loss14.3.1. Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group. Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

14.3.2. Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized as other comprehensive income which is included in the capital reserve.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

For long-term equity investments in associates and joint ventures which had been held by the Group before its first-time adoption of ASBE on January 01, 2007, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the investee's net assets at the time of acquisition, the excess is amortized and is recognized in profit or loss on a straight line basis over the original remaining life.



**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****14. Long-term equity investments - continued****14.4. Disposal of long-term equity investments**

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the shareholders' equity attributable to the percentage interest disposed is transferred to profit or loss for the period. For a long-term equity investment accounted for using the cost method, if it is still accounted for cost method after disposal, other comprehensive income recognized before controlling the investee according to equity method or recognition and measurement of financial instruments, account for them on the basis of related assets and liabilities, and recognized in profit or loss for proportion; change of owners' equity except for net profit or loss, other comprehensive income and profit distribution is recognized in profit or loss of current period.

The Group loses control on investee due to disposal of part of shares, during preparing separate financial statement, remaining shares after disposal can make joint control or significant influence on investee, are accounted under equity method, and adjust them as they are accounted under equity method from acquisition date; if remaining shares after disposal cannot make joint control or significant influence on investee, they are accounted according to recognition and measurement of financial instrument, and the difference between fair value on date of losing control and book value is recognized in profit or loss of current period. Before the Group controls the investee, other comprehensive income recognized due to equity method or recognition and measurement of financial instruments, account for them on the basis of related assets and liabilities, and recognized in profit or loss for proportion; change of owners' equity except for net profit or loss, other comprehensive income and profit distribution is recognized in profit or loss of current period. Remaining shares after disposal are accounted under equity method, other comprehensive income and other owners' equity are carried forward as proportion; remaining shares after disposal are accounted due to recognition and measurement of financial instruments other comprehensive income and other owners' equity are all carried forward.

For the Group loses joint control or significant influence on investee after part disposal of shares, remaining shares after disposal are accounted according to recognition and measurement of financial instruments, the difference between fair value at the date of losing joint control or significant influence and book value is recognized in profit or loss of current period. Other comprehensive income recognized under equity method, is accounted on the basis of related assets or liabilities when stop using equity method, change of owners' equity except for net profit or loss, other comprehensive income and profit distribution is recognized in profit or loss of current period

The Group loses control on subsidiaries through stepwise transactions of disposal, if transactions are a bundled transaction, all transactions are seemed as one transaction of disposal investment on subsidiaries, difference between amount of disposal and book value of long-term equity investment, is recognized as other comprehensive income, and recognized in profit or loss when losing control.

**15. Investment properties**

Investment property is property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out, a land use right held for transfer upon capital appreciation, and a building that is leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****15. Investment properties - continued**

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property which is consistent with that for buildings or land use rights.

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

**16. Fixed assets**16.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

16.2 Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method, the units of production method or the double declining balance method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line depreciation	8 - 50	0 - 10	1.8 - 12.5
Machinery and equipment	Straight-line depreciation	5 - 20	0 - 10	4.5 - 20
Electronic equipment, appliance and furniture	Straight-line depreciation	2 - 20	0 - 10	4.5 - 50
Transportation vehicles	Straight-line depreciation	3 - 12	0 - 10	7.5 - 33.33
Molds	Straight-line depreciation or units of production method	Not applicable	0 - 5	Not applicable

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

16.3 Identification, valuation and depreciation method for fixed assets under finance lease

At the beginning of lease term, the lower between fair value of lease assets at the beginning of lease term and present value of the least payment is recognized as book value of lease assets, and recognize least payment as book value of long-term payables, and the difference is unrecognized financial charge. In addition, in the process of lease negotiating and signing lease contract, initial direct expense attributable to lease item is recognized in value of assets.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****16. Fixed assets - continued**16.3 Identification, valuation and depreciation method for fixed assets under finance lease - continued

The Group adopts a depreciation policy for a fixed asset held under a finance lease which is consistent with that for its owned fixed asset. If there is reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

16.4 Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

**17. Construction in progress**

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

**18. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, 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. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings. During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****19. Intangible assets**19.1 Intangible assets

Intangible assets include land use rights, non-patent technology, patents, trademark and software etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

Category	Amortization method	Useful life (year)
Land use right	Straight-line method	40 - 50
Non-patent	Straight-line method	3 - 10
Royalty	Straight-line method	10 - 20
Software license	Straight-line method	5 - 10
Patent	Straight-line method	3 - 10
Trademark	Straight-line method	10

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

19.2 Internal research and development expenditure

Expenditure during the research phase is recognized as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period:

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale,
- (2) The Group has the intention to complete the intangible asset and use or sell it,
- (3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset, and
- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period.

**20. Provision for impairment losses of intangible assets**

The Group assesses at each balance sheet date whether there is any indication that long-term equity investment, investment property, fixed assets and construction in progress and the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. Recoverable amount is the higher of net value of fair value of assets or assets group less disposal expenses and present value of anticipated future cash flow.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****20. Provision for impairment losses of intangible assets- continued**

If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

Goodwill is at least undertaken impairment test at balance sheet date. When goodwill is undertaken impairment test, it is combined with related asset group or asset group portfolio. From the acquisition date, the book value of goodwill is divided into asset group or asset portfolio benefited from synergy effect of the Company, if the recoverable amount of asset group or asset portfolio including divided goodwill is less than its book value, corresponding impairment loss is recognized. Firstly, amount of impairment loss should offset the book value of goodwill of asset group or asset portfolio, and offset book value of other assets according to proportion of other assets in asset group or asset portfolio.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

**21. Long-term prepaid expenses**

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

**22. Employee benefits**22.1 Accounting treatment of short-term benefits

Actually occurred short-term employee benefits are recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognized in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as trade union fund and employee education fund provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

22.2 Accounting treatment of post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

During the accounting period of rendering service to employees of the Group, amount which should be paid according to defined contribution plans is recognized as liabilities, and recognized in profit or loss or related costs of assets.

For defined benefit plans, the Group calculates defined benefit plan obligations using projected unit credit method and the service cost resulting from employee service in the current period is recorded in profit or loss or the cost of related assets. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income (including interest income of planned assets, interest expenses of defined benefit plan liabilities and effect of asset ceiling); and
- Remeasurement of net liabilities or net assets of defined benefit plans.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****22. Employee benefits - continued**22.2 Accounting treatment of post-employment benefits - continued

Service costs and net interest of net liabilities and net assets of defined benefit plans are recognized in profit or loss of current period or costs of related assets. Remeasurements of the net defined benefit liability (asset) (including actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)) are recognized in other comprehensive income.

Deficit or surplus from present value of obligation of defined benefit plans less fair value of planned asset of defined benefit plans are recognized as net liabilities or net assets of a defined benefit plan. When the defined benefit plan has a surplus, the defined benefit asset is measured at the lower of the surplus in the defined benefit plan and asset ceiling.

22.3 Accounting treatment of termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

The Group provides early retirement benefits to employees who accept arrangement of early retirement. Early retirement is that the Group pays salaries and social insurance to employees whose age is below the statutory retirement age, and they quit their jobs voluntarily approved by management of the Group. The Group pays early retirement benefits to early retirement employees from the date of early retirement arrangement to statutory retirement age of employees. The Group accounts for early retirement benefits using the same accounting policy for termination benefits. When recognition criteria for termination benefits are met, the Group recognizes the salaries and social insurance of early retirement employees for the period from the date termination of service to the date of statutory retirement as liabilities, and recognizes the cost in profit or loss of current period. The difference arising from actuarial gains and losses and adjustment of benefit standards is recognized in profit or loss of current period when it incurs.

22.4 Accounting treatment of other long-term employee benefit

For other long-term employee benefits, where the definition of defined contribution plans is met, it is accounted for according to related requirements of defined contribution plans. Otherwise, net liabilities or net assets of such other long-term employee benefit are recognized and measured according to related requirements of defined benefit plans. At balance sheet date, cost of employee benefit generated from other long-term employee benefit comprises service cost, net interest of net liabilities or net assets of other long-term employee benefit and changes arising from remeasurement of net liabilities or net assets. Net value of these items is recognized in profit or loss or cost of related assets.

**23. Provisions**

Provisions are recognized when the Group has a present obligation related to a contingency such as products quality assurance, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****23. Provisions - continued**

Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the provision.

**24. Revenue**24.1 Revenue from sale of goods

Revenue from sale of goods is recognized when (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, (ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, (iii) the amount of revenue can be measured reliably, (iv) it is probable that the associated economic benefits will flow to the Group, and (v) the associated costs incurred or to be incurred can be measured reliably.

24.2 Revenue from rendering of services

Revenue from rendering of services is recognized when (1) the amount of revenue can be measured reliably, (2) it is probable that the associated economic benefits will flow to the enterprise, (3) the stage of completion of the transaction can be determined reliably, and (4) the associated costs incurred or to be incurred can be measured reliably. Revenue from rendering of services is recognized using the percentage of completion method at the balance sheet date. The stage of completion of a transaction for rendering for services is determined based on the proportion that costs incurred to date bear to the estimated total costs of the transaction.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the costs incurred that will be recoverable, and the costs incurred are recognized as expenses for the period. When it is not probable that the costs incurred will be recovered, revenue is not recognized.

**25. Government grants**

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. Government grants are classified into government grants related to assets and government grants related to income according the subjects required by the Government documents.

A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period.

25.1 Identification and accounting treatment of government grants related to assets

The Group's government grants include land eviction grant, subsidy for fixed assets purchase and technical transformation, because the grants are the government grants received by the Group to purchase or construct long-term assets, these grants are accounted for as government grants related to assets.

The government grants related to assets are recognized as deferred income, and recognized in profit or loss in using the straight-line method over the useful life of the relevant assets.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****25. Government grants- continued**25.2 Identification and accounting treatment of government grants related to income

The Group's government grants mainly include allowance for project development and fiscal subsidies. These government grants are accounted for as government grants related to income.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

For repayment of a government grant already recognized, if there is related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognized in profit or loss for the period. If there is no related deferred income, the repayment is recognized immediately in profit or loss for the period.

Relocation compensation received for relocation in the public interests

If the Group relocates for the benefits of the public interests such as overall planning of urban and rural areas and receives relocation compensation appropriated by the government directly from its fiscal budget, it recognizes such income as special payable. The income attributable to compensation for losses of fixed assets and intangible assets, related expenses, losses from suspension of production incurred during the relocation and reconstruction period, and purchases of assets after the relocation is transferred from special payable to deferred income and is accounted for as either a government grant related to an asset or a government grant related to income based on its nature. Any surplus of relocation compensation after deducting the amount transferred to deferred income is recognized as capital reserve.

**26. Deferred tax assets/ deferred tax liabilities**

The income tax expenses include current income tax and deferred income tax.

26.1 Current income tax

At the balance sheet date, 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.

26.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.



**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****26. Deferred tax assets/ deferred tax liabilities - continued**26.2 Deferred tax assets and deferred tax liabilities - continued

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders' equity, and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

26.3 Offset of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

**27. Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

27.1 Accounting treatment of operating lease27.1.1 The Group as lessee under operating leases

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****27. Leases - continued**27.1 Accounting treatment of operating lease - continued27.1.2 The Group as lessor under operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

27.2 Accounting treatment of finance lease27.2.1 The Group as lessee under finance leases

Recognition and measurement of finance leased assets are set out in notes (III) 16.3.

Unrecognized finance charge is recognized as current finance charge by effective interest method during the lease term. Contingent rental is recognized in profit or loss when incurred. Minimum lease payment net of unrecognized finance charge is presented as long-term liabilities and long-term liabilities due in one year.

27.2.2 The Group as lessor under finance leases

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognized as a finance lease receivable, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognized as unearned finance income.

Unearned finance income is recognized as finance income for the period using the effective interest method over the lease term. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

The net amount of finance lease receivables less unearned finance income is separated into long-term debts receivable and the portion of long-term debts receivable due within one year for presentation.

**28. Other important accounting policies and accounting estimates**28.1 Transfer of assets under repurchase agreement28.1.1 Financial assets purchased under resale agreements

According to agreement, financial assets to be sold on certain future date are not recognized in balance sheet. Cost paid to purchase such assets, is presented in balance sheet as financial assets purchased under resale agreements. The difference between price to purchase and price to sell is calculated by effective interest method, recognized in interest income.

28.1.2 Financial assets sold under repurchase agreements

According to agreement, financial assets to be purchased on future certain date are not recognized in balance sheet. Cash received from sale of such assets, is presented in balance sheet as financial assets sold under repurchase agreements. The difference between price to purchase and price to sell is calculated by effective interest method, recognized in interest expense.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****28. Other important accounting policies and accounting estimates - continued****28.2 Debt restructuring****Recording of debt restructuring obligation as the debtor**

When a debt is settled by cash in a debt restructuring, the difference between the carrying amount of the debt and the cash actually paid is recognized in profit or loss for the period. When a debt is satisfied by a transfer of non-cash asset(s), the difference between the carrying amount of the debt and the fair value of the non-cash asset(s) transferred is recognized in profit or loss for the period. The difference between the fair value of the non-cash asset(s) transferred and its (their) carrying amount(s) is recognized in profit or loss for the period.

When a debt is converted into capital in a debt restructuring, the difference between the carrying amount of the debt and the fair value of the capital issued to the creditor is recognized in profit or loss for the period.

When a debt restructuring involves the modification of other terms of a debt, the restructured debt is recorded at the fair value of the debt with the modified terms. The difference between the carrying amount of the original debt and the recorded amount of the restructured debt is recognized in profit or loss for the period.

When a debt restructuring adopts a combination of various methods, the carrying amount of the debt is reduced by, and in the sequence of, the cash payment, the fair value of the non-cash asset(s) transferred and the fair value of the capital issued to the creditor, and is then accounted for using the same treatment as the above debt restructuring involving the modification of other terms of a debt.

**28.3 Safe production fund**

Safe production fund accrued according to relevant regulations is recognized in the cost of relevant products or profit or loss for the current period and is recorded as special reserve. Accounting treatments for the use safe production fund are distinguished whether fixed assets are formed, for those in the nature of expenses are directly charged against special reserve, for those which form part of fixed assets, the accumulated cost is recognized in fixed assets when it is ready for intended use, meanwhile special reserve is reversed at the same amount and depreciation is recognized at the same amount.

**IV BASIS OF DETERMINING SIGNIFICANT ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES**

In the application of the Group's accounting policies, which are described in Note III, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the inherent uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

The followings are the critical judgments that the Group has made in the process of applying the accounting policies and that have significant effect on the amounts recognized in the financial statements:

**IV. BASIS OF DETERMINING SIGNIFICANT ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued**Bad debt provision for receivables

The Group recognizes bad debt provision for receivables based on the assessment of the collectability of receivables. When there are indications that the collectability of receivables is in doubt, the Group recognizes bad debt provision. The management needs to make assumptions and judgement according to history of the collection, aging and financial condition of debtors when estimating bad debt provision, so the estimate of bad debt provision has uncertainty. If actual bad debt or re-estimate result is different from the current estimate, the difference will affect the book value of receivables during the period of changing estimate.

Provision for decline in value of inventory

The Group recognizes provision for decline in value of inventories based on estimate of the net realizable value of inventories. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion, the estimated costs necessary to make the sale and related taxes. When there is any indication that net realizable value of inventory is lower than its cost, provision for decline in value of inventories is recognized. The determination of net realizable value involves judgment and estimate. If there is difference between re-estimate result and current estimate, the difference will affect book value of inventories during the period of changing estimate.

Impairment of non-current assets

The Group assesses at balance sheet date whether there is any indication that the non-current assets excluding financial assets may be impaired. If there is any indication that the book value of such non-current assets is not recoverable, the Group makes impairment assessment. Provision for impairment of an asset or an asset group is calculated by the lower of book value and recoverable amount. Recoverable amount of an asset or an asset group is determined by the higher of fair value less cost of disposal and the present value of the future cash flows of an asset or an asset group. When estimating present value of the future cash flows, the management needs to estimate the future cash flow and determine appropriate discount rate. When calculating fair value less cost of disposal, the fair value is the price that would be received to sell an asset in an orderly transaction between market participants. If re-estimated recoverable amount is lower than current estimate, the difference will affect book value of asset during the period of changing.

Estimated useful life and residual value of fixed assets

The Group determines the useful life and estimated net residual value of a fixed asset based on the historical experience in the actual useful life and net residual value of fixed assets with similar function and nature and can be significantly changed by technology renovation and other factors. When the estimated useful life and net residual value become different from the current estimate, the Group will change the useful life and estimated residual, and treat it as changes in accounting estimate.

Capitalization of development expenditure

Development expenditures which meet the criteria set out in Note (III) 19.2 are capitalized, otherwise such expenditures are expensed. Judgment and estimation are required when determining whether development expenditures are capitalized or expensed.

Estimate of provision for warranty

Warranty is estimated for expenditures and claims related to products sold. The Group estimates and makes corresponding provision for warranty based on contract terms and history experience. Provision for warranty involves judgment and estimate. If there is difference between re-estimate result and current estimate, the difference will affect book value of provisions during the period of changing.

**IV. BASIS OF DETERMINING SIGNIFICANT ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued**Recognition of deferred tax assets

As of end of the year and beginning of the year, the Group recognized deferred tax assets amounting to RMB 16,991,606,228.73 and RMB13,757,825,810.37, respectively. Realization of deferred tax assets majorly depends on the future deductible taxable profits, and the tax rate of the period when deductible loss and temporary differences are utilized. If it is probable that sufficient taxable profit will not be available in future periods or the applicable tax rate is lower than the estimation to allow the benefit of the deferred tax asset to be realized, the carrying amount of the deferred tax asset is reversed and recognized in the profit or loss. In addition, as stated in Note (VI) 23, at the beginning and the end of the year, it was uncertain whether the Group could obtain sufficient taxable profits in the future, certain deductible losses and deductible temporary differences were not recognized as deferred tax assets.

Actuarial valuation of defined benefit plans obligation

The Group provides benefits to retired employees, employees in position and early-retired employees and this supplementary retirement benefits, which are defined benefit plans. The Group engaged professional institution to conduct actuarial valuation for liabilities and expenses of defined benefit plans.

The amount of the supplementary retirement benefit expenses and liabilities are calculated by assumptions. The Group determined discount rate on the basis of government bonds rate, death rate on the basis of "China Life Insurance Mortality Table (2000-2003) - Pension" and benefit increase rate on basis of price index. If there is difference between reassessment of related assumptions and current assessment, the difference will change liabilities of defined benefit plans and other comprehensive income.

## V TAXES

Major categories of taxes and tax rates of the Group:

Category of tax	Basis of tax computation	Tax rate
Value-Added Tax (“VAT”)	Sales of good and rendering of services	6%, 11%, 13%, 17% (Note 1)
Consumption tax	Sales of automobiles by vehicle manufacturer	1% - 40%
Business tax	Taxable revenue	3%, 5% - 20%
Enterprise income tax	Taxable income	Note 2

Note1: According to “Provisional Regulations of the People’s Republic of China on VAT” approved by the 34th executive meetings of the State Council on November 5, 2008, sales of goods, provision of processing, repairs and replacement services, and import of goods in the territory of the People’s Republic of China are subject to VAT at 17% or 13%.

According to “Business Tax to VAT Transformation Pilot Program” (Cai Shui No.[2011]110) and “Notice on the Pilot Program of Business Tax to VAT Transformation in Transportation Industry and Certain Modern Service Industries in Shanghai” (Cai Shui No.[2011]111), which were jointly released by the Ministry of Finance and State Taxation Administration on November 26, 2011. The pilot program of VAT is effective from January 1, 2012 and was firstly launched in Shanghai for transportation industry and certain modern service. The nationwide pilot program will be launched for selected industries when circumstance allows.

On July 31, 2012, the Ministry of Finance and State administration of Tax jointly issued "Notice on the Pilot Program of Business Tax to VAT Transformation in Transportation Industry and Certain Modern Service Industries in 8 Provinces and Cities of China including Beijing" (Cai Shui No.[2012] 71). The Notice expanded the pilot program for transportation industry and certain modern service industries from Shanghai to 8 provinces (municipalities). The pilot program was launched in from September 1, 2012, in Jiangsu Province and Anhui Province from October 1, 2012, in Fujian Province and Guangdong Province from November 1, 2012 and in Tianjin Province, Zhejiang Province and Hubei Province from December 1, 2012.

According to "Notice on the Pilot Program of Business Tax to VAT Transformation in Transportation Industry and Certain Modern Service Industries in China " (Cai Shui No.[2013] 37), the pilot program for transportation industry and certain modern service industries is launched in China from August 1, 2013.

According to "Notice on Covering Railway Transportation and Postal Industries under the VAT Reform" (Cai Shui No. [2013] 106), the pilot gram for railway transportation and postal industries is launched from January 1, 2014.

During the pilot period, applicable tax rate for tangible properties leasing service is 17%, applicable tax rate for transportation industry and postal industry is 11%, applicable tax rate of other modern service industry (except tangible properties leasing service) is 6%.

Note 2: Enterprise income tax (hereinafter referred to as “EIT”) rates of the Company and major subsidiaries of the current year are as follows:

(1) According to “Enterprise Income Tax Law of the People’s Republic of China” (hereinafter referred to as “EIT Law”) and other related regulations, the Company is recognized as a High-Technology Enterprise which is qualified to get the state’s special support. In 2014, the Company passed the reassessment of High-Technology Enterprise and the qualification is effective from 2014 to 2016. So the applicable income tax rate for the Company is 15% for the current year.

**V TAXES - continued**

Note 2: - continued

- (2) SGMW is located in Liuzhou, Guangxi, which is covered in grand western development area. On August 20, 2014, "Catalogue of Encouraged Industries in the Western Region (Order of The National Development and Reform Commission No.15) has included vehicle manufacturing and special vehicle manufacturing in the catalogue of encouraged industries of Guangxi and Chongqing. According to "Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the West Development Strategy" (Cai Shui[2011]No. 58), SGMW's headquarter in Liuzhou Guangxi and Chongqing Branch are subject to the EIT rate of 15%.
- (3) According to the EIT Law and other relevant regulations, SAIC Motor Transmission Co., Ltd., Shanghai Diesel Engine Co., Ltd. ("Shanghai Diesel"), Shanghai Huizhong Automobile Manufacturing Co., Ltd. ("Shanghai Huizhong") were recognized as High-Technology Enterprises which was qualified to get the country's special support. In 2014, SAIC Motor Transmission Co., Ltd. and Shanghai Diesel passed the reassessment of High-Technology Enterprise and the qualification is effective from 2014 to 2016. In 2015, Shanghai Huizhong passed the reassessment of High-Technology Enterprise and the qualification is effective from 2015 to 2017. Therefore, these companies are subject to the EIT rate of 15% for the current year.
- (4) According to the EIT Law, SAIC Volkswagen Sales Co., Ltd., SAIC General Motors Sales Co., Ltd., SAIC Finance Co., Ltd. ("SFC"), SAIC-GMAC Automotive Finance Co., Ltd. ("GMAC"), China United Automotive System Co., Ltd., HUAYU Automotive Systems Co., Ltd. ("HASCO"), SAIC Maxus Vehicle Co., Ltd., Anji Automotive Logistics Co., Ltd ("Anji Logistics"), Shanghai Automotive Industry Sales Co., Ltd., Shanghai Automobile Import & Export Co., Ltd., SAIC Motor Equity Investment Co., Ltd., Donghua Automobile Industrial Co., Ltd. ("Donghua"), Shanghai Shanghong Real Estate Co., Ltd. and SAIC Investment Management Co., Ltd. are subject to the EIT rate of 25%.
- (5) Income tax rates of the foreign subsidiary for the current year follow tax law in their respective tax jurisdictions.

## VI NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Cash and bank balances

Unit: RMB

Item	December 31, 2015	December 31, 2014
Cash:		
RMB	3,553,935.92	4,839,768.13
Others	1,100,484.73	733,439.08
Bank balances:		
RMB	58,384,291,242.76	70,965,854,712.93
USD	5,155,788,675.66	2,048,481,018.96
GBP	203,021,553.30	73,977,045.34
EUR	204,129,479.95	151,980,192.73
JPY	10,890,368.06	39,010,698.43
HKD	32,621,550.22	132,472,096.47
THB	279,928,242.26	158,114,709.17
Others	278,091,752.17	63,384,202.57
Other currencies:		
RMB	8,119,248,907.59	14,309,512,521.16
USD	-	263,729.02
Total	72,672,666,192.62	87,948,624,133.99
Including: Cash and Bank Balances in Foreign Territory	5,456,895,031.97	1,790,168,770.39

Details for restricted bank balances are as follows:

Unit: RMB

Item	December 31, 2015	December 31, 2014
Bank balances:		
-Pledged for bank acceptances	2,484,174,743.38	1,790,886,851.04
-Pledged for letters of credit, etc.	26,689,101.03	70,088,857.39
-Others	10,062,122.40	205,814.00
Other currencies		
-SFC's restricted deposits at the People's Bank of China (Note)	7,677,759,407.12	13,590,143,365.10
-Deposits for bank draft	299,811,376.00	425,783,947.00
-Others	66,675,171.24	-
Total	10,565,171,921.17	15,877,108,834.53

Note: The balances deposited at SFC and GMAC represent deposit reserves required to be deposited in the central bank according to the regulations of the People's Bank of China and cannot be used in the operating activities of SFC and GMAC.

## 2. Financial assets at fair value through profit or loss

Unit: RMB

Item	Fair value at December 31, 2015	Fair value at December 31, 2014
Held-for-trading financial assets	111,413,005.47	69,161,394.38
Including: Debt instruments	-	20,022,164.38
Equity instruments	111,413,005.47	21,938,230.00
Derivatives	-	27,201,000.00
Designated as financial assets at fair value through profit or loss	1,109,690,614.18	110,102,149.47
Including: Equity instruments	1,109,690,614.18	110,102,149.47
Total	1,221,103,619.65	179,263,543.85

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued



**3. Notes receivable**

(1) Details of notes receivable are as follows:

Unit: RMB

Item	December 31, 2015	December 31, 2014
Bank acceptances	35,508,680,679.43	30,655,733,619.46
Commercial acceptances	765,288,091.96	488,509,422.21
Total	36,273,968,771.39	31,144,243,041.67

(2) At the year-end, detail of bank acceptances that were pledged as collateral is as follow:

Unit: RMB

Item	December 31, 2015
Bank acceptances	736,504,600.00

The bank acceptances listed above were pledged as collateral to issue bank acceptances.

**4. Accounts receivable**

(1) Disclosure of accounts receivable by categories:

Unit: RMB

Category	December 31, 2015					December 31, 2014				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	%	Amount	%		Amount	%	Amount	%	
Receivables for individually significant items and with individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
Receivables with provisions that were assessed by credit risk characteristics	29,975,370,402.04	100.00	642,999,449.29	100.00	29,332,370,952.75	21,270,978,739.66	100.00	574,881,424.84	100.00	20,696,097,314.82
Receivables for individually non-significant items but individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
Total	29,975,370,402.04	100.00	642,999,449.29	100.00	29,332,370,952.75	21,270,978,739.66	100.00	574,881,424.84	100.00	20,696,097,314.82

Aging analysis of accounts receivable is as follows:

Unit: RMB

Aging	December 31, 2015			
	Book value		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	28,734,618,551.04	95.86	120,981,523.62	0.42
1-2 years	661,255,737.70	2.21	77,647,492.75	11.74
2-3 years	195,590,667.11	0.65	70,324,931.43	35.96
Over 3 years	383,905,446.19	1.28	374,045,501.49	97.43
Total	29,975,370,402.04	100.00	642,999,449.29	2.15

(2) Bad debt provision, reversal and written-off:

During the year, bad debt provision, reversal and written-off are RMB 100,832,005.68, RMB 39,734,573.27 and RMB 58,204,679.96, respectively. For decreased bad debt due to changes of exchange rate, the amount is RMB 3,225,591.00. For increased bad debt provision due to changes in the scope of consolidation during the year, the amount is RMB 68,450,863.00.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****4. Accounts receivable - continued**

(3) Top five balances of accounts receivable classified by debtor:

Unit: RMB

Name	Relationship with the Group	Amount	Aging	Proportion to total accounts receivable (%)
Company 1	JCE	5,566,112,242.41	Within 1 year	18.57
Company 2	JCE	2,515,877,401.94	Within 1 year	8.39
Company 3	JCE	1,679,246,827.06	Within 1 year	5.60
Company 4	Associate	1,142,139,393.26	Within 1 year	3.81
Company 5	JCE	992,110,356.94	Within 1 year	3.31
Total		11,895,486,221.61		39.68

(4) At the year-end, accounts receivable of RMB 200,822,328.04 were pledged to banks as collateral for loans, refer to Note (VI) 25.

**5. Prepayments**

(1) Aging analysis of prepayments is as follows:

Unit: RMB

Aging	December 31, 2015		December 31, 2014	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	13,121,213,324.07	98.00	20,973,642,397.66	98.47
1-2 years	193,953,109.00	1.45	276,489,839.29	1.30
2-3 years	51,771,146.28	0.39	44,551,947.06	0.21
Over 3 years	21,714,112.64	0.16	3,690,678.23	0.02
Total	13,388,651,691.99	100.00	21,298,374,862.24	100.00

(2) Top five balances of prepayments:

Unit: RMB

Name	Relationship with the Group	Amount	Aging	Proportion to total prepayments (%)
Company 1	JCE	9,082,918,040.07	Within 1 year	67.84
Company 2	JCE	333,303,363.39	Within 1 year	2.49
Company 3	Third party	220,543,552.39	Within 1 year	1.65
Company 4	Third party	154,086,178.70	Within 1 year	1.15
Company 5	Third party	124,536,924.60	Within 1 year	0.93
Total		9,915,388,059.15		74.06

**6. Dividends receivable**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Dividends receivable due from JCEs	1,512,344,555.68	976,340,867.20
Dividends receivable due from associates	85,512,459.59	208,939,301.50
Total	1,597,857,015.27	1,185,280,168.70

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 7. Other receivables

(1) Disclosure of other receivables by categories:

Unit: RMB

Category	December 31, 2015					December 31, 2014				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	%	Amount	%		Amount	%	Amount	%	
Other receivables for individually significant items and with individual provision for bad debts	136,628,388.17	2.46	136,628,388.17	29.39	-	1,313,594,808.76	34.70	890,794,808.76	84.40	422,800,000.00
Other receivables with provisions that were assessed by credit risk characteristics	5,409,131,386.28	97.54	328,231,269.51	70.61	5,080,900,116.77	2,471,860,590.76	65.30	164,689,677.93	15.60	2,307,170,912.83
Receivables for individually non-significant items but individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
Total	5,545,759,774.45	100.00	464,859,657.68	100.00	5,080,900,116.77	3,785,455,399.52	100.00	1,055,484,486.69	100.00	2,729,970,912.83

Aging analysis for other receivables is as follows:

Unit: RMB

Aging	December 31, 2015			
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	4,486,784,242.54	82.95	170,945,924.51	3.81
1-2 years	605,986,206.95	11.20	41,454,838.78	6.84
2-3 years	99,838,247.16	1.85	28,440,816.80	28.49
Over 3 years	216,522,689.63	4.00	87,389,689.42	40.36
Total	5,409,131,386.28	100.00	328,231,269.51	6.07

(2) Bad debt provision, withdrawal, reversal and written-off:

During the year, bad debt provision, withdrawal or reversal, and written-off are RMB 56,018,987.46, RMB 788,644,660.10 and RMB 6,336,637.37, respectively. For increased bad debt provision due to changes in the foreign exchange rate during the year, the amount is RMB 6,931,235.00. For increased bad debt provision due to changes in the scope of consolidation during the year, the amount is RMB 141,406,246.00.

(3) Disclosure of other receivables by nature:

Unit: RMB

Nature of other receivables	December 31, 2015	December 31, 2014
Deposits, receivables of disposal of non-current assets, etc.	5,545,759,774.45	3,785,455,399.52

(4) Top five balances of other receivables:

Unit: RMB

Name	Relationship with the Group	Amount	Aging	Proportion to total other receivables (%)
Company 1	Third party	697,096,000.00	Within 1 year	12.57
Company 2	Third party	610,934,992.61	Within 2 years	11.02
Company 3	Third party	226,047,535.55	Within 1 year	4.08
Company 4	Third party	197,298,338.52	Within 1 year	3.56
Company 5	Third party	196,761,326.36	Within 1 year	3.55
Total		1,928,138,193.04		34.78

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 8. Inventories

## (1) Categories of inventories

Unit: RMB

Item	December 31, 2015			December 31, 2014		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Raw materials	5,055,503,400.22	561,857,444.53	4,493,645,955.69	4,016,231,656.06	528,804,256.31	3,487,427,399.75
Work-in-process	1,341,485,023.66	67,769,542.40	1,273,715,481.26	1,110,115,397.01	58,854,229.04	1,051,261,167.97
Finished goods	32,498,000,327.63	1,193,408,856.41	31,304,591,471.22	35,189,059,427.16	961,859,503.13	34,227,199,924.03
Property under development	171,489,040.81	-	171,489,040.81	-	-	-
Total	39,066,477,792.32	1,823,035,843.34	37,243,441,948.98	40,315,406,480.23	1,549,517,988.48	38,765,888,491.75

## (2) Provision for decline in value of inventories

Unit: RMB

Categories of inventories	December 31, 2014	Increase due to changes in the scope of consolidation	Provision	Decrease during the year		December 31, 2015
				Reversal	Write-off	
Raw materials	528,804,256.31	55,739,964.00	163,268,556.74	18,126,590.24	167,828,742.28	561,857,444.53
Work-in-process	58,854,229.04	1,189,008.00	19,046,644.19	2,132,788.48	9,187,550.35	67,769,542.40
Finished goods	961,859,503.13	16,952,907.00	679,619,397.27	17,146,287.44	447,876,663.55	1,193,408,856.41
Total	1,549,517,988.48	73,881,879.00	861,934,598.20	37,405,666.16	624,892,956.18	1,823,035,843.34

## (3) Circumstances of provision for decline in value of inventories

Item	Basis of provision for decline in value of inventories	Reason for reversal of provision
Raw materials	Lower of cost or net realizable value	Value recovery
Work-in-process	Lower of cost or net realizable value	Value recovery
Finished goods	Lower of cost or net realizable value	Value recovery

## 9. Assets classified as held for sale

Unit: RMB

Item	December 31, 2015	December 31, 2014
Fixed assets and investment properties held for sale	27,459,029.83	34,316,379.82
Equity investments held for sale	-	367,945.65
Total	27,459,029.83	34,684,325.47

## 10. Non-current assets due within one year

Unit: RMB

Item	December 31, 2015	December 31, 2014
Long-term loans due within one year (Note (VI)12)	28,168,396,145.83	14,721,748,222.71
Long-term receivables due within one year (Note (VI)14)	772,710,099.76	1,071,624,811.53
Other non-current assets due within one year (Note (VI)24)	272,419,994.62	-
Total	29,213,526,240.21	15,793,373,034.24

## 11. Other current assets

Unit: RMB

Item	December 31, 2015	December 31, 2014
Short-term loans issued by SFC and GMAC	41,881,892,666.99	15,041,936,152.29
Discount held by SFC	787,852,506.47	133,028,437.07
Receivables investment (Note)	168,053,082.54	-
Wealth management products	550,000,000.00	1,385,914,566.83
Short-term entrusted loans	569,500,000.00	676,246,471.00
Prepaid and deferred costs	416,181,577.57	329,684,959.48
Sub-total	44,373,479,833.57	17,566,810,586.67
Less: Impairment loss on other current assets	876,771,674.92	522,505,483.03
Total	43,496,708,158.65	17,044,305,103.64

Note: The balances represent short-term certificated bonds held by the Group.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****12. Loans and advances**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Long-term loans issued by SFC and GMAC	64,569,467,693.25	23,893,148,407.75
Less: Impairment loss on loans	1,724,980,703.74	597,328,710.19
Net book value of long-term loans issued	62,844,486,989.51	23,295,819,697.56
Less: Long-term loans due within one year (Note (VI)10)	28,168,396,145.83	14,721,748,222.71
Long-term loans due after one year	34,676,090,843.68	8,574,071,474.85

**13. Available-for-sale financial assets**

## (1) Available-for-sale financial assets:

Unit: RMB

Item	December 31, 2015			December 31, 2014		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Available-for-sale debt instruments	522,074,000.78	-	522,074,000.78	2,232,248,267.30	-	2,232,248,267.30
Available-for-sale equity instruments	65,477,434,624.53	504,498,977.06	64,972,935,647.47	34,720,377,859.29	504,498,977.06	34,215,878,882.23
-measured at fair value	64,775,823,055.47	-	64,775,823,055.47	34,040,090,490.23	-	34,040,090,490.23
-measured at cost	701,611,569.06	504,498,977.06	197,112,592.00	680,287,369.06	504,498,977.06	175,788,392.00
Total	65,999,508,625.31	504,498,977.06	65,495,009,648.25	36,952,626,126.59	504,498,977.06	36,448,127,149.53

## (2) Available-for-sale financial assets measured at fair value:

Unit: RMB

Categories of available-for-sale financial assets	December 31, 2015		
	Available-for-sale debt instruments	Available-for-sale equity instruments	Total
Costs of equity instruments / amortized cost of debt instrument	50,946,503,522.10	489,815,313.65	51,436,318,835.75
Fair value	64,775,823,055.47	522,074,000.78	65,297,897,056.25
Accumulated amount of changes of fair value recognized in other comprehensive income	13,839,077,153.37	32,258,687.13	13,871,335,840.50
Impairment provisions	(9,757,620.00)	-	(9,757,620.00)

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 13. Available-for-sale financial assets - continued

(3) Available-for-sale financial assets measured at cost:

Unit: RMB

Equity invested	Book value			December 31, 2015	Provision for impairment December 31, 2014 & 2015	Equity interest held by the Company as of the year end (%)	Cash bonus in 2015
	December 31, 2014	Increase during the year	Decrease during the year				
GM Korea Company	494,566,740.00	-	-	494,566,740.00	494,566,740.00	<10.00	-
Tianjin Lovol Heavy Industries Co., Ltd.	10,000,000.00	-	-	10,000,000.00	-	<10.00	-
Guoqi (Beijing) Lightweight of Automobile Technology Research Institute Co., Ltd.	3,000,000.00	-	-	3,000,000.00	-	<10.00	-
Shanghai International Trust & Investment Co., Ltd.	122,000,000.00	-	2,440,000.00	119,560,000.00	-	<10.00	9,000,000.00
Jiangsu Zjxin Rural Commercial Bank Co., Ltd.	-	28,984,200.00	-	28,984,200.00	-	<1.00	-
Shanghai Shangguotou Asset Management Co., Ltd.	-	2,440,000.00	-	2,440,000.00	-	<10.00	-
Others	50,720,629.06	-	7,660,000.00	43,060,629.06	9,932,237.06	-	2,635,003.55
Total	680,287,369.06	31,424,200.00	10,100,000.00	701,611,569.06	504,498,977.06	-	11,635,003.55

(4) Impairment loss on available-for-sale financial assets:

Unit: RMB

	Available-for-sale equity instruments
Impairment provisions at the beginning of the year	551,051,597.06
Write-off	36,795,000.00
Impairment provisions at the end of the year	514,256,597.06

## 14. Long-term receivables

Unit: RMB

Item	December 31, 2015			December 31, 2014		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Finance lease receivables (Note)	2,033,575,655.00	479,280,062.90	1,554,295,592.10	2,814,541,175.11	445,139,415.86	2,369,401,759.25
Including: unearned finance income	227,802,778.61	-	227,802,778.61	407,741,010.64	-	407,741,010.64
Long-term receivables arising from assets transfer	5,312,253.90	-	5,312,253.90	29,871,433.29	10,346,980.00	19,524,453.29
Others	14,982,072.17	-	14,982,072.17	29,900,000.00	-	29,900,000.00
Sub-total	2,053,869,981.07	479,280,062.90	1,574,589,918.17	2,874,312,608.40	455,486,395.86	2,418,826,212.54
Less: Long-term receivables due within one year (Note (VI)10)	772,710,099.76	-	772,710,099.76	1,071,624,811.53	-	1,071,624,811.53
Long-term receivables due after one year	1,281,159,881.31	479,280,062.90	801,879,818.41	1,802,687,796.87	455,486,395.86	1,347,201,401.01

Note: At the year-end, finance lease receivables of RMB 373,722,518.04 were pledged to banks as collateral for loans, refer to Note (VI) 38.

## 15. Long-term equity investments

Unit: RMB

	December 31, 2015	December 31, 2014
Long-term equity investments accounted for using equity method		
-Investments in JCEs and associates	60,900,882,860.45	64,230,363,240.27
-Elimination of unrealized profit, etc.	(1,822,969,453.91)	(782,454,512.66)
Total	59,077,913,406.54	63,447,908,727.61
Less: Impairment	58,242,000.68	58,274,532.10
Net book value	59,019,671,405.86	63,389,634,195.51

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 15. Long-term equity investments - continued

Details of long-term equity investments are as follows:

Invested companies	December 31, 2014	Increase (decrease) during the year	December 31, 2015	Equity interest held by the Company as of the year-end (%)		Impairment at the year-end	Provision for impairment for the year
				Directly	Indirectly		
<b>JCEs and associates</b>							
SAIC Volkswagen Automotive Co., Ltd. (formerly named Shanghai Volkswagen Automotive Co., Ltd.)( Note 1)	21,730,166,766.12	(1,303,435,502.29)	20,426,731,263.83	50.00	-	-	-
SAIC General Motors Co., Ltd. (formerly named Shanghai General Motors Co., Ltd.)(Note 1)	15,071,786,766.05	1,116,024,872.31	16,187,811,638.36	50.00	-	-	-
SAIC GM Dong Yue Motors Co., Ltd. (formerly named Shanghai GM Dong Yue Motors Co., Ltd.)(Note 1)	560,718,114.97	8,905,510.38	569,623,625.35	25.00	25.00	-	-
Shanghai GM Dong Yue Powertrain Co., Ltd. (formerly named Shanghai GM Dong Yue Powertrain Co., Ltd.)(Note 1)	1,561,563,991.92	26,486,087.45	1,588,050,079.37	25.00	25.00	-	-
Shanghai GM (Shenyang) Norsom Motors Co., Ltd. (formerly named Shanghai GM (Shenyang) Norsom Motors Co., Ltd.)(Note 1)	1,112,306,395.21	(411,309,640.68)	700,996,754.53	25.00	25.00	-	-
Pan Asia Technical Automotive Center Co., Ltd.	517,469,318.06	74,768,095.56	592,237,413.62	50.00	-	-	-
Shanghai Sunwin Bus Co., Ltd.(Note 2)	134,089,012.33	(134,089,012.33)	-	50.00	-	-	-
Shanghai Jieneng Automotive Technology Co., Ltd. (Note 3)	8,948,580.58	11,049,002.64	19,997,583.22	10.00	-	-	-
Shanghai Advanced Traction Battery Systems Co., Ltd. (Note 3)	17,666,461.51	6,201,992.17	23,868,453.68	51.00	-	-	-
GMAC-SAIC Automotive Finance Co., Ltd (Note 4)	3,612,649,591.42	(3,612,649,591.42)	-	-	55.00	-	-
Shanghai Onstar Telematics Co., Ltd.	76,553,304.75	4,494,009.77	81,047,314.52	-	50.00	-	-
ZF Transmissions Shanghai Co., Ltd. (Note 3)	186,705,730.47	29,804,350.28	216,510,080.75	-	49.00	-	-
Shanghai SAIC Magneti Marelli Powertrain Co., Ltd	99,132,448.83	(67,069.07)	99,065,379.76	-	50.00	-	-
United Automotive Electronic Systems Co., Ltd.	2,416,814,457.57	546,942,763.46	2,963,757,221.03	-	49.00	-	-
Nanjing Iveco Automobile Co., Ltd.	1,502,810,845.24	18,979,001.92	1,521,789,847.16	-	50.00	-	-
Shanghai Edscha Machinery Co., Ltd.	97,617,621.75	(3,131,727.16)	94,485,894.59	-	45.00	-	-
Tianjin Zhongxing Auto Parts Co., Ltd.	24,971,554.96	209,517.14	25,181,072.10	-	50.00	-	-
Contitech Fluid Shanghai Co., Ltd.	25,808,941.48	933,489.15	26,742,430.63	-	49.00	-	-
Shanghai Inteva Automotive Parts Co., Ltd.	92,575,955.40	(15,118,453.82)	77,457,501.58	-	50.00	-	-
Shanghai TRW Automotive Safety Systems Co., Ltd.	215,170,462.77	(32,748,240.23)	182,422,222.54	-	50.00	-	-
Shanghai ZF Steering System Co., Ltd.	1,117,061,015.57	76,809,873.68	1,193,870,889.25	-	49.00	-	-
Shanghai Koito Automotive Lamp Co., Ltd.	683,242,591.78	50,714,025.68	733,956,617.46	-	50.00	-	-

Unit: RMB

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 15. Long-term equity investments - continued

Details of long-term equity investments are as follows: - continued

Invested companies	December 31, 2014	Increase (decrease) during the year	December 31, 2015	Equity interest held by the Company as of the year end (%)		Impairment at the year-end	Provision for impairment for the year
				Directly	Indirectly		
<b>JCEs and associates - continued</b>							
Kolbenschmidt shanghai piston Co., Ltd.	209,660,505.78	25,136,756.28	234,797,262.06	-	50.00	-	-
Shanghai Valeo Automotive Electrical Systems Co., Ltd.	412,844,162.41	(12,465,159.36)	400,379,003.05	-	50.00	-	-
Shanghai Kolbenschmidt Pierburg Shanghai Nonferrous Components Co., Ltd.	350,709,530.98	77,061,731.72	427,771,262.70	-	50.00	-	-
Shanghai GKN Drive System Co., Ltd.	1,331,442,089.41	32,937,103.50	1,364,379,192.91	-	45.00	-	-
Huayu-Cooper Standard Sealing Systems Co., Ltd.(Note 5)	187,642,782.88	(187,642,782.88)	-	-	-	-	-
Shanghai Sachs Powertrain Components Parts System Co., Ltd.	128,184,813.72	(4,196,517.87)	123,988,295.85	-	50.00	-	-
Shanghai Behr Thermal System Co., Ltd.	329,490,866.23	7,289,829.63	336,780,695.86	-	50.00	-	-
Yan Feng Gabriel (Shanghai) Automotive Safety Systems Co., Ltd.(Note 3)	254,913,454.00	85,098,891.00	340,012,345.00	-	50.10	-	-
Yanfeng Plastic Omnium Automotive Exterior Trimming System Co., Ltd. (Note 3)	530,022,730.00	40,939,085.00	570,961,815.00	-	50.05	-	-
Yanfeng Johnson Controls Automotive Seating Mechanical Parts Co., Ltd.	188,680,637.92	77,351,972.08	266,032,610.00	-	50.00	-	-
KS HUAYU Alu Tech GmbH	126,555,000.00	26,624,079.40	153,179,079.40	-	50.00	-	-
Hua Dong Teksid Automotive Foundry Co., Ltd.	240,623,659.26	(9,539,055.89)	231,084,603.37	-	50.00	-	-
Dongfeng Johnson Controls Automotive Seating Co., Ltd.	59,433,436.00	14,461,228.00	73,894,664.00	-	50.00	-	-
Shanghai ANJI-CEVA Automotive Logistics Co., Ltd.(Note 6)	350,147,403.09	(350,147,403.09)	-	-	50.00	-	-
Anji Car Rental & Leasing Co., Ltd.	200,300,615.82	25,208,257.28	225,508,873.10	-	50.00	-	-
Beijing Boruiyechuan Car Service Co., Ltd.	63,652,870.53	2,971,513.85	66,624,384.38	-	50.00	-	-
Beijing Zhongqi Lifa Automotive Sales Services Co., Ltd.	3,469,440.53	(278,751.01)	3,190,689.52	-	49.00	-	-
Shanghai Volkswagen Powertrain Co., Ltd.	1,834,368,724.32	84,808,562.55	1,919,177,286.87	40.00	-	-	-
Volkswagen Transmission (Shanghai ) Co., Ltd.	259,366,479.97	(4,489,979.18)	254,876,500.79	20.00	-	-	-
China Automobile Development United Investment Co., Ltd.	28,290,548.51	178,230.00	28,468,778.51	20.74	-	-	-
Sunrise Power Co., Ltd.	44,929,671.90	(1,777,996.62)	43,151,675.28	34.19	-	-	-
Shanghai Huizhong Sachs Shock absorber Co., Ltd	152,733,662.94	13,497,277.84	166,230,940.78	-	40.00	-	-
Shanghai ThyssenKrupp Presta HuiZhong Co., Ltd.	206,689,729.30	19,462,587.03	226,152,316.33	-	40.00	-	-
Shanghai Benteler Huizhong Automotive Parts Co., Ltd. (Note 7)	136,913,729.22	18,027,049.68	154,940,778.90	-	40.00	-	-
Shanghai Sanli-Huizhong Auto Parts Co., Ltd.	188,816,147.53	10,559,116.38	199,375,263.91	-	40.00	-	-
Shanghai Mhi Turbocharger Co., Ltd.	183,834,366.23	53,780,032.93	237,614,399.16	-	40.00	-	-
Shanghai SAIC Futong Investment Management Center	23,026,813.33	47,598,511.09	70,625,324.42	-	49.00	-	-

Unit: RMB



## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 15. Long-term equity investments - continued

Details of long-term equity investments are as follows: - continued

Invested companies	December 31, 2014	Increase (decrease) during the year	December 31, 2015	Equity interest held by the Company as of the year end (%)		Impairment at the year-end	Provision for impairment for the year
Unit: RMB							
<b>JCEs and associates - continued</b>							
Shanghai Wanzhong Car Service Co., Ltd.	10,475,065.26	94,274.06	10,569,339.32	-	49.00	-	-
Shanghai Tenneco Exhaust System Co., Ltd.	148,778,774.97	2,492,755.73	151,271,530.70	-	45.00	-	-
Shanghai New Holland Agricultural Machinery Co., Ltd.	27,680,080.68	-	27,680,080.68	-	40.00	27,680,080.68	-
Federal-Mogul Shanghai Bearing Co., Ltd.	70,132,333.26	(288,411.73)	69,843,921.53	-	40.00	-	-
Shanghai Federal-Mogul Compound Material Co., Ltd.	22,359,518.40	4,068,036.98	26,427,555.38	-	40.00	-	-
Yapp Automotive Parts Co., Ltd.	427,424,743.75	87,160,517.02	514,585,260.77	-	33.90	-	-
Shanghai Aichi Forging Co., Ltd.	156,258,617.18	10,007,900.90	166,266,518.08	-	40.00	-	-
Shanghai Neturen Co., Ltd.	100,547,527.84	761,337.26	101,308,865.10	-	40.00	-	-
Shanghai Meridian Magnesium Products Co., Ltd.	63,898,682.56	12,743,360.58	76,642,043.14	-	40.00	-	-
Shanghai Xingsheng Gasket Co., Ltd.	27,401,875.68	2,927,049.81	30,328,925.49	-	40.00	-	-
Shanghai KangYi Auto & Tractor Accessory Co., Ltd.(Note 5)	392,531.42	(392,531.42)	-	-	-	-	-
Shanghai Boze Auto Parts Co., Ltd.	119,737,669.52	(4,462,301.85)	115,275,367.67	-	40.00	-	-
Valeo Shanghai Automotive Electric Motors & Wiper System Co., Ltd.(Note 7)	64,899,435.17	47,061,052.32	111,960,487.49	-	27.00	-	-
Shanghai Inteva Automotive Door Systems Co., Ltd.	129,874,490.72	5,934,431.71	135,808,922.43	-	40.00	-	-
Pierburg Huayu Pump Technology Co. Ltd.	19,217,846.76	(11,464,929.00)	7,752,917.76	-	50.00	-	-
Founding of Yanfeng Visteon Investment Co., Ltd.	236,102,261.00	26,468,677.00	262,570,938.00	-	50.00	-	-
Dongfeng Visteon(ShiYan)Automotive Trim Systems Co., Ltd	195,425,045.00	(12,505,269.00)	182,919,776.00	-	50.00	-	-
Shanghai LEAR STEC Automotive Parts Co., Ltd.	159,300,924.88	(15,142,705.99)	144,158,218.89	-	45.00	-	-
Sanden (Suzhou) Precision Parts Co., Ltd.	40,334,365.55	1,053,599.87	41,387,965.42	-	35.00	-	-
Wuhan TACHI-S Johnson Controls Automotive Seat Co., Ltd.	16,898,407.00	17,639,207.00	34,537,614.00	-	20.00	-	-
Dongfeng Visteon Automotive Trim Systems Co., Ltd.	70,307,446.00	21,540,860.00	91,848,306.00	-	50.00	-	-
Continental Brake Systems (Shanghai) Co., Ltd.	45,043,199.70	1,715,417.49	46,758,617.19	-	49.00	-	-
Beijing Hainachuan Yanfeng Automotive Module System Co., Ltd.	4,097,506.00	593,686.00	4,691,192.00	-	40.00	-	-
SAIC Motor Korea Co., Ltd. (Note 2)	-	-	-	-	24.00	-	-
Shanghai Jingcheng Auction Co., Ltd.	3,122,049.23	393,036.23	3,515,085.46	-	40.00	-	-

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 15. Long-term equity investments - continued

Details of long-term equity investments are as follows: - continued

Invested companies	December 31, 2014	Increase (decrease) during the year	December 31, 2015	Equity interest held by the Company as of the year end (%)		Impairment at the year-end	Provision for impairment for the year
				Directly	Indirectly		
Unit: RMB							
<b>JCEs and associates - continued</b>							
Jiangsu ANJI Logistics Co., Ltd.(Note 6)	21,840,190.50	(21,840,190.50)	-	-	100.00	-	-
Jiangsu Used Motor Vehicle Market Co., Ltd.(Note 8)	1,959,885.34	4,240,811.94	6,200,697.28	-	35.00	-	-
Nanjing Auto Parts Factory	4,190,283.38	(769,024.51)	3,421,258.87	-	45.00	-	-
Nanjing Valeo Clutch Co., Ltd.	58,664,260.86	9,598,155.80	68,262,416.66	-	25.00	-	-
Qingdao Toyo Heat Exchanger Co., Ltd.	51,363,348.35	(350,533.17)	51,012,815.18	-	26.00	-	-
Nanjing Fata Tooling Co., Ltd.	236,460.00	-	236,460.00	-	30.00	236,460.00	-
Shanghai Shanke Automotive Culture Communication Co., Ltd.	268,967.08	11,114.95	280,082.03	-	45.45	-	-
Shanghai Anjie Car Transportation Co., Ltd.	21,457,241.59	12,745,712.78	34,202,954.37	-	50.00	-	-
Dalian Hai Jia Automobile Harbor Co., Ltd.	200,000,000.00	-	200,000,000.00	-	50.00	-	-
Nanjing Anji Mingjie Automobile Sales And Service Co., Ltd.	3,878,374.88	(2,869,129.14)	1,009,245.74	-	49.00	-	-
Anji Nyk Logistics (Thailand) Co., Ltd.	7,496,138.79	3,484,260.69	10,980,399.48	-	49.00	-	-
Shanghai MHI Engine Co., Ltd.	81,172,517.21	(13,713,795.37)	67,458,721.84	-	50.00	-	-
Sailing Capital Management Co., Ltd. (Note 11)	73,756,247.77	3,056,902.00	76,813,149.77	-	18.18	-	-
SAIC James (Shannan) Equity Investment Fund Partnership Enterprise	18,907,311.25	4,080,580.81	22,987,892.06	-	39.98	-	-
Sailing Capital International (Shanghai) Co., Ltd. (Note 10)	1,561,260,124.47	73,838,160.37	1,635,098,284.84	-	22.20	-	-
Shanghai SAIC Huankai Investment Management Co., Ltd.	159,381,578.27	1,336,152.25	160,717,730.52	-	37.50	30,325,460.00	-
SAIC Tangtian Investment Management Center	12,571,377.01	2,367,053.23	14,938,430.24	-	43.16	-	-
Shanghai Shangqi Equity Investment Fund First Section Partnership Enterprise	34,034,276.91	24,259,891.73	58,294,168.64	-	45.16	-	-
Nanjing Automotive Forging Co., Ltd.	137,508,982.49	7,217,161.62	144,726,144.11	-	50.00	-	-
SAIC Maxus Thailand Company (Note 9)	9,680,063.93	6,108,048.53	15,788,112.46	-	49.00	-	-
Shanghai Anji Riyong Vehicle Transportation Co., Ltd. (Note 3)	26,240,811.08	(409,293.04)	25,831,518.04	-	51.00	-	-
Nanjing Harbor Jiangsheng Vehicle Dock Co., Ltd.	15,038,577.90	128,043.76	15,166,621.66	-	50.00	-	-
Guangzhou Harbor Haijia Vehicle Dock Co., Ltd.	25,891,265.86	1,661,576.19	27,552,842.05	-	50.00	-	-

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 15. Long-term equity investments - continued

Details of long-term equity investments are as follows: - continued

Unit: RMB

Invested companies	December 31, 2014	Increase (decrease) during the year	December 31, 2015	Equity interest held by the Company as of the year end (%)		Impairment at the year-end	Provision for impairment for the year
				Directly	Indirectly		
<b>JCEs and associates - continued</b>							
Easunlux S.A	101,582,691.29	(4,910,868.56)	96,671,822.73	-	15.00	-	-
CRH Automotive Systems (Shenyang) Co., Ltd. (Note 10)	-	50,320,715.00	50,320,715.00	-	50.00	-	-
SAIC Qingdao Clean Energy Bus Co., Ltd.(Note3)(Note10)	-	96,759,632.62	96,759,632.62	-	51.02	-	-
Huayu Continental Brake Systems (Chongqing) Co., Ltd.(Note 10)	-	33,483,041.86	33,483,041.86	-	50.00	-	-
Shanghai Wanxiang New Energy Bus Co., Ltd.(Note 10)	-	89,097,179.68	89,097,179.68	-	49.00	-	-
Avanzar Interior Products LLC(Note10)	-	9,905,582.00	9,905,582.00	-	48.51	-	-
Others	549,698,065.98	(468,943,898.24)	80,754,167.74			-	-
<b>Total</b>	<b>64,230,363,240.27</b>	<b>(3,329,480,379.82)</b>	<b>60,900,882,860.45</b>			<b>58,242,000.68</b>	-

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****15. Long-term equity investments - continued**

Details of long-term equity investments are as follows: - continued

Note 1: These companies changed their names during the year.

Note 2: Investments in such companies are accounted for using equity method and the book value is zero.

Note 3: Such companies are JCEs of the Group according to the Articles of Association of such companies, which specified that significant financial and operating decisions shall be agreed by both parties.

Note 4: Please refer to Note (VII) 1.

Note 5: These investments were disposed of during the year.

Note 6: JSANJI Logistics Co., Ltd. ("JSANJI") was formerly an associate of the Group, equity interest of which 70% were held by Shanghai ANJI-CEVA Automotive Logistics Co., Ltd. ("ANJI-CEVA"), a JCE of the Group, and 30% were held by Donghua, a subsidiary of the Group. As stated in Note (VII) 1, ANJI-CEVA has been included in the scope of the consolidated financial statements during the year, so JSANJI has also become a subsidiary of the Group.

Note 7: During the year, equity interest of such company held by the Group decreased from 45% to 27% as other investors of the company made additional unilateral capital contribution to the company.

Note 8: During the year, the Group made additional unilateral capital contribution to such company by cash of RMB 1,800,000.00. Consequently, equity interest of the company held by the Group increased from 20% to 35%.

Note 9: During the year, such companies' shareholders made additional capital contribution in alignment with the original stake ratio to such companies by cash, of which total capital contributed by the Group was RMB 8,833,965.00.

Note 10: These companies are new investments of the Group during the year.

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 16. Investment properties

(1) Movements of investment properties measured at cost are as follows:

Unit: RMB

Item	Buildings	Land use right	Total
<b>I. Cost</b>			
December 31, 2014	3,267,440,083.53	746,837,327.12	4,014,277,410.65
Transfer from construction in progress during the year	95,491,255.24	7,514,027.04	103,005,282.28
Transfer from intangible assets during the year	-	7,705,956.00	7,705,956.00
Transfer from fixed assets during the year	48,302,530.61	-	48,302,530.61
Disposals during the year	126,389,433.16	-	126,389,433.16
Transfer to intangible assets during the year	-	12,850,502.45	12,850,502.45
Transfer to fixed assets during the year	152,254,819.81	-	152,254,819.81
Transfer to assets held-for-sale during the year	21,960,195.08	-	21,960,195.08
December 31, 2015	3,110,629,421.33	749,206,807.71	3,859,836,229.04
<b>II. Accumulated depreciation and amortization</b>			
December 31, 2014	1,001,171,452.92	127,584,485.16	1,128,755,938.08
Provision during the year	111,166,279.52	18,216,093.45	129,382,372.97
Transfer from intangible assets during the year	-	60,591.00	60,591.00
Transfer from fixed assets during the year	13,856,605.14	-	13,856,605.14
Disposals during the year	25,324,808.76	-	25,324,808.76
Transfer to intangible assets during the year	-	4,470,287.28	4,470,287.28
Transfer to building for self-use during the year	50,123,313.03	-	50,123,313.03
Transfer to assets held-for-sale during the year	17,262,222.53	-	17,262,222.53
December 31, 2015	1,033,483,993.26	141,390,882.33	1,174,874,875.59
<b>III. Impairment</b>			
December 31, 2014	941,337.80	-	941,337.80
Disposals during the year	941,337.80	-	941,337.80
December 31, 2015	-	-	-
<b>IV. Net book value</b>			
December 31, 2015	2,077,145,428.07	607,815,925.38	2,684,961,353.45
December 31, 2014	2,265,327,292.81	619,252,841.96	2,884,580,134.77

(2) Details of the certificates of title of investment properties that were not obtained are as follows:

Unit: RMB

Item	Book value	Reasons why certificates of title have not been obtained
Buildings	226,045,430.29	In progress

(3) At the year-end, investment properties - buildings with net book value of RMB 50,948,765.21 were pledged as collateral for bank borrowings. Please refer to Note (VI) 38 for more details.

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 17. Fixed assets

## (1) General

Unit: RMB

Item	Buildings	Machinery and equipment	Electronic equipment, furniture and fixtures	Transportation vehicles	Mold	Total
<b>I. Cost</b>						
December 31, 2014	17,209,365,839.22	34,832,132,240.31	3,381,416,259.09	2,039,365,570.76	4,182,012,217.46	61,644,292,126.84
Purchase during the year	240,324,698.07	139,758,909.26	142,388,375.75	110,193,055.26	3,061,371.47	635,726,409.81
Transfer from construction in progress during the year	2,533,891,483.36	6,178,499,834.92	555,185,089.32	233,288,325.36	1,663,291,375.32	11,164,156,108.28
Transfer from investment properties during the year	152,254,819.81	-	-	-	-	152,254,819.81
Increases due to changes in the scope of consolidation during the year	812,941,928.62	1,897,011,147.43	186,062,477.86	357,938,956.42	-	3,253,954,510.33
Increases due to changes in the exchange rate during the year	3,104,664.86	872,862.80	1,731,258.44	480,731.91	-	6,189,518.01
Disposals during the year	424,724,876.12	1,005,331,996.31	154,062,935.82	401,723,667.07	31,647,359.23	2,017,490,834.55
Transfer to construction in progress during the year	-	29,299,051.87	3,332,060.25	-	-	32,631,112.12
Transfer to investment properties during the year	48,302,530.61	-	-	-	-	48,302,530.61
Transfer to assets held-for-sale during the year	67,900,720.40	-	-	-	-	67,900,720.40
December 31, 2015	20,410,955,306.81	42,013,643,946.54	4,109,388,464.39	2,339,542,972.64	5,816,717,605.02	74,690,248,295.40
<b>II. Accumulated depreciation</b>						
December 31, 2014	4,370,594,982.39	15,462,537,127.70	2,108,448,708.86	1,266,550,670.66	1,748,725,124.44	24,956,856,614.05
Provision during the year	950,919,142.70	3,263,500,479.18	449,632,932.37	188,223,101.02	472,303,029.23	5,324,578,684.50
Transfer from investment properties during the year	50,123,313.03	-	-	-	-	50,123,313.03
Increases due to changes in the scope of consolidation during the year	224,149,702.74	184,048,828.43	70,340,550.56	170,198,782.82	-	648,737,864.55
Increases due to changes in the exchange rate during the year	417,942.93	517,224.71	524,073.11	335,631.38	-	1,794,872.13
Disposals during the year	186,352,371.37	739,032,639.52	123,407,303.00	290,264,626.81	13,597,044.90	1,352,653,985.60
Transfer to construction in progress during the year	-	20,525,455.68	982,068.00	-	-	21,507,523.68
Transfer to investment properties during the year	13,856,605.14	-	-	-	-	13,856,605.14
Transfer to assets held-for-sale during the year	45,139,663.12	-	-	-	-	45,139,663.12
December 31, 2015	5,350,856,444.16	18,151,045,564.82	2,504,556,893.90	1,335,043,559.07	2,207,431,108.77	29,548,933,570.72
<b>III. Impairment</b>						
December 31, 2014	349,656,570.38	2,776,138,877.33	27,674,778.69	19,641,552.20	1,805,316,913.27	4,978,428,691.87
Provision during the year	-	834,306,744.74	35,288,178.78	34,777.33	670,568,678.47	1,540,198,379.32
Increases due to changes in the scope of consolidation during the year	25,852.00	2,979,949.00	-	-	-	3,005,801.00
Increases due to changes in the exchange rate during the year	1,936.00	276,202.78	-	-	-	278,138.78
Disposals during the year	-	59,708,107.63	252,213.36	294,521.62	10,927,366.36	71,182,208.97
December 31, 2015	349,684,358.38	3,553,993,666.22	62,710,744.11	19,381,807.91	2,464,958,225.38	6,450,728,802.00
<b>IV. Net book value</b>						
December 31, 2015	14,710,414,504.27	20,308,604,715.50	1,542,120,826.38	985,117,605.66	1,144,328,270.87	38,690,585,922.68
December 31, 2014	12,489,114,286.45	16,593,456,235.28	1,245,292,771.54	753,173,347.90	627,970,179.75	31,709,006,820.92

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****17. Fixed assets - continued**

(2) Details of fixed assets that the certificates of title were not obtained are as follows:

Unit: RMB

Item	December 31, 2015	Reasons why certificates of title have not been obtained
Buildings	3,391,586,680.56	In progress

(3) At the year-end, buildings with net book value of RMB 281,422,703.42 were pledged as collateral for bank borrowings. Please refer to Note (VI) 38 for more details.

**18. Construction in progress**

(1) Details of the construction in process are as follows:

Unit: RMB

Item	December 31, 2015			December 31, 2014		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Dual clutch transmission project and relocation	935,068,153.05	46,327,595.76	888,740,557.29	1,286,476,875.72	-	1,286,476,875.72
Project of technology improvement and capacity expansion of SGMW	4,774,627,248.61	11,726,495.73	4,762,900,752.88	3,223,768,031.66	25,273,202.59	3,198,494,829.07
Project of technology improvement and capacity expansion of Huizhong	451,423,660.72	200,000.00	451,223,660.72	333,983,591.57	200,000.00	333,783,591.57
Construction of MG Pukou base phase II of NAGC	258,349,637.10	235,913.07	258,113,724.03	68,756,221.88	235,913.07	68,520,308.81
Donghua CP4 logistics supporting project	107,749,229.11	1,050,329.40	106,698,899.71	16,921,829.47	1,050,329.40	15,871,500.07
Donghua Pukou Qiaolin project	128,163,439.80	-	128,163,439.80	8,063,909.35	-	8,063,909.35
Project of technology improvement and capacity expansion of Shanghai Diesel	142,829,859.15	31,716,626.11	111,113,233.04	219,757,070.91	31,716,626.11	188,040,444.80
Project of technology improvement and capacity expansion of Yanfeng Johnson	2,228,396,947.62	17,134,493.00	2,211,262,454.62	1,909,813,005.74	17,134,493.00	1,892,678,512.74
Project of passenger vehicles of self-owned brands	235,490,387.31	-	235,490,387.31	1,024,881,793.87	-	1,024,881,793.87
Project of R&D centre expansion	430,488,863.55	-	430,488,863.55	885,940,436.98	-	885,940,436.98
Project of construction of port of Anji Logistics	1,179,238,809.66	-	1,179,238,809.66	974,910,900.64	-	974,910,900.64
Project of self-owned brand of Commercial Vehicles	714,314,610.92	222,747.30	714,091,863.62	253,117,806.17	222,747.30	252,895,058.87
Project of photovoltaic generation of Asset Management	96,354,428.16	-	96,354,428.16	7,938,646.10	-	7,938,646.10
Project of self-owned brand in Thailand	21,689,179.18	-	21,689,179.18	31,967,038.86	-	31,967,038.86
Others	260,698,607.22	-	260,698,607.22	532,393,709.73	-	532,393,709.73
Total	11,964,883,061.16	108,614,200.37	11,856,268,860.79	10,778,690,868.65	75,833,311.47	10,702,857,557.18

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 18. Construction in progress - continued

## (2) Movement of major construction in progress:

Unit: RMB

Name of item	Budget	December 31, 2014	Increase during the year	Transfer to fixed assets upon completion	Other decreases during this year	December 31, 2015	Proportion of project investment to the budget (%)	Project progress	Accumulated interest capitalized	Including: interest capitalized	Rate of interest capitalized (%)	Sources of funds
Dual clutch transmission project and relocation	6,421,027,202.31	1,286,476,875.72	871,249,150.33	1,005,119,698.34	217,538,174.66	935,068,153.05	84	Under construction	73,072,672.31	1,960,478.69	6.72	Self-financed and raised funds
Project of technology improvement and capacity expansion of SGMW	15,241,302,856.74	3,223,768,031.66	4,390,836,494.05	2,690,934,327.54	149,042,949.56	4,774,627,248.61	88	Under construction	-	-	-	Self-financed
Project of technology improvement and capacity expansion of Huizhong	2,815,455,648.10	333,983,591.57	512,610,203.05	395,170,133.90	-	451,423,660.72	90	Under construction	-	-	-	Self-financed
Construction of MG Pukou base phase II of NAGC	5,633,883,263.98	68,756,221.88	554,999,457.26	359,823,868.93	5,582,173.11	258,349,637.10	44	Under construction	-	-	-	Self-financed
Donghua CP4 logistics supporting project	505,308,065.58	16,921,829.47	108,224,921.46	13,315,649.56	4,081,872.26	107,749,229.11	66	Under construction	-	-	-	Self-financed
Donghua Pukou Qiaolin project	1,944,920,000.00	8,063,909.35	120,733,030.45	-	633,500.00	128,163,439.80	73	Under construction	-	-	-	Self-financed
Project of technology improvement and capacity expansion of Shanghai Diesel	2,510,523,665.00	219,757,070.91	148,613,578.16	225,540,789.92	-	142,829,859.15	55	Under construction	-	-	-	Self-financed and raised funds
Project of technology improvement and capacity expansion of Yanfeng Johnson	5,917,443,495.92	1,909,813,005.74	3,251,788,735.85	2,818,080,611.63	115,124,182.34	2,228,396,947.62	65	Under construction	25,220,431.18	9,128,622.92	5.99	Self-financed
Project of passenger vehicles of self-owned brands	12,254,143,114.95	1,024,881,793.87	896,552,517.43	1,675,099,915.18	10,844,008.81	235,490,387.31	60	Under construction	-	-	-	Self-financed and raised funds
Project of R&D centre expansion	3,697,401,391.00	885,940,436.98	429,582,880.58	853,855,982.33	31,178,471.68	430,488,863.55	75	Under construction	-	-	-	Self-financed and raised funds
Project of construction of port of Anji Logistics	3,802,009,747.06	974,910,900.64	598,267,647.76	292,724,901.95	101,214,836.79	1,179,238,809.66	75	Under construction	-	-	-	Self-financed
Project of self-owned brand of Commercial Vehicles	5,496,435,421.05	253,117,806.17	665,467,112.43	203,768,645.34	501,662.34	714,314,610.92	45	Under construction	-	-	-	Self-financed and raised funds
Project of photovoltaic generation of Asset Management	667,349,000.10	7,938,646.10	90,777,282.06	-	2,361,500.00	96,354,428.16	86	Under construction	10,616,960.87	84,632.53	4.90	Self-financed
Project of self-owned brand in Thailand	90,982,497.38	31,967,038.86	96,959,622.82	96,959,622.82	10,277,859.68	21,689,179.18	78	Under construction	-	-	-	Self-financed
Others		532,393,709.73	560,034,613.46	533,761,960.84	297,967,755.13	260,698,607.22		Under construction	-	-	-	Self-financed
Total	66,998,185,369.17	10,778,690,868.65	13,296,697,247.15	11,164,156,108.28	946,348,946.36	11,964,883,061.16			108,910,064.36	11,173,734.14		



**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****18. Construction in progress - continued**

(3) Changes of construction in process are as follows:

Unit: RMB

Item	Amount
December 31, 2014	10,778,690,868.65
Purchase during the year	12,780,880,614.59
Increases due to changes in the scope of consolidation during the year	504,693,044.12
Transfer from fixed assets	11,123,588.44
Transfer to fixed assets upon completion	11,164,156,108.28
Transfer to intangible assets upon completion	790,862,886.12
Transfer to investment properties upon completion	103,005,282.28
Disposals during the year	52,480,777.96
December 31, 2015	11,964,883,061.16

(4) Impairment for constructions in progress

Unit: RMB

Item	December 31, 2014	Increase	Decrease	December 31, 2015	Reason for impairment
Dual clutch transmission project and relocation	-	46,327,595.76	-	46,327,595.76	Changes of products portfolio
Dalian Shanghai Diesel product line and plant construction	31,716,626.11	-	-	31,716,626.11	Termination of the project
Project of technology improvement and capacity expansion of Yanfeng Johnson	17,134,493.00	-	-	17,134,493.00	Termination of the project
Project of technology improvement and capacity expansion of SGMW	25,273,202.59	-	13,546,706.86	11,726,495.73	Termination of the project
Construction of MG Pukou base phase II of NAGC	235,913.07	-	-	235,913.07	Changes of products portfolio
Others	1,473,076.70	-	-	1,473,076.70	Termination of the project
Total	75,833,311.47	46,327,595.76	13,546,706.86	108,614,200.37	

(5) At the year-end, constructions in progress with net book value of RMB 148,406,710.16 were pledged as collateral for bank borrowings. Please refer to Note (VI) 38 for more details.

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 19. Intangible assets

## (1) General

								Unit: RMB
Item	Land use right	Know-how	Royalties	Software	Patent	Trademark right	Others	Total
<b>I. Cost</b>								
December 31, 2014	6,339,976,088.08	2,801,028,976.67	8,113,500.00	1,057,879,659.12	1,033,952,252.05	252,654,291.17	932,086,536.00	12,425,691,303.09
Increases due to changes in the scope of consolidation during the year	63,971,765.98	-	-	77,325,700.41	-	-	-	141,297,466.39
Purchase during the year	1,454,947,587.28	162,944,264.73	50,000,000.00	76,518,247.22	-	-	21,945,731.30	1,766,355,830.53
Transfer from investment properties during the year	12,850,502.45	-	-	-	-	-	-	12,850,502.45
Transfer from construction in progress during the year	557,347,658.26	-	-	233,515,227.86	-	-	-	790,862,886.12
Increases due to changes in the exchange rate during the year	-	-	-	643,438.00	-	-	2,429.08	645,867.08
Disposals during the year	91,995,120.00	2,198,832.85	-	8,036,738.19	-	8,479,609.39	24,125,867.08	134,836,167.51
Transfer to investment properties during the year	7,705,956.00	-	-	-	-	-	-	7,705,956.00
Transfer to development expenditure during the year	178,013,089.83	-	-	-	-	-	-	178,013,089.83
December 31, 2015	8,151,379,436.22	2,961,774,408.55	58,113,500.00	1,437,845,534.42	1,033,952,252.05	244,174,681.78	929,908,829.30	14,817,148,642.32
<b>II. Accumulated amortization</b>								
December 31, 2014	690,733,737.03	1,853,168,515.56	2,958,550.00	583,170,178.32	949,520,868.08	51,540,738.24	858,112,940.21	4,989,205,527.44
Increases due to changes in the scope of consolidation during the year	13,876,499.58	-	-	43,158,098.41	-	-	-	57,034,597.99
Provision during the year	174,796,780.41	20,815,614.02	5,998,333.33	190,078,670.57	3,286,278.31	24,332,919.14	78,348,055.47	497,656,651.25
Transfer from investment properties during the year	4,470,287.28	-	-	-	-	-	-	4,470,287.28
Disposals during the year	3,869.00	3,756,500.24	-	5,623,186.96	162,167.10	8,479,609.39	23,411,788.27	41,437,120.96
Transfer to investment properties during the year	60,591.00	-	-	-	-	-	-	60,591.00
Transfer to development cost during the year	18,855,600.29	-	-	-	-	-	-	18,855,600.29
December 31, 2015	864,957,244.01	1,870,227,629.34	8,956,883.33	810,783,760.34	952,644,979.29	67,394,047.99	913,049,207.41	5,488,013,751.71

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 19. Intangible assets - continued

## (1) General - continued

Unit: RMB

Item	Land use right	Know-how	Royalties	Software	Patent	Trademark right	Others	Total
III. Impairment								
December 31, 2014	3,612,787.25	859,289,951.94	4,714,950.00	9,814,479.21	81,250,000.00	-	-	958,682,168.40
Provision during the year	-	8,216,147.75	-	1,434,829.04	-	-	-	9,650,976.79
Disposals during the year	-	117,051.97	-	-	-	-	-	117,051.97
December 31, 2015	3,612,787.25	867,389,047.72	4,714,950.00	11,249,308.25	81,250,000.00	-	-	968,216,093.22
IV. Net book value								
December 31, 2015	7,282,809,404.96	224,157,731.49	44,441,666.67	615,812,465.83	57,272.76	176,780,633.79	16,859,621.89	8,360,918,797.39
December 31, 2014	5,645,629,563.80	88,570,509.17	440,000.00	464,895,001.59	3,181,383.97	201,113,552.93	73,973,595.79	6,477,803,607.25

## (2) Details of land use right that the certificates of title were not obtained are as follows:

Unit: RMB

Item	Book value	Reasons why certificates of title have not been obtained
Land use right	754,755,861.55	In progress

(3) At the year-end, land use right with net book value of RMB 62,681,960.13 was pledged as collateral of bank borrowings. Refer to Note (VI) 38 for more details.

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 20. Development expenditures

Unit: RMB

Item	December 31, 2014	Increase	Recognized in profit and loss	December 31, 2015
Research expenditures	-	1,636,163,550.42	1,636,163,550.42	-
Development expenditures	8,434,650.99	6,735,240,766.60	6,739,377,023.55	4,298,394.04
Total	8,434,650.99	8,371,404,317.02	8,375,540,573.97	4,298,394.04

Development expenditures accounts for 80.46% of total research and development expenditures during the year.

## 21. Goodwill

## (1) Cost

Unit: RMB

Invested company	December 31, 2014	Increase	December 31, 2015
SAIC-GMAC Automotive Finance Co., Ltd.(Note)	-	333,378,433.68	333,378,433.68
Shanghai ANJI-CEVA Automotive Logistics Co., Ltd.(Note)	-	290,248.50	290,248.50
Chongqing Yanfeng Johnson Automotive Parts Systems Co., Ltd.	71,566,642.00	-	71,566,642.00
Shanghai Diesel	6,994,594.88	-	6,994,594.88
Nanya Motor	11.11	-	11.11
Others	6,642,900.76	47,486,350.31	54,129,251.07
Total	85,204,148.75	381,155,032.49	466,359,181.24

Note: Refer to Note (VII) 1 for more details.

## (2) Impairment

Unit: RMB

Invested company	December 31, 2015 and December 31, 2014
Nanya Motor	11.11
Others	2,900,000.00
Total	2,900,011.11

## 22. Long-term deferred expenses

Unit: RMB

Item	December 31, 2015	December 31, 2014
Improvement expenditure of fixed assets under operating lease	1,119,722,789.23	919,090,098.38
Mould costs	45,272,945.57	23,244,990.54
Others	121,902,176.17	91,209,455.03
Total	1,286,897,910.97	1,033,544,543.95

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 23. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets and corresponding deductible temporary differences:

Unit: RMB

Item	December 31, 2015		December 31, 2014	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets impairment	3,755,865,314.72	776,975,236.04	2,227,177,532.02	416,604,147.20
Temporary difference arising from depreciation of fixed assets	379,489,327.73	74,697,400.62	351,828,771.95	58,709,288.50
Temporary difference arising from amortization of intangible assets	30,374,680.54	6,976,237.08	8,489,667.50	1,273,450.13
Deferred income	780,475,628.43	132,784,411.30	487,001,254.43	88,143,823.00
Designated as financial assets at fair value through profit or loss, measured at fair value	176,754,071.86	44,188,517.97	-	-
Liabilities accrued but not deductible	63,266,074,034.69	14,898,103,108.92	52,172,138,874.41	12,122,537,072.24
Unrealized profit elimination	3,062,815,088.07	763,193,843.52	3,663,545,961.24	914,744,229.66
Others	1,289,824,566.60	298,327,587.56	678,726,955.43	159,781,037.27
Total	72,741,672,712.64	16,995,246,343.01	59,588,909,016.98	13,761,793,048.00

(2) Differed tax liabilities and corresponding taxable temporary differences:

Unit: RMB

Item	December 31, 2015		December 31, 2014	
	Taxable temporary differences	Differed tax liabilities	Taxable temporary differences	Differed tax liabilities
Financial assets designated at fair value through profit or loss measured at fair value	4,663,287.47	1,165,821.87	31,116,040.00	7,779,010.00
Available-for-sale financial assets measured at fair value	10,304,528,728.55	2,279,150,529.28	9,102,049,123.43	2,038,637,564.61
Fair value adjustment on fixed assets, intangible assets and other assets obtained from business combination not involving enterprises under common control	1,536,495,456.72	477,025,450.18	363,509,325.26	90,876,487.11
Others	280,634,650.09	79,553,740.93	185,989,972.38	55,950,058.73
Total	12,126,322,122.83	2,836,895,542.26	9,682,664,461.07	2,193,243,120.45

(3) Deferred tax assets offset by deferred tax liabilities

Unit: RMB

Item	Deferred tax assets offset by deferred tax liabilities at December 31, 2015	Net amount of deferred tax assets (liabilities) at December 31, 2015	Deferred tax assets offset by deferred tax liabilities at December 31, 2014	Net amount of deferred tax assets (liabilities) at December 31, 2014
Differed tax assets	3,640,114.28	16,991,606,228.73	3,967,237.63	13,757,825,810.37
Differed tax liabilities	3,640,114.28	2,833,255,427.98	3,967,237.63	2,189,275,882.82

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	December 31, 2015	December 31, 2014
Deductible losses and deductible temporary differences	51,688,894,332.72	47,753,342,139.90

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****23. Deferred tax assets/deferred tax liabilities - continued**

(5) Changes of the net amount of the deferred tax assets (liabilities) during the year were as follows:

Item	Unit: RMB
December 31, 2014	11,568,549,927.55
Increase due to changes in the scope of consolidation during the year	938,202,525.31
Recognized in profit and loss of the year	1,892,111,312.56
Recognized in equity during the year	(240,512,964.67)
December 31, 2015	14,158,350,800.75

**24. Other non-current assets**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Prepayment of long-term assets	903,330,115.04	936,713,590.61
Long-term entrust loans	212,500,000.00	-
Receivables investment (Note 1)	136,209,997.31	159,797,500.74
Continuous involvement in the financial assets (Note 1)	136,209,997.31	-
Long-term loans (Note 2)	-	-
Others	252,515,115.75	316,228,640.82
Less: Impairment loss on other non-current assets	234,649,689.64	220,849,689.64
Net book value of other non-current assets	1,640,765,225.41	1,412,739,732.17
Less: Other non-current assets due within one year (Note 1)(Note (VI) 10)	272,419,994.62	-
Total	1,368,345,230.79	1,412,739,732.17

Note 1: At the year-end, receivables investment represents subprime asset-backed securities issued by a special purpose trust held by GMAC, the Company's subsidiary. At the year-end, the total value of such receivables investment was amounted to RMB 150,009,997.3, the provision for impairment loss was RMB 13,800,000.00, and the book value was RMB 136,209,997.31. Meanwhile, GMAC recognized corresponding financial assets and liabilities in equal due to the continuous involvement. The securitized products will be settled in 2016. Please refer to Note (VIII) 5 for more details. The balance as of December 31, 2014 represents long-term certificated bonds held by SFC.

Note 2: The balance represents long-term loans granted to SAIC General Motors Investments Limited, amounted to RMB 220,849,689.64, of which full provision for impairment loss was recognized.

**25. Short-term borrowings**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Pledge loans (Note 1)	122,589,257.59	233,800,000.00
Guaranteed loans (Note 2)	41,014,584.00	59,000,000.00
Mortgage loans	-	21,000,000.00
Credit loans	4,744,742,704.38	5,191,453,039.46
Total	4,908,346,545.97	5,505,253,039.46

Note 1: At the year-end, accounts receivable with net book value of RMB 200,822,328.04 were pledged to secure pledge loans (see Note (VI) 4).

Note 2: At the year-end, shareholders of SAIC Motor - CP Co., Ltd., a subsidiary of the Company, provided guarantee to its loans of RMB 7,584,584.00, of which the Company provided guarantee to 51% of the loan balance according to its shareholding. Guaranteed loans of RMB 33,430,000.00 were guaranteed by third parties.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****26. Customer deposits and deposits from banks and other financial institutions**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Enterprises' deposits held by SFC	35,816,147,988.13	40,642,489,748.76
Banks' deposit held by SFC	-	318,909,458.84
Short-term deposits held by SFC	8,568,336,270.92	3,796,664,700.64
Total	44,384,484,259.05	44,758,063,908.24

**27. Loans from banks and other financial institutions**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Loans from banks and other financial institutions	23,429,657,800.31	-

**28. Financial liabilities at fair value through profit or loss**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Derivative financial liabilities - forward exchange contracts	7,486,291.00	-

**29. Notes payable**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Bank acceptances	6,918,482,365.68	5,093,528,730.98
Trade acceptances	364,319,865.14	480,686,589.71
Total	7,282,802,230.82	5,574,215,320.69

**30. Accounts payable**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Accounts payable for purchase of vehicles, materials and parts, etc.	99,034,578,618.58	66,027,244,570.41

**31. Receipts in advance**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Receipt in advance arising from sales of vehicles, materials and parts, etc.	18,317,063,798.28	27,430,862,400.76

**32. Employee benefits payable**

(1) Details of employee benefits payable are as follows:

Unit: RMB

Item	December 31, 2015	December 31, 2014
Short-term employee benefits	8,084,885,358.17	6,755,982,241.11
Post-employment benefit - Defined contribution plans	87,960,194.45	60,430,013.26
Termination benefits	233,448,503.89	290,935,440.36
Total	8,406,294,056.51	7,107,347,694.73

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****32. Employee benefits payable - continued**

(2) Details of short-term employee benefits are as follows:

Unit: RMB

Item	December 31, 2015	December 31, 2014
Payroll, bonus, allowance and compensation	5,311,986,647.58	4,595,870,275.37
Staff incentive and welfare fund	2,020,176,466.19	1,474,414,975.11
Social security contributions	94,055,823.64	89,123,758.37
Housing funds	56,033,112.88	60,959,250.17
Trade union fund and employee education fund	372,721,248.19	359,943,388.14
Others	229,912,059.69	175,670,593.95
Total	8,084,885,358.17	6,755,982,241.11

(3) Defined contribution plans

Unit: RMB

Item	December 31, 2015	December 31, 2014
Basic pensions	77,015,260.54	48,130,571.19
Unemployment insurance	8,099,390.15	9,794,180.54
Corporate annuity	2,845,543.76	2,505,261.53
Total	87,960,194.45	60,430,013.26

**33. Taxes payable**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Enterprise income tax	4,210,331,586.66	3,430,921,799.42
Value added tax	1,682,942,828.76	(840,129,805.93)
Consumption tax	401,790,235.33	232,899,629.28
Business tax	291,041,280.21	124,367,230.74
Individual income tax	176,284,584.98	89,451,964.91
City construction and maintenance tax	169,296,231.44	57,461,037.63
Land use tax	17,355,617.74	18,449,831.83
Education surcharge	219,747,160.35	71,074,522.30
Others	222,747,915.14	225,904,254.82
Total	7,391,537,440.61	3,410,400,465.00

**34. Dividends payable**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Dividends payable of subsidiaries due to minority shareholders	448,541,726.94	137,519,670.03

**35. Other payables**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Sales commission and discount	26,376,122,214.78	24,426,372,989.74
Dealers' deposits and other deposits	2,385,510,790.82	3,162,242,514.52
Others	9,885,193,457.57	5,241,675,855.79
Total	38,646,826,463.17	32,830,291,360.05



**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****36. Non-current liabilities due within one year**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Provisions due within one year (Note (VI)42)	4,409,995,083.67	3,933,234,863.80
Long-term borrowings due within one year (Note (VI)38)	564,253,092.71	1,777,060,262.07
Bonds payable due within one year (Note (VI)39)	-	1,133,493,000.00
Total	4,974,248,176.38	6,843,788,125.87

## (1) Provisions due within one year

Unit: RMB

Item	December 31, 2015	December 31, 2014
Products quality warranty	3,924,402,439.03	3,484,295,885.92
Others	485,592,644.64	448,938,977.88
Total	4,409,995,083.67	3,933,234,863.80

## (2) Long-term borrowings due within one year

Unit: RMB

Item	December 31, 2015	December 31, 2014
Pledged loans	200,165,092.79	1,303,455,395.62
Credit loans	314,087,999.92	423,704,866.45
Mortgaged loans	50,000,000.00	49,900,000.00
Total	564,253,092.71	1,777,060,262.07

## (3) Bonds payable due within one year

Unit: RMB

Item	December 31, 2015	December 31, 2014
Bonds payable	-	1,133,493,000.00

**37. Other current liabilities**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Accrued expenses	205,734,205.76	154,042,787.13

**38. Long-term borrowings**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Pledged loans (Note 1)	331,400,000.00	376,700,000.00
Mortgaged loans (Note 2)	240,676,759.18	1,645,245,602.82
Guaranteed loans (Note 3)	435,675,330.11	-
Credit loans	955,312,147.65	1,804,259,025.70
Sub-total	1,963,064,236.94	3,826,204,628.52
Less: Long-term borrowings due within one year (Note (VI)36)	564,253,092.71	1,777,060,262.07
Total	1,398,811,144.23	2,049,144,366.45

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****38. Long-term borrowings - continued**

Note 1: At the year-end, investment properties - buildings with net book value of RMB 11,176,197.74, fixed assets - buildings with net book value of RMB 12,782,073.96 and intangible assets - land use rights with net book value of RMB 11,809,417.27 were pledged to secure loans of RMB 11,600,000.00 (see Note (VI)16, 17 and 19); investment properties - buildings with net book value of RMB 39,772,567.47 and intangible assets - land use rights with net book value of RMB 16,278,549.26 were pledged to secure loans of RMB 9,600,000.00 (see Note (VI)16 and 19); fixed assets - buildings with net book value of RMB 195,809,604.90 and intangible assets - land use rights with net book value of RMB 34,593,993.60 were pledged to secure pledged loans of RMB 198,000,000.00 (see Note (VI)17 and 19); construction in progress with net book value of RMB 148,406,710.16 was pledged to secure loans of RMB 52,000,000.00 (see Note (VI)19), and fixed assets - buildings with net book value of RMB 72,831,024.56 were pledged to secure loans of RMB 60,200,000.00 (see Note (VI)17).

Note 2: At the year-end, long-term receivables with net book value of RMB 373,722,518.04 were pledged to secure the pledged loans (see Note (VI) 14).

Note 3: At the year-end, shareholders of SAIC Motor - CP Co., Ltd, a subsidiary of the Company, provided guarantee to its borrowings of RMB 424,873,230.11, of which the Company provided guarantee to 51% of the balance of borrowings according to the shareholding (see Note (XII) 3). Shareholders of HASCO - CP Co., Ltd, a subsidiary of the HASCO, provided guarantee to its loans of RMB 10,802,100.00, of which HASCO provided guarantee to 51% of the loan balance according to the shareholding (see Note (XII) 3).

**39. Bonds payable**

Unit: RMB

Category	December 31, 2015	December 31, 2014
Corporate bonds of HASCO (Note 1)	2,700,490,000.00	3,833,983,000.00
Non-bank financial institution bonds of GMAC(Note 2)	1,494,315,403.26	-
Asset-backed securities of SAIC GMAC (Note 3)	4,013,303,996.78	-
Sub-total	8,208,109,400.04	3,833,983,000.00
Less: Bonds payable due within one year( Note (VI) 36)	-	1,133,493,000.00
Bonds payable due after one year	8,208,109,400.04	2,700,490,000.00

Note 1: As approved by China Securities Regulatory Commission Zheng Jian Xu Ke [2013] No. 1380, "Approval of HASCO's Issue of Corporate Bonds", HASCO, the Company's subsidiary, issued corporate bonds of RMB 4,000,000,000 on November 21, 2013 at par value of RMB 100 per bond. The bonds were categorized as two types: Type 1 (two-year bond) and Type 2 (five-year bond attached with interest rate adjustment option for the issuer and put option for the bondholders at the end of the third year). Amount of Type 1 bond is RMB 1,200,000,000 and coupon rate is 5.60% per annum. Amount of Type 2 bond is RMB 2,800,000,000 and coupon rate is 5.72% per annum. Interests of both types shall be paid annually and the principle shall be repaid on maturity date at par. There is no guarantee on the corporate bonds issued by HASCO. Type 1 bond was fully repaid during the year.

SFC, the Company's subsidiary, subscribed for RMB 99,510,000.00 of the corporate bonds of HASCO. After inter-group elimination, balance of bonds payable as at the year-end is RMB 2,700,490,000.00.

Note 2: GMAC, the Company's subsidiary, issued a three-year bond with fixed interest rates of RMB 1,500,000,000 on March 3, 2014 in inter-bank bond markets. The coupon rate is 5.95% per annum. Interests of the bond shall be paid annually. Maturity date of the bond is March 4, 2017.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****39. Bonds payable - continued**

Note 3: GMAC issued a preferred asset-backed security with floated interest rates at par value of RMB 3,580,000,000.00 on June 10, 2015, which was estimated to be due on January 26, 2017. GMAC issued a preferred asset-backed security with floated interest rates at par value of RMB 2,700,000,000.00 on September 11, 2015, which was estimated to be due on August 26, 2017.

**40. Long-term employee benefits payable**

## (1) Details of long-term employee benefits payable

Unit: RMB

Item	December 31, 2015	December 31, 2014
Post-employment benefit - net liabilities of defined benefit plan	3,426,678,193.06	3,018,996,758.83
Termination benefits	2,183,634,952.52	2,311,013,889.91
Other long-term benefits	408,165,187.47	186,711,474.81
Total	6,018,478,333.05	5,516,722,123.55

## (2) Details of defined benefit plans

Unit: RMB

Item	Year ended December 31, 2015	Year ended December 31, 2014
December 31, 2014	3,018,996,758.83	3,808,790,867.53
Cost of defined benefit plans recognized in profit or loss	241,914,777.31	217,428,499.05
1. Past service cost	98,850,675.47	110,913,572.12
2. Net value of interests	143,064,101.84	106,514,926.93
Cost of defined benefit plans recognized in other comprehensive income	247,303,986.71	(914,866,778.31)
1. Actuarial (gains) losses	247,303,986.71	(914,866,778.31)
Other movements	(81,537,329.79)	(92,355,829.44)
1. Benefits paid	(81,537,329.79)	(92,355,829.44)
December 31, 2015	3,426,678,193.06	3,018,996,758.83

The Group provided retired employees with defined benefit plans of supplementary post-employment benefits. The Group estimated its commitment to employees after retirement by actuarial valuation, and calculated its liabilities resulted from the supplementary post-employment based on estimation. Liabilities of the plan is estimated based on its future cash outflow at certain benefit increase rate and death rate and discounted to its present value at certain discount rate. The discount rate is determined based to the rate of the government bonds with an expected term and currency that are consistent with the expected term of the obligations at the balance sheet date. The Group recognized the liability according to the results from actuarial valuation, and recognized relevant actuarial gains and losses in other comprehensive income that will not be reclassified subsequently to profit or loss. Past service cost is recognized as profit or loss when the defined benefit plan is revised. Interest expense is calculated based on net liabilities of defined benefit plans and discount rate.

Defined benefit plans of supplementary post-employment benefits expose the Group to actuarial risks such as: interest rate risk, longevity risk and inflation risk. A decrease in the bond interest rate will increase the plan liability. The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability. Besides, the present value of the defined benefit plan liability is related to the future payment standards, which is estimated based on inflation rate. Therefore, the increase of inflation rate will increase the plan's liability.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****40. Long-term employee benefits payable - continued**

## (2) Details of defined benefit plans - continued

The most recent actuarial valuation of the defined benefit plan liabilities was carried out at December 31, 2015 by professional institution. The present value of the defined benefit obligation and the related service cost were measured using the projected unit credit method.

Significant actuary assumptions for the purposes of the actuarial valuations are discount rate, benefit increase rate and death rate. The discount rates used are 3% - 3.75%. The assumption of death rate was based on "China Life Insurance Mortality Table (2000-2003)".

The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

- If the discount rate is 25 basis points higher (lower), the present value of defined benefit plan liabilities would decrease by RMB 146.50 million (increase by RMB 158.26 million).
- If the benefit increase rate increases (decreases) by 1%, the present value of defined benefit plan liabilities would increase by RMB 620.61 million (decrease by RMB 459.06 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit liabilities as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In the above sensitivity analysis, the present value of defined benefit plan liabilities has been calculated using the same method as that applied in calculating the defined benefit plan liabilities recognized in in the balance sheet.

**41. Special payables**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Compensation for relocation (Note 1)	38,358,140.00	196,610,014.24
Special reward fund (Note 2)	863,767,352.72	900,428,309.00
Total	902,125,492.72	1,097,038,323.24

Note 1: The balance represents compensations appropriated by the government for its purchase of land use rights owned by the Group for relocation for the benefit of the public interest.

Note 2: Balance of special reward fund was injected by SAIC in 2011 restructuring as stated in Note (I). Such fund is designated for special purpose of rewarding significant contributions to business developments, completion of strategic development objectives (including key annual goals), completion of significant projects or works. The fund is managed as special payables.

**42. Provisions**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Products quality warranty	12,162,897,559.10	10,232,551,493.13
Expected compensation expenditure	510,107,826.57	482,643,289.24
Liability due to continuing involvement(Note)	136,209,997.31	
Others	1,469,914,414.50	903,620,086.65
Sub-total	14,279,129,797.48	11,618,814,869.02
Less: Provisions due within one year (Note (VI) 36)	4,409,995,083.67	3,933,234,863.80
Total	9,869,134,713.81	7,685,580,005.22

Note: Refer to Note (VI) 24 note 1.

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 43. Deferred income

Unit: RMB

Item	December 31, 2015	December 31, 2014
Government grants (Note)	9,773,158,990.87	6,587,189,457.74
Interest received in advance by SFC and GMAC	3,067,536,824.58	1,357,856,281.33
Others	962,962,253.83	756,789,196.06
Total	13,803,658,069.28	8,701,834,935.13

Note: Details of deferred income - government grants are as follows:

Unit: RMB

Item	December 31, 2014	Increase due to changes in the scope	Increase	Amount recognized in non-operating income	December 31, 2015	Related to assets/income
Relocation compensation	3,789,252,593.29	-	3,680,000,031.96	1,266,932,057.38	6,202,320,567.87	Assets/Income
Subsidies for purchase of fixed assets	1,396,574,750.00	-	789,422,694.48	125,901,476.26	2,060,095,968.22	Assets
Technical improvement	380,216,280.96	-	46,006,536.15	23,112,398.21	403,110,418.90	Assets
Subsidies for project development	730,276,454.10	-	250,215,958.22	220,003,892.79	760,488,519.53	Income
Financial subsidies	290,869,379.39	13,419,245.00	107,425,078.97	64,570,187.01	347,143,516.35	Income
Total	6,587,189,457.74	13,419,245.00	4,873,070,299.78	1,700,520,011.65	9,773,158,990.87	

## 44. Share capital

Registered capital and paid-in capital of the Company are RMB 11,025,566,629, with a par value of RMB1.00 per share. Categories and composition of the shares are as follows:

Year 2015	January 1, 2015 (shares)	Changes (shares) (Note)	December 31, 2015 (shares)	% of shares held at the year-end
Non-restricted shares				
Ordinary shares in RMB				
-SAIC	8,191,449,931	-	8,191,449,931	74.30
-Yuejin	413,919,141	-	413,919,141	3.75
-SAIC Ltd	334,408,775	(334,408,775)	-	-
-SIG	-	334,408,775	334,408,775	3.03
-Others	2,085,788,782	-	2,085,788,782	18.92
Sub-total	11,025,566,629	-	11,025,566,629	100.00
Total	11,025,566,629	-	11,025,566,629	100.00

Note: Refer to Note (I).

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 44. Share capital - continued

Year 2014	January 1, 2014 (shares)	Changes (shares) (Note)	December 31, 2014 (shares)	% of shares held at the year-end
I. Restricted shares				
Shares held by domestic legal person				
-SAIC	1,448,736,163	(1,448,736,163)	-	-
-SAIC Ltd	334,408,775	(334,408,775)	-	-
Sub-total	1,783,144,938	(1,783,144,938)	-	-
II. Non-restricted shares				
Ordinary shares in RMB				
-SAIC	6,742,713,768	1,448,736,163	8,191,449,931	74.30
-Yuejin	413,919,141	-	413,919,141	3.75
-SAIC Ltd	-	334,408,775	334,408,775	3.03
-Others	2,085,788,782	-	2,085,788,782	18.92
Sub-total	9,242,421,691	1,783,144,938	11,025,566,629	100.00
III. Total	11,025,566,629	-	11,025,566,629	100.00

Note: As stated in Note (I), in 2011 Restructuring, the Company issued 1,783,144,938 shares (with par value of RMB 1.00 per share), of which 1,448,736,163 shares were issued to SAIC and 334,408,775 shares were issued to SAIC Ltd. Such shares were restricted for 36 months after the issue and such shares were released for trading in 2014.

## 45. Capital reserve

Unit: RMB

Item	January 1	Increase	December 31
<b>Year 2015</b>			
Share premium	37,013,721,153.04	938,708,711.25	37,952,429,864.29
Including: Capital contributed by investors	37,147,780,115.58	-	37,147,780,115.58
Differences arising from business combination involving enterprises under common control	1,454,026,130.62	-	1,454,026,130.62
Effect of changes of investment in subsidiaries (Note 2)	(1,588,085,093.16)	938,708,711.25	(649,376,381.91)
Other capital reserves	972,877,968.50	14,461,982.94	987,339,951.44
Total	37,986,599,121.54	953,170,694.19	38,939,769,815.73
<b>Year 2014</b>			
Share premium	36,997,624,621.54	16,096,531.50	37,013,721,153.04
Including: Capital contributed by investors (Note 3)	37,144,575,538.93	3,204,576.65	37,147,780,115.58
Differences arising from business combination involving enterprises under common control	1,454,026,130.62	-	1,454,026,130.62
Effect of changes of investment in subsidiaries	(1,600,977,048.01)	12,891,954.85	(1,588,085,093.16)
Other capital reserves	971,901,273.20	976,695.30	972,877,968.50
Total	37,969,525,894.74	17,073,226.80	37,986,599,121.54

Note 1: During the year, increase of RMB 1,118,042,323.57 is resulted from restructuring of interior business of Yanfeng Automotive Trim Systems Co., Ltd. (see Note (VIII) 1 (1)). Others are resulted from transactions stated in Note (VIII) 1 (2).

Note 2: In 2014, the increase of capital reserve relates to 2011 Restructuring as stated in Note (I). In 2011 Restructuring, certain assets acquired from SAIC were appraised using income approach. As committed by SAIC, the shortfall of the actual profit of such assets compared with the forecasted profit were compensated by SAIC in cash. The Company recognized the compensation as capital reserve.

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 46. Other comprehensive income

Unit: RMB

Item	December 31, 2014	During the year					December 31, 2015
		Increase before income tax	Less: Net amount included in other comprehensive income in the prior periods that is transferred to profit or loss of the current period	Less: Income tax expenses	Attributable to shareholders of the Company after income tax	Attributable to minority shareholders after income tax	
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	936,924,910.50	(247,303,986.71)	13,537,607.71	-	(223,640,942.42)	(37,200,652.00)	713,283,968.08
Including: Changes in net liabilities or net assets due to remeasurement of defined benefit plans	926,771,704.72	(247,303,986.71)	-	-	(213,487,736.64)	(33,816,250.07)	713,283,968.08
Shares of other comprehensive income that will not be reclassified subsequently to profit or loss of invested entities under equity method	10,153,205.78	-	13,537,607.71	-	(10,153,205.78)	(3,384,401.93)	-
II. Other comprehensive income that may be reclassified subsequently to profit or loss	8,766,570,511.16	1,595,621,135.84	52,894,032.63	240,512,964.67	1,436,938,754.49	(134,724,615.95)	10,203,509,265.65
Including: Shares of other comprehensive income that may be reclassified subsequently to profit or loss of invested entities under equity method in future	(108,936,103.16)	14,790,510.48	1,012,060.70	-	19,984,713.86	(6,206,264.08)	(88,951,389.30)
Changes in fair value of available-for-sale financial assets	8,753,520,637.46	1,097,197,587.52	51,881,971.93	240,512,964.67	1,059,919,194.99	(255,116,544.07)	9,813,439,832.45
Exchange differences on translating foreign operations	121,985,976.86	483,633,037.84	-	-	357,034,845.64	126,598,192.20	479,020,822.50
Total	9,703,495,421.66	1,348,317,149.13	66,431,640.34	240,512,964.67	1,213,297,812.07	(171,925,267.95)	10,916,793,233.73

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****47. Surplus reserve**

Unit: RMB

Item	January 1	Provision	December 31
<b>Year 2015</b>			
Statutory surplus reserve	11,727,182,207.14	2,446,049,928.48	14,173,232,135.62
Discretionary surplus reserve	10,108,979,700.60	2,446,049,928.48	12,555,029,629.08
Total	21,836,161,907.74	4,892,099,856.96	26,728,261,764.70
<b>Year 2014</b>			
Statutory surplus reserve	9,280,817,747.99	2,446,364,459.15	11,727,182,207.14
Discretionary surplus reserve	7,662,615,241.45	2,446,364,459.15	10,108,979,700.60
Total	16,943,432,989.44	4,892,728,918.30	21,836,161,907.74

Statutory surplus reserve can be used for making up for losses, expanding operation and increasing the Company's capital.

**48. Retained earnings**

Unit: RMB

Item	2015	2014
Balance at the beginning of year	76,085,680,916.97	66,456,983,324.88
Add: Net profit attributable to the shareholders of the Company	29,793,790,723.65	27,973,441,274.41
Less: Appropriation to statutory surplus reserve of the Company	2,446,049,928.48	2,446,364,459.15
Appropriation to discretionary surplus reserve of the Company	2,446,049,928.48	2,446,364,459.15
Dividends distribution (Note 1)	14,333,236,617.70	13,230,679,954.80
Appropriation to foreign capital reserve of SFC	1,641,152.55	976,695.30
Appropriation to staff incentive and welfare fund of subsidiaries	254,855,927.19	220,358,113.92
Balance at the end of year	86,397,638,086.22	76,085,680,916.97

Note 1: Prior year's cash dividends approved by shareholders' meeting

Pursuant to resolution of 2014 annual general meeting of shareholders on June 18, 2015, the Company distributed cash dividends of RMB13.00 (inclusive of tax) per 10 shares, amounting to RMB 14,333,236,617.70 based on total 11,025,566,629 shares.

Note 2: Profit distribution proposed after the balance sheet date

Pursuant to the proposals made at the 7th meeting of the 6th session of the Board of Directors, the Company planned to distribute cash dividends of RMB 13.60 (inclusive of tax) per 10 shares, based on total 11,025,566,629 shares after appropriation of statutory surplus reserve and discretionary surplus reserve at 10% and 10% of profit after tax of the Company. The dividend distribution plan is yet to be approved by the general meeting of shareholders.

**49. Operating income/costs**

(1) Operating income/costs

Unit: RMB

Item	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Operating income	Operating costs	Operating income	Operating costs
Primary operations	650,377,398,413.60	576,705,258,472.85	616,091,866,780.01	540,616,517,511.13
Other operations	10,996,531,379.05	9,127,624,743.41	10,620,527,706.85	8,619,508,402.87
Total	661,373,929,792.65	585,832,883,216.26	626,712,394,486.86	549,236,025,914.00



## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 49. Operating income/costs - continued

## (2) Primary operations

Unit: RMB

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Operating income	Operating costs	Operating income	Operating costs
Sales of vehicles	505,752,823,943.47	458,925,975,996.17	487,904,640,265.90	437,472,171,075.10
Sales of parts	125,733,526,700.70	101,181,521,349.86	112,350,643,124.74	89,667,112,081.10
Trading	9,899,903,807.26	9,489,601,764.09	10,190,290,392.62	9,786,066,547.86
Service and others	8,991,143,962.17	7,108,159,362.73	5,646,292,996.75	3,691,167,807.07
Total	650,377,398,413.60	576,705,258,472.85	616,091,866,780.01	540,616,517,511.13

## (3) Other operations

Unit: RMB

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Operating income	Operating costs	Operating income	Operating costs
Sales of raw materials	8,057,197,176.62	7,396,867,599.02	8,443,251,098.31	7,321,017,866.21
Rendering services	1,126,633,165.54	815,296,727.24	476,375,880.15	390,304,436.67
Rental	444,048,152.32	208,485,092.12	481,895,192.23	200,203,253.28
Others	1,368,652,884.57	706,975,325.03	1,219,005,536.16	707,982,846.71
Total	10,996,531,379.05	9,127,624,743.41	10,620,527,706.85	8,619,508,402.87

## (4) Operating incomes from the top five customers are as follows:

Unit: RMB

Name	Operating income	Proportion to total operating income (%)
Company 1	38,133,485,183.69	5.77
Company 2	13,214,035,762.91	2.00
Company 3	8,665,828,002.19	1.31
Company 4	6,617,554,204.98	1.00
Company 5	3,377,723,952.19	0.51
Total	70,008,627,105.96	10.59

## 50. Interest income/expenses

Unit: RMB

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Income	Expenses	Income	Expenses
Interest income/expenses of SFC and GMAC	8,295,161,232.11	2,347,899,980.15	3,195,091,850.17	899,418,199.38

## 51. Fee and commission income/ expenses

Unit: RMB

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Income	Expenses	Income	Expenses
Fee and commission income/expenses of SFC and GMAC	779,132,114.58	44,605,113.33	93,678,100.67	11,047,439.01

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****52. Business taxes and levies**

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Consumption tax	3,157,787,805.72	2,239,122,040.50
Business tax	750,494,572.27	308,070,569.99
City construction and maintenance tax	823,336,935.45	554,454,079.50
Education surcharges	803,909,886.33	599,524,556.99
Others	62,873,054.65	56,039,627.17
Total	5,598,402,254.42	3,757,210,874.15

**53. Selling expenses**

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Transportation expenses	10,241,767,320.73	10,852,429,906.17
Advertising expenses	9,726,993,437.49	10,039,144,659.33
After sales service expenses	4,649,630,471.12	4,206,950,824.26
Others	10,919,124,279.93	14,975,249,947.91
Total	35,537,515,509.27	40,073,775,337.67

**54. Administrative expenses**

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Salaries	7,490,896,632.56	6,349,904,696.07
Depreciation and amortization	1,173,534,596.81	1,044,440,926.11
Research and development expenditures	8,375,540,573.97	6,864,510,746.43
Royalties	285,147,079.12	62,557,024.84
Others	6,950,163,066.02	4,987,291,678.82
Total	24,275,281,948.48	19,308,705,072.27

**55. Financial expenses**

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Interest expenses	775,397,924.90	669,182,235.38
Less: Capitalized expenses (Note (VI) 18)	11,173,734.14	27,887,099.25
Less: Interest income	1,137,501,519.83	932,026,859.16
Exchange loss	97,205,622.17	92,897,702.19
Others	44,879,609.73	33,235,339.05
Total	(231,192,097.17)	(164,598,681.79)

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 56. Impairment losses of assets

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Bad debt loss	(632,726,573.18)	990,379,462.97
Decline in value of inventories	824,528,932.04	459,339,328.11
Impairment of available-for-sale financial assets	-	30,000,000.00
Impairment of long-term investments	-	32,531.42
Impairment of fixed assets	1,540,198,379.32	2,658,537,298.69
Impairment of construction in process	46,327,595.76	41,996,465.59
Impairment of intangible assets	9,650,976.79	-
Impairment of loans	1,060,193,157.80	221,954,536.57
Impairment of other current assets	-	23,000,000.00
Impairment of other non-current assets	-	(24,999,731.91)
Total	2,848,172,468.53	4,400,239,891.44

## 57. Gain (loss) from changes in fair values

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Gain (loss) resulting from:		
Financial assets at fair value through profit or loss	(278,030,579.56)	10,572,642.36
Financial liabilities at fair value through profit or loss	(7,486,291.00)	7,155,000.00
Total	(285,516,870.56)	17,727,642.36

## 58. Investment income

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Long-term equity investment income under equity method	26,632,109,451.86	25,301,463,475.67
Amortization of long-term equity investment difference	(827,623.32)	(827,623.32)
Gain from business combination not involving enterprises under common control achieved in stages involving multiple transactions (Note)	59,646,443.94	-
Gain on disposal of long-term equity investments	190,831,856.24	518,600,960.51
Gain from financial assets/liabilities at fair value through profit or loss	5,106,257.67	(3,486,345.14)
Gain from available-for-sale financial assets	2,643,398,882.64	1,874,283,009.70
Gain from financial assets purchased under resale agreements	75,211,380.15	66,360,924.24
Others	57,657,771.79	78,274,294.39
Total	29,663,134,420.97	27,834,668,696.05

Note: Refer to Note (VII) 1.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****59. Non-operating income**

(1) Details of non-operating income are as follows:

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Government grants	3,116,012,280.67	2,672,209,600.09
Gain on disposal of non-current assets	130,869,909.39	428,958,213.82
Payables waived by creditors	4,250,016.80	43,054,041.45
Debt restructuring gain	199,000.89	541,413.93
Acquisition discounts from business combination not involving enterprises under common control (Note)	204,657,090.00	802,311.00
Others	210,674,919.18	183,516,752.37
Total	3,666,663,216.93	3,329,082,332.66

Note: Refer to Note (VII)1.

(2) Details of government grants recognized in profit or loss are as follows:

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014	Related To Assets/Income
Relocation compensation	1,266,932,057.38	600,360,270.91	Assets/Income
Subsidies for purchase of fixed assets	125,901,476.26	52,120,327.46	Assets
Technical improvement	23,112,398.21	28,307,937.49	Assets
Subsidies for project development	275,609,807.14	188,476,715.03	Income
Financial subsidies	1,424,456,541.68	1,802,944,349.20	Income
Total	3,116,012,280.67	2,672,209,600.09	

**60. Non-operating expenses**

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Relocation	746,203,843.09	476,538,705.78
Indemnity loss to suppliers	205,908,776.07	281,418,480.34
Loss on disposal of non-current assets	385,789,730.40	105,676,803.02
Donations	8,315,916.55	8,934,728.95
Others	98,798,870.33	101,486,928.03
Total	1,445,017,136.44	974,055,646.12

**61. Income tax expenses**

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Current income tax expenses	7,627,818,575.58	6,597,306,401.33
Deferred income tax expenses	(1,892,111,312.56)	(2,159,284,230.53)
Total	5,735,707,263.02	4,438,022,170.80

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued****61. Income tax expenses - continued**

Reconciliation of income tax and accounting profit is as follows:

Unit: RMB

	Year Ended December 31, 2015	Year Ended December 31, 2014
Accounting profit	45,809,676,486.26	42,688,795,192.84
Income tax expenses calculated at 15% (Year 2014: 15%)	6,871,451,472.94	6,403,319,278.93
Effect of costs, expenses and losses that are not deductible for tax purposes	129,076,834.10	120,492,912.29
Effect of using previously unrecognized deductible losses and deductible temporary differences for tax purposes	(468,072,541.17)	(156,669,634.23)
Effect of unrecognized deductible losses and deductible temporary differences for tax purposes	1,792,347,042.00	1,629,444,573.06
Adjustment on prior year's income tax according to final settlement	(302,491,645.24)	(261,706,117.29)
Effect of non-taxable revenue	(4,079,148,055.97)	(4,199,821,379.56)
Effect of super tax deduction for research and development expenditures	(253,475,896.49)	(237,649,989.02)
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,046,020,052.85	1,140,612,526.62
Total	5,735,707,263.02	4,438,022,170.80

**62. Other comprehensive income (loss)**

Please refer to Note (VI) 46 for more details.

**63. Entrusted business off balance sheet of SFC**

Unit: RMB

	December 31, 2015	December 31, 2014
Entrusted deposits	594,688,371.88	907,302,495.15
Entrusted loans	433,000,000.00	745,500,000.00
Entrusted investments	161,688,371.88	161,802,495.15
Total	594,688,371.88	907,302,495.15

**64. Notes to cash flow statement**

Other cash payments relating to financing activities

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Increase of restricted cash (including pledge of bank acceptances, etc.)	600,447,044.62	65,973,355.84

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 65. Supplementary information to the cash flow statements

## (1) Supplementary information to the cash flow statements

Unit: RMB

Supplementary information	Year Ended December 31, 2015	Year Ended December 31, 2014
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	40,073,969,223.24	38,250,773,022.04
Add: Provision for impairment loss of assets	2,848,172,468.53	4,400,239,891.44
Depreciation of fixed assets	5,324,578,684.50	4,044,447,787.55
Amortization of intangible assets	497,656,651.25	580,482,903.04
Depreciation and amortization of investment properties	129,382,372.97	130,990,306.90
Amortization of long-term deferred expenses	292,087,330.45	196,901,938.37
Losses on disposal of fixed assets, intangible assets and other long-term assets	1,001,123,664.10	153,257,294.98
Losses on changes in fair values (gains)	285,516,870.56	(17,727,642.36)
Financial expenses	764,224,190.76	641,295,136.13
Investment income	(29,663,134,420.97)	(27,834,668,696.05)
Increase in deferred tax assets	(1,863,775,778.47)	(2,063,160,823.28)
Decrease in deferred tax liabilities	(28,335,534.09)	(96,123,407.25)
Decrease (increase) in inventories	2,185,927,394.69	(10,626,113,631.55)
Decrease in financial assets purchased under resell agreements	-	146,040,000.00
Decrease (increase) in operating receivables	(4,454,292,659.35)	7,475,211,708.82
Increase in operating payables	8,599,474,458.13	7,901,965,185.52
Net cash flow from operating activities	25,992,574,916.30	23,283,810,974.30
2. Net movement of cash and cash equivalents:		
Balance at the end of the year	62,107,494,271.45	72,071,515,299.46
Less: Balance at the beginning of the year	72,071,515,299.46	74,277,677,348.07
Net decrease in cash and cash equivalents	(9,964,021,028.01)	(2,206,162,048.61)

## (2) Cash and cash equivalents

Unit: RMB

Item	December 31, 2015	December 31, 2014
Cash	4,654,420.65	5,573,207.21
Bank deposit	62,027,836,897.57	71,772,093,154.17
Other currencies	75,002,953.23	293,848,938.08
Closing balance of cash and cash equivalents	62,107,494,271.45	72,071,515,299.46

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 66. Assets with restricted ownership or use right

Unit: RMB

Item	Book value at December 31, 2015	Reason of restriction (Please refer to)
Cash and bank balance	10,565,171,921.17	Note (VI) 1
Notes receivable	736,504,600.00	Note (VI) 3
Accounts receivable	200,822,328.04	Note (VI) 4
Long-term receivables	373,722,518.04	Note (VI) 14
Investment properties	50,948,765.21	Note (VI) 16
Fixed assets	281,422,703.42	Note (VI) 17
Construction in progress	148,406,710.16	Note (VI) 18
Intangible assets	62,681,960.13	Note (VI) 19
Total	12,419,681,506.17	

## 67. Foreign currency monetary items

Item	Balance of foreign currency at December 31, 2015	Exchange rate	Balance of RMB at December 31, 2015
Cash and bank balance			
-USD	794,002,220.36	6.4936	5,155,932,818.13
-GBP	21,167,701.03	9.6159	203,546,496.33
-EUR	28,773,988.32	7.0952	204,157,201.93
-JPY	202,498,046.30	0.0539	10,914,644.70
-HKD	38,951,919.91	0.8378	32,633,918.50
-THB	1,556,357,984.69	0.1799	279,988,801.45
-Others			278,398,225.39
Total			6,165,572,106.43
Short-term borrowings			
-USD	20,396,767.55	6.4936	132,448,449.76
-EUR	4,954,375.45	7.0952	35,152,284.69
-JPY	990,169,888.50	0.0539	53,370,156.99
-THB	635,889,044.30	0.1799	114,396,439.07
Total			335,367,330.51
Long-term borrowing -THB	3,622,006,916.75	0.1799	651,599,044.32

Note: Majority of the transactions of the Group are incurred domestically, majority of the assets and liabilities are dominated in RMB. Therefore, there were no significant foreign currency monetary items except cash and borrowings.

## VII. CHANGES IN THE SCOPE OF CONSOLIDATION

### 1. Business combination not involving enterprises under common control

#### (1) Business combination not involving enterprises under common control achieved in stages involving multiple transactions during the year:

##### (a) SFC's acquisition of 5% of equity interest of GMAC

GMAC was a joint-venture invested by Ally Financial Inc., SFC and SAIC General Motors Co., Ltd. ("SGM"), holding equity interest of 40%, 40% and 20%, respectively. GMAC was a JCE of the group. In 2014, General Motors Financial Company, Inc. ("GMFC"), GMAC UK plc and Ally Financial Inc. entered into an equity transfer agreement. Pursuant to the agreement, GMFC and GMAC UK plc respectively acquired 5% and 35% equity interest in GMAC from Ally Financial Inc. At the same time, SFC signed "Equity Transfer Agreement for the Transfer of Registered Capital of SAIC-GMAC Automotive Finance Co., Ltd. from General Motors Financial Company, Inc. to SAIC Finance Co., Ltd." with GMFC to acquire 5% of equity interest in GMAC from Ally Financial Inc.. The share transfer was completed on January 2, 2015. After this equity transfer, SFC held 45% equity interest in GMAC. According to the Articles of Association revised by GMAC, SFC has obtained majority voting rights on the board and has obtained control over GMAC, so GMAC has become a subsidiary of SFC. GMAC has been included in the scope of SFC's consolidated financial statements since January 2, 2015.

##### (b) Obtaining of control over ANJI-CEVA by ANJI Logistics

ANJI-CEVA was a joint-venture invested by ANJI Logistics and CEVA LOGISTICS HOLDINGS B.V ("CEVA"), both holding equity interest of 50%. ANJI-CEVA was a JCE of ANJI Logistics. During the year, ANJI Logistics and CEVA reached an agreement and revised the Articles of Association of ANJI-CEVA. Consequently, ANJI Logistics obtained control over ANJI-CEVA by obtaining majority voting rights on the board. ANJI-CEVA and its subsidiaries have been included in the scope of the consolidated financial statements of ANJI Logistics since April 1, 2015.

#### Major financial information of the above acquired entities at the acquisition date

Unit: RMB

	Fair value (Note)	Book value
Identifiable assets:		
Current assets	3,590,783,471.85	3,590,783,471.85
Non-current assets	51,564,614,874.00	51,395,493,082.49
Sub-total of assets	55,155,398,345.85	54,986,276,554.34
Identifiable liabilities:		
Current liabilities	42,527,493,424.46	42,527,493,424.46
Non-current liabilities	2,493,815,775.40	2,451,535,327.52
Sub-total of liabilities	45,021,309,199.86	44,979,028,751.98
Total shareholder's equity	10,134,089,145.99	10,007,247,802.36
Less: minority interest	5,645,382,054.15	
Total equity attributable to shareholders of the Company	4,488,707,091.84	
Add: Goodwill	333,668,682.18	
Acquisition consideration	4,822,375,774.02	
Goodwill including:		
Goodwill generated from the acquisition of GMAC	333,378,433.68	
Goodwill generated from the acquisition of ANJI-CEVA	290,248.50	

Note: Fair value of identifiable net assets and all shareholder's equity of the above acquired entities at the acquisition date has been valued by valuer.



**VII. CHANGES IN THE SCOPE OF CONSOLIDATION - continued****1. Business combination not involving enterprises under common control - continued****(1) Business combination not involving enterprises under common control achieved in stages involving multiple transactions during the year - continued:****(b) Obtaining of control over ANJI-CEVA by ANJI Logistics - continued**

Acquisition consideration includes the cash payments and the long-term equity investments in the acquired entities formerly held by the Group (hereinafter referred to as “former long-term equity investments”). Book value and fair value of the consideration are set out as follows, respectively:

Unit: RMB

	Fair value	Book value
Cash	774,713,025.42	774,713,025.42
Former long-term equity investments	4,047,662,748.60	3,988,016,304.66
Total	4,822,375,774.02	4,762,729,330.08

**Net cash receipts of the Group due to the acquisition of subsidiaries:**

Unit: RMB

	Amount
Cash and cash equivalents held by the acquired subsidiary on acquisition date	1,438,291,826.51
Less: Cash and cash equivalents paid as acquisition consideration	774,713,025.42
Less: Effect of consolidation elimination	2,880,133,332.90
Net cash and cash equivalents outflow for acquisition of subsidiary	2,216,554,531.81

**Results of operation and net cash flows of acquired entities during the period from the acquisition date to the end of the year are as follow:**

Unit: RMB

	Period from the acquisition date to the end of the year
Operating income	10,713,184,562.91
Operating costs and expense	7,476,387,192.16
Total profit	2,622,605,125.21
Net profit	1,962,039,541.97
Cash flow from operating activities	(3,736,567,986.64)
Cash flow from investing activities	4,775,377.90
Cash flow from financing activities	3,599,109,334.85
Effect of foreign exchange rate changes on cash equivalents	(302,376.84)
Net decrease in cash and cash equivalents	(132,985,650.73)

**VII. CHANGES IN THE SCOPE OF CONSOLIDATION - continued****1. Business combination not involving enterprises under common control - continued****(2) HASCO's business combination not involving enterprises under common control during the year**

During the year, Yanfeng Automotive Trim Systems Co., Ltd. (hereinafter referred to as "Yanfeng"), a wholly-owned subsidiary of HASCO, cooperated with Johnson Controls Inc. (hereinafter referred to as "JCI") to restructure the global automotive interior business. Yanfeng and JCI jointly established Yanfeng Automotive Interior System Co., Ltd. ("Yanfeng Interior") in China (Shanghai) Pilot Free Trade Zone to integrate their respective assets and equity investment associated with automotive interior business. In accordance with the agreement entered into between Yanfeng and JCI, Yanfeng injected its manufacturing (including R&D) bases of interior business into Yanfeng Interior. JCI integrated its manufacturing (including R&D) bases of interior business into Yanfeng UK Automotive Interior Systems Co., Ltd. (hereinafter referred to as "Yanfeng Interior UK") and Yanfeng Malaysia Automotive Interior Systems Sdn Bhd (hereinafter referred to as "Yanfeng Interior Malaysia"), and then injected 100% equity interest of Yanfeng Interior UK, 88.6% equity interest of Yanfeng Interior Malaysia, cash and other assets into Yanfeng Interior. The transaction was completed on July 2, 2015. After the transaction, Yanfeng and JCI hold 70% and 30% of equity interest of Yanfeng Interior, respectively. Pursuant to the Articles of Association, Yanfeng has obtained control over Yanfeng Interior and has included Yanfeng Interior UK and Yanfeng Interior Malaysia in the scope of the consolidated financial statements since July 2, 2015.

**Major financial information of the above acquired entities at the acquisition date**

	Yanfeng Interior UK and Yanfeng Interior Malaysia	
	Fair value (Note 1)	Book value
Identifiable assets:		
Current assets	4,709,449,554.00	4,709,449,554.00
Non-current assets	3,663,599,019.00	3,663,599,019.00
Sub-total of assets	8,373,048,573.00	8,373,048,573.00
Identifiable liabilities:		
Current liabilities	4,911,210,601.00	4,911,210,601.00
Non-current liabilities	561,483,108.00	561,483,108.00
Sub-total of liabilities	5,472,693,709.00	5,472,693,709.00
Total shareholder's equity	2,900,354,864.00	2,900,354,864.00
Less: minority interest	2,732,145.55	
Total equity attributable to Owners of Yanfeng Interior Trim	2,897,622,718.45	
Less: Amount of where cost of combination is smaller than the portion of fair value of identifiable net assets	204,657,090.00	
Acquisition consideration (Note 2)	2,692,965,628.45	

Note 1: Fair value of the above identifiable assets and liabilities are determined based on valuation report.

Note 2: Yanfeng Interior issued shares of equity interest to JCI as acquisition consideration.

**Net cash receipts of the Group due to the acquisition of subsidiaries**

Unit: RMB

	Yanfeng Interior UK and Yanfeng Interior Malaysia
Cash and cash equivalents held by the acquired entities on acquisition date	22,382,759.00
Less: Acquisition consideration	-
Net cash inflow from acquisition of subsidiaries	22,382,759.00

**VII. CHANGES IN THE SCOPE OF CONSOLIDATION - continued****1. Business combination not involving enterprises under common control - continued****(2) HASCO's business combination not involving enterprises under common control during the year - continued**

**Results of operation and net cash flows of acquired subsidiaries during the period from the acquisition date to the end of the year are as follow:**

Unit: RMB

	Period from the acquisition date to the end of the year
Operating income	11,432,730,262.00
Net profit	174,928,920.00

**2. Other changes of the scope of consolidation**

During the year, the Group established a subsidiary, Shanghai Shanghong Real Estate Co., Ltd., which has been included in the scope of the consolidated financial statements from the establishment date. Refer to Note (VIII) 2 for more details.

Other than events above, there were no material changes to the scope of consolidated financial statements during the year.

**VIII. INTERESTS IN OTHER ENTITIES****1. Major transactions of subsidiaries that shares of equity attributable to shareholders of the Company changed but the control over subsidiaries unchanged**

- (1) As stated in Note (VII) 1 (2), after Yanfeng and JCI restructured their global automotive interior business, Yanfeng holds 70% of equity interest of Yanfeng Interior. Yanfeng injected its directly owned subsidiaries and JCEs operating interior business (hereinafter referred to as “Yanfeng’s Interior Business”) into Yanfeng Interior, and thus such entities have become indirectly owned by Yanfeng. As a result, effective equity interests held by Yanfeng in such entities have been reduced to 70% of the original shareholding. At the same time, JCI acquired 30% of the equity interest of Yanfeng Interior by injecting equity investments, cash and other assets (hereinafter referred to as “JCI’s Interior Business”). The effect of the transaction is as follow:

Unit: RMB

	Amount
70% of JCI’s Interior Business acquired by Yanfeng	2,323,623,855.00
Less: 30% of Yanfeng’s Interior Business	463,320,488.00
Adjustment to capital reserve of Yanfeng	1,860,303,367.00
Adjustment to capital reserve of the Group	1,118,042,323.57

- (2) Shanghai Yanfeng Jinqiao Automotive Trim Systems Co., Ltd. (“Yanfeng Jinqiao”, formerly named Yanfeng Visteon Shanghai Yanfeng Jinqiao Automotive Trim Systems Co., Ltd.) was a subsidiary of HASCO. HASCO, Visteon International Company Limited (“Visteon”) and Sky Faith Industries Limited (“SKY”) held 75%, 12.5%, and 12.5% of equity interest in Yanfeng Jinqiao, respectively. During the year, HASCO acquired 25% of equity interest in Yanfeng Jinqiao from Visteon and SKY, Yanfeng Jinqiao became a wholly owned subsidiary of the Group.

Sanden Huayu Automotive Air-Conditioning Co., Ltd. (“Huayu Sanden”) was a subsidiary of HASCO. HASCO, Sanden Holdings Corporation (“Sanden”), MAHLE Behr GmbH & Co., KG (“MAHLE”), and Shanghai Longhua Industrial Co., Ltd. held 38.5%, 35%, 17.5% and 9% of equity interest in Huayu Sanden, respectively. During the year, HASCO and Sanden acquired 9.5% and 8 % of equity interest in Sanden Huayu from MAHLE, respectively, and thus equity interest held by HASCO in Huayu Sanden increased to 48%,.

## VIII. INTERESTS IN OTHER ENTITIES - continued

## 2. Interests in subsidiaries

## (1) Composition of the Group - major subsidiaries

Full name of the subsidiary	Place of incorporation	Registered capital		Scope of business	Equity interest held at year-end (%)		Ways of Acquisition
		Currency	' 000		Directly	Indirectly	
SAIC Motor UK Co., Ltd.	Birmingham, UK	GBP	3,000	R&D of automobiles	100.00	-	Established or acquired through investments
SAIC Motor Transmission Co., Ltd.	Shanghai, China	RMB	2,989,000	Manufacturing and sales of automobile transmission and spare parts	100.00	-	Established or acquired through investments
SAIC Motor HK Investment Ltd.	Hong Kong, China	USD	9,900	International trade of auto and critical spare parts, investment, technical and service trade, training and consulting	100.00	-	Established or acquired through investments
SAIC Maxus Vehicle Co., Ltd. (Note 1)	Shanghai, China	RMB	3,209,910	Manufacturing of automobiles and components	100.00	-	Established or acquired through investments
SAIC Motor Equity Investment Co., Ltd.	Shanghai, China	RMB	3,300,000	Equity investment, venture capital investment, industrial consulting, property management	100.00	-	Established or acquired through investments
SAIC Tangshan Bus Co., Ltd.	Hebei, China	RMB	170,000	Develop, design, manufacturing and sales of buses	51.00	-	Established or acquired through investments
SAIC General Motors Sales Co., Ltd.	Shanghai, China	USD	49,000	Sales of automobiles	51.00	-	Established or acquired through investments
SAIC Motor - CP Co., Ltd.	Bangkok, Thailand	THB	4,500,000	Developing, manufacturing and sales of automobiles and spare parts; Manufacturing and processing of machinery	-	51.00	Established or acquired through investments
Shanghai Jineng Bus Drive System Co., Ltd.	Shanghai, China	RMB	100,000	Manufacturing of new energy bus drive system and other spare parts	60.00	-	Established or acquired through investments
SAIC Investment Management Co., Ltd.	Shanghai, China	RMB	3,000,000	Industrial investment, asset management, investment management, storage service (except hazardous goods)	100.00	-	Established or acquired through investments
Shanghai Shanghong Real Estate Co., Ltd. (Note 2)	Shanghai, China	RMB	1,000,000	Developing and operating real estate, property management	100.00	-	Established or acquired through investments
SAIC International Indonesia PT. (Note 3)	West Java, Indonesia	USD	118,000	Developing and operating real estate, property management	-	100.00	Established or acquired through investments
SAIC Insurance Sales Co., Ltd.	Shanghai, China	RMB	200,000	Insurance agent service	-	100.00	Established or acquired through investments
SAIC Volkswagen Sales Co., Ltd.	Shanghai, China	USD	29,980	Sales of automobiles and spare parts	50.00	10.00	Acquired through business combinations involving enterprises under common control
SAIC GM Wuling Co., Ltd.	Guangxi, China	RMB	1,668,077	Sales and manufacturing of automobiles and spare parts	50.10	-	Acquired through business combinations involving enterprises under common control
China United Automotive System Co., Ltd.	Shanghai, China	RMB	600,620	Manufacturing and sales of electricity-controlled burning oil products	-	53.00	Acquired through business combinations involving enterprises under common control
SAIC Finance Co., Ltd.	Shanghai, China	RMB	7,380,000	Automotive Finance	98.59	1.41	Acquired through business combinations involving enterprises under common control
Shanghai PengPu Machine Building Plant Co., Ltd.	Shanghai, China	RMB	760,000	Manufacturing and sale of engineering machinery facilities	100.00	-	Acquired through business combinations involving enterprises under common control
DIAS Automotive Electronic Systems Co., Ltd.	Shanghai, China	RMB	150,000	R&D, Manufacturing and sales of auto electric system and spare parts	60.00	38.00	Acquired through business combinations involving enterprises under common control
HUAYU Automotive Systems Co., Ltd.	Shanghai, China	RMB	2,583,200	Design, manufacturing and sales of spare parts assembly	60.10	-	Acquired through business combinations involving enterprises under common control
Anji Automotive Logistics Co., Ltd.	Shanghai, China	RMB	600,000	Logistics service for automobiles and spare parts	100.00	-	Acquired through business combinations involving enterprises under common control
Shanghai Automotive Industry Sales Co., Ltd.	Shanghai, China	RMB	2,771,792	Sales and purchase of automobiles and spare parts	100.00	-	Acquired through business combinations involving enterprises under common control
Shanghai Automobile Import & Export Co., Ltd.	Shanghai, China	RMB	1,189,000	Import and export of automobiles and spare parts	100.00	-	Acquired through business combinations involving enterprises under common control

## VIII. INTERESTS IN OTHER ENTITIES - continued

### 2. Interests in subsidiaries - continued

#### (1) Composition of the Group - major subsidiaries - continued

Full name of the subsidiary	Place of incorporation	Registered capital		Scope of business	Equity interest held at year-end (%)		Ways of Acquisition
		Currency	' 000		Directly	Indirectly	
Shanghai Shangyuan Investment Management Co., Ltd.	Shanghai, China	RMB	120,000	Development, operation, leasing and property management of industrial workshops and supporting facilities	100.00	-	Acquired through business combinations involving enterprises under common control
China Automotive Industrial Development Co., Ltd.	Beijing, China	RMB	64,165	Sales and after-sales service of automobiles	100.00	-	Acquired through business combinations involving enterprises under common control
SAIC HK Limited	Hong Kong, China	USD	17,250	Import and export of auto and spare parts	100.00	-	Acquired through business combinations involving enterprises under common control
SAIC Motor North America Co., Ltd.	USA	USD	60	Import and export of spare parts	100.00	-	Acquired through business combinations involving enterprises under common control
SAIC Motor (Beijing) Co., Ltd.	Beijing, China	RMB	200,000	Marketing, warehouse and logistics of automobiles	100.00	-	Acquired through business combinations involving enterprises under common control
Shanghai Automobile Asset Management Co., Ltd.	Shanghai, China	RMB	300,000	Property management and innovation services, etc.	100.00	-	Acquired through business combinations involving enterprises under common control
Shanghai International Auto Parts Sourcing Centre Co., Ltd.	Shanghai, China	RMB	50,000	Sales of spare parts	80.00	-	Acquired through business combinations involving enterprises under common control
Donghua Automotive Industrial Co., Ltd.	Jiangsu, China	RMB	1,083,208	Logistics, import and export, detail services of automobiles	75.00	-	Acquired through business combinations involving enterprises under common control
SAIC Activity Centre Co., Ltd.	Shanghai, China	RMB	160,000	Hospitality, beverage and catering services	100.00	-	Acquired through business combinations involving enterprises under common control
Shanghai Automotive News Press Co., Ltd.	Shanghai, China	RMB	1,000	Publishing and distribution of <i>Shanghai Auto News</i>	100.00	-	Acquired through business combinations involving enterprises under common control
Shanghai Diesel Engine Co., Ltd. (Note 4)	Shanghai, China	RMB	866,690	Manufacturing and sales of diesel engines and spare parts	48.05	-	Acquired through a business combination not involving enterprises under common control
Shanghai Huizhong Automobile Manufacturing Co., Ltd.	Shanghai, China	RMB	1,488,596	Manufacturing and sales of chassis and spare parts	100.00	-	Acquired through a business combination not involving enterprises under common control
Nanjing Automobile (Group) Corporation	Jiangsu, China	RMB	7,600,000	Development, manufacturing and sales of automobiles, engines and spare parts	100.00	-	Acquired through a business combination not involving enterprises under common control
SAIC-GMAC Automotive Finance Co., Ltd. (Note 5)	Shanghai, China	RMB	1,500,000	Automotive Finance	-	55.00	Acquired through a business combination not involving enterprises under common control

Note 1: During the year, SAIC Motor Commercial Vehicle Co., Ltd. changed its name to SAIC Maxus Automotive Co., Ltd..

Note 2: During the year, the Company established Shanghai Shanghong Real Estate Co., Ltd., a wholly owned subsidiary, by injecting cash of RMB 648,087,657.62, intangible assets - land use rights and fixed assets – buildings valued at with RMB 351,912,342.38 whose net book value were RMB 159,157,489.54 and RMB 12,743,727.51, respectively.

Note 3: During the year, the Group established SAIC International Indonesia PT. by cash of USD 35,000,000.00. Registered capital of this company is USD 118,000,000.00.

**VIII. INTERESTS IN OTHER ENTITIES - continued****2. Interests in subsidiaries - continued**

## (1) Composition of the Group - major subsidiaries - continued

Note 4: Proportion of the Group's shareholding of Shanghai Diesel is below 50%. However, given the fact that other shareholders held relatively small and dispersed amount of shares, the Group has control over Shanghai Diesel.

Note 5: During the year, SFC, a subsidiary of the Group, obtained control over GMAC through business combination not involving enterprises under common control and has included GMAC in the scope of SFC's consolidated financial statements from the acquisition date. Please refer to Note (VII) 1 for more details.

## (2) Significant non-wholly owned subsidiaries

Unit: RMB'000

Name of the subsidiary	Equity interest held by minority shareholders	Profit or loss attributable to minority interests during the year	Dividend declared to minority shareholders during the year	Minority interests at December 31, 2015
HASCO	39.90%	4,053,839.55	2,341,351.13	14,322,535.00
SGMW	49.90%	2,502,763.56	2,187,857.51	4,515,702.85

## (3) Major financial information of significant non-wholly owned subsidiaries

Unit: RMB'000

Name of the subsidiary	December 31, 2015						December 31, 2014					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
HASCO	46,731,719.54	31,867,970.18	78,599,689.72	38,106,850.46	6,865,035.44	44,971,885.90	36,795,862.85	26,445,710.70	63,241,573.55	28,520,121.70	6,204,070.05	34,724,191.75
SGMW	30,294,091.60	18,346,862.96	48,640,954.56	36,655,633.39	2,361,414.14	39,017,047.53	25,555,029.83	15,073,374.87	40,628,404.70	29,969,215.83	1,610,046.86	31,579,262.69

Unit: RMB'000

Name of the subsidiary	Year ended at December 31, 2015				Year ended at December 31, 2014			
	Operating income	Net profit attributable to shareholders of the Company	Total comprehensive income	Net cash flow from (used in) operating activities	Operating income	Net profit attributable to shareholders of the Company	Total comprehensive income	Net cash flow from (used in) operating activities
HASCO	91,120,204.53	4,783,382.33	6,479,819.25	5,860,101.55	73,972,592.35	4,455,720.98	8,145,925.21	6,094,069.74
SGMW	92,247,637.63	5,015,357.21	5,034,820.58	11,298,547.30	73,288,541.92	5,158,008.40	5,158,008.40	9,912,911.13

## VIII. INTERESTS IN OTHER ENTITIES - continued

### 3. Interests in JCEs and associates

#### (1) Significant JCEs and associates

JCE	Place of incorporation	Nature of operation	Equity interest held at year-end (%)		Accounting method
			Directly	Indirectly	
SAIC Volkswagen Automotive Co., Ltd. ("SVA")	Shanghai, China	Manufacturing and sales of automobiles and components	50.00	-	Equity method
SAIC General Motors Co., Ltd. ("SGM")	Shanghai, China	Manufacturing and sales of automobiles and components	50.00	-	Equity method

#### (2) Major financial information of significant JCEs and associates

Unit: RMB'000

	Year ended December 31, 2015		Year ended December 31, 2014	
	SVA	SGM	SVA	SGM
Current assets	50,210,145.96	41,387,514.13	54,428,761.87	36,527,070.86
Non-current assets	56,071,327.71	52,201,436.91	51,685,384.26	45,924,311.26
Total assets	106,281,473.67	93,588,951.04	106,114,146.13	82,451,382.12
Current liabilities	52,312,447.61	53,763,728.60	51,103,268.60	44,210,953.94
Non-current liabilities	13,115,563.53	2,201,805.96	11,550,544.00	2,091,251.11
Total liabilities	65,428,011.14	55,965,534.56	62,653,812.60	46,302,205.05
Non-controlling interests	-	5,703,739.58	-	6,461,549.91
Shareholders' equity attributable to owners of the parent company	40,853,462.53	31,919,676.90	43,460,333.53	29,687,627.16
Share of net assets according to portion of shareholding	20,426,731.26	15,959,838.45	21,730,166.77	14,843,813.58
Reconciliations				
-Goodwill	-	227,973.19	-	227,973.19
Book value of equity investment in JCEs	20,426,731.26	16,187,811.64	21,730,166.77	15,071,786.77
Operating income	218,408,811.90	177,703,199.09	226,190,146.53	167,335,172.09
Net profit attributable to owners of the parent company	24,903,317.32	16,566,612.50	27,893,244.12	14,784,586.35
Other comprehensive income (loss)	49,005.94	-	(227,504.23)	-
Total comprehensive income	24,952,323.26	19,627,636.92	27,665,739.89	17,803,687.13

#### (3) Summarized financial information of insignificant JCEs and associates

Unit: RMB'000

	Year ended December 31, 2015	Year ended December 31, 2014
JCEs:		
Total book value of investments		
The following items are calculated according to portion of shareholding		
- Net profit attributable to owners of the parent company	4,420,149.48	5,460,762.49
- Other comprehensive income	(4,055.04)	(876.58)
- Total comprehensive income	4,416,094.44	5,459,885.91
Associates:		
Total book value of investments		
The following items are calculated according to portion of shareholding		
- Net profit attributable to owners of the parent company	1,637,061.39	1,343,118.00
- Other comprehensive income	(20,207.09)	3,768.20
- Total comprehensive income	1,616,854.30	1,346,886.20



**VIII. INTERESTS IN OTHER ENTITIES - continued****4. Interests in structured entities that are not in the scope of the consolidated financial statements**

Interests in structured entities that are not in the scope of the consolidated financial statements are those invested by the Group through other institutions, including funds and wealth management products. The Group only holds the shares of investment without control, so these structured entities are not included in the scope of the consolidated financial statements. During the year 2015, the Group did not provide any financial support to any of these structured entities.

The table below illustrates the book value and risk exposure of the interests in structured entities that are not included in the scope of the consolidated financial statements at December 31, 2015.

Unit: RMB

Item	Year ended at December 31, 2015		
	Book Value	Maximum risk exposure	Account
Funds	39,368,148,705.22	39,368,148,705.22	Available-for-sale financial assets, financial assets at fair value through profit or loss
Wealth management products	10,768,572,901.35	10,768,572,901.35	Other non-current assets, available-for-sale financial assets

**IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Group's major financial instruments include cash and bank balances, financial assets at fair value through profit or loss, notes receivable, accounts receivable, loans and advances, available-for-sale financial assets, long-term receivables, borrowings, financial liabilities at fair value through profit or loss, notes payable, accounts payable and bonds payable, etc. Details of these financial instruments are disclosed in Note (VI). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The Group conducted sensitivity analysis to analyze the impact of reasonable and possible changes of risk variables on profit or loss and equity of the current period. Any risk variables may not change in isolation, so there might be certain relativity between the variables that will have significant effect on the amount influenced by one variable. Thus, the statements below are based on the assumption that every variable changes in isolation.

**1. Risk management objectives and policies**

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyses the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implements risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

**1.1 Market risk****1.1.1. Currency risk**

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group is closely monitoring effects might have on currency risk due to change in exchange rate. For foreign assets and liabilities on balance sheet remaining unchanged, if the exchange rates of RMB had been 10% higher/lower and other variables were held constant, the equity of the Group would decrease or increase by RMB 517,861,000 (minority interests are not deducted).

**IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued****1. Risk management objectives and policies - continued**1.1 Market risk - continued1.1.2. Interest rate risk

The Group is exposed to cash flow risk because the Group borrows funds at floating interest rates. At the year-end, Group had floating rate borrowings of RMB 2,361,379,600. For floating rate borrowings, if the interest rates had been 25 base points higher/lower and other variables were held constant, shareholders' equity would decrease/increase by RMB 5,903,450 (effect of income tax is not considered).

The Group's fair value interest rate risk of financial instruments relates primarily to fixed-rate bank borrowings. As fixed-rate bank borrowings of the Group are mainly composed of short-term borrowings, the Group considers that changes in fair value of financial instruments arising from changes of interest rates will have no material effect on financial statements.

1.1.3. Other price risk

The Group's equity investments, including available-for-sale financial assets and financial assets at fair value through profit or loss, are measured at fair value at each balance sheet date. At the year-end, the Group's equity instrument investments are mainly stocks and funds. Therefore, the Group is exposed to the risks of changes in the security prices. For equity instrument investments held by the Group at the year-end, if the market price had been 1% higher/lower and other variables were held constant, shareholders' equity at the year-end would increase/decrease by RMB 551,907,000 (effect of deferred tax is not considered).

1.2 Credit risk

At the year-end, the Group's maximum exposure to credit risk which will result in financial loss to the Group arises from counterparty's default on its contractual obligations. Carrying amounts of financial assets as of the balance sheet date represent the credit risk exposure. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks rather than the maximum exposure to risks, which varies with the future changes in fair value.

In order to minimize credit risk, the Group delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivables at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group's working capital is deposited in banks with high credit rating, so the credit risk of working capital is limited.

Except for the amount of accounts receivable due from certain JCEs and associates of the Group (refer to Note (VI) 4), the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

1.3 Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations of cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants. Therefore, management of the Group believes that the Group is not exposed to significant liquidity risks.

**IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued****2. Transfer of financial assets**

In the transaction of credit assets securitization, the Group did not derecognize this kind of financial assets wholly or partly based on the extent of retained risks and rewards of ownership in the transferred financial assets. During the year, the book value of the securitized credit assets was USB 7 billion before the transfer.

The above transferred securitized credit assets were all managed by GMAC. Due to the fact that GMAC held all the subordinated part of the above transferred securitized credit assets, GAMC retained almost all the risks and rewards of the ownership of the transferred credit assets securitization. So, GMAC did not derecognize the transferred credit assets.

**3. Capital management**

The Group manages its capital by optimizing its structure of liabilities and equity to ensure that entities with the group are able to operate sustainably and to maximize shareholders return of investment. The overall strategy of the Group remains the same during year 2014 and 2015.

The capital structure of the Group is made up of the Group's net liabilities and equity.

The Group is not restrained to external mandatory requirements of capital management. The Group's management regularly reviews the capital structure of the Group.

## X. FAIR VALUE MEASUREMENTS

### 1. Fair value of assets and liabilities measured at fair value

Unit: RMB

Item	December 31, 2015				December 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Measured at fair value on a recurring basis								
I. Financial assets at fair value through profit or loss								
1. Held-for-trading financial assets								
-Debt instruments	-	-	-	-	20,022,164.38	-	-	20,022,164.38
-Equity instruments	111,413,005.47	-	-	111,413,005.47	21,938,230.00	-	-	21,938,230.00
-Derivative financial assets	-	-	-	-	-	-	-	27,201,000.00
2. Designated as financial assets at fair value through profit or loss								
-Equity instruments	-	-	1,109,690,614.18	1,109,690,614.18	-	-	110,102,149.47	110,102,149.47
II. Available-for-sale financial assets								
1. Debt instruments	522,074,000.78	-	-	522,074,000.78	2,232,248,267.30	-	-	2,232,248,267.30
2. Equity instruments	54,557,250,154.12	-	10,218,572,901.35	64,775,823,055.47	32,940,674,098.09	-	1,099,416,392.14	34,040,090,490.23
Total assets measured at fair value on a recurring basis	55,190,737,160.37	-	11,328,263,515.53	66,519,000,675.90	35,214,882,759.77	27,201,000.00	1,209,518,541.61	36,451,602,301.38
III. Financial liabilities at fair value through profit or loss								
1. Held-for-trading financial liabilities								
-Derivative financial liabilities	-	7,486,291.00	-	7,486,291.00	-	-	-	-
Total liabilities measured at fair value on a recurring basis	-	7,486,291.00	-	7,486,291.00	-	-	-	-

**X. FAIR VALUE MEASUREMENTS - continued****2. Determination of levels of fair value hierarchy**

Financial assets categorized as Level 1 are mainly publicly stocks, funds and bonds traded at Shanghai Stock Exchange and Shenzhen Stock Exchange. The fair value of these assets is determined according to closing price on the balance sheet date.

Financial assets categorized as Level 2 are mainly derivative financial assets (forward exchange contract). The Group used discounted cash flow model to determine the fair value. The key parameter of the model is the forward exchange rate.

Financial assets categorized as Level 3 are mainly unlisted equity investments Group and restricted shares investments held by the. The Group used valuation technique of "listed company comparison method" to measure the fair value of shares, based on the stock price of similar securities and the discounts of liquidity

**XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS****1. Parent of the Company**

Unit: RMB

Name of the parent company	Type	Places of incorporation	Legal representative	Business scope	Registered capital	Proportion of the Company's ownership interest held by the parent company (%)		Proportion of the Company's voting rights held by the parent company (%)	
						Directly	Indirectly	Directly	Indirectly
SAIC	State-owned enterprise	Shanghai, China	Mr. Chen Hong	Manufacturing, research, sales, development and investment of automobiles, tractors and motorcycles; operation and management of state-owned assets within the scope of authority; domestic trading (except for specific regulations), advisory services	21,599,175,737.24	74.30	-	74.30	-

**2. Major subsidiaries of the Group**

Refer to Note (VIII) 2.

**3. Major JCEs and associates of the Group**

Refer to Note (VI) 15 and Note (VIII) 3.

**4. Other related parties which have significant transactions or balances with the Group**

Name of related parties	Relationship with the Group
Shanghai Automotive Industry Development Co., Ltd.	Subsidiary of SAIC
SAIC Property Development Co., Ltd.	Subsidiary of SAIC
SAIC Sodexo Service Co., Ltd.	Subsidiary of SAIC
Shanghai Shangkai Real Estate Development Co., Ltd.	Subsidiary of SAIC
Shanghai Automotive Electronics Factory	Subsidiary of SAIC
Shanghai Internal Combustion Engine Research Institute	Subsidiary of SAIC
Shanghai Huali Internal Combustion Engine Co., Ltd.	Subsidiary of SAIC
Shanghai Jieneng Automotive Technology Co., Ltd.	Subsidiary of SAIC
Shanghai Qiyuan Human Resources Consulting Co., Ltd.	Subsidiary of SAIC
Shanghai Automotive Industry Real Estate Development Co., Ltd.	Subsidiary of SAIC
Shanghai Yike Green Engineering Co., Ltd.	Associate of SAIC
Shanghai Volkswagen Automotive Gift Co., Ltd.	Associate of SAIC
Shanghai ADT Facilities Management Co., Ltd.	Associate of SAIC
Shanghai International Automotive City Development Co., Ltd.	Associate of SAIC
Executive directors and other senior management of the Company	Key management personnel

**XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions**

## (1) Sales and purchases

## (a) Sales of goods

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	65,551,995,858.04	65,657,180,038.02
Associates	3,959,914,768.73	4,186,502,046.80
Subsidiaries of SAIC	2,219,319.93	23,814,934.15
Total	69,514,129,946.70	69,867,497,018.97

## (b) Sales of materials

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	18,085,919.14	29,228,628.36
Associates	14,306,972.90	60,000.00
Subsidiaries of SAIC	375,312.78	3,967,676.62
Total	32,768,204.82	33,256,304.98

## (c) Trading

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	2,359,374,650.20	1,679,873,971.75
Associates	2,195,784.21	23,421,122.46
Total	2,361,570,434.41	1,703,295,094.21

## (d) Purchase of goods and materials

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	379,608,545,546.26	373,026,424,365.97
Associates	2,596,635,572.30	3,019,267,162.52
Subsidiaries of SAIC	39,648,098.21	28,701,442.57
Associates of SAIC	36,712,839.80	17,471,469.99
Total	382,281,542,056.57	376,091,864,441.05

## (e) Purchase of long-term assets

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	55,824,035.59	97,671,786.05
Associates	19,789,661.88	2,942,121.69
Subsidiaries of SAIC	2,884,943.65	122,650,598.29
Associates of SAIC	2,667,982.02	761,044.68
Total	81,166,623.14	224,025,550.71

**XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

(1) Sales and purchases - continued

(f) Acceptance of services - R&amp;D expenditures

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	873,114,999.46	376,634,069.23
Associates	48,075,617.63	47,497,994.66
Subsidiaries of SAIC	401,920.56	1,161,807.06
Associates of SAIC	2,417,361.04	1,617,521.36
Total	924,009,898.69	426,911,392.31

(2) Rendering of services

(a) Rendering of services

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	3,353,362,422.19	1,359,519,359.61
Associates	134,926,158.73	100,664,946.71
SAIC	563,069,585.65	108,080,041.55
Subsidiaries of SAIC	2,662,822.48	40,685,311.61
Total	4,054,020,989.05	1,608,949,659.48

(b) Rental income

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	231,295,142.47	264,245,645.14
Associates	15,484,278.63	45,477,920.01
Subsidiaries of SAIC	2,909,805.85	-
Total	249,689,226.95	309,723,565.15

(c) Guarantee income

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	-	1,222,465.75

(3) Other expenses

(a) Logistics service expenses, royalties and others

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	260,716,206.58	597,860,665.71
Associates	4,521,803.02	16,737,958.94
SAIC	-	162,000.00
Subsidiaries of SAIC	13,057,381.65	15,505,859.75
Total	278,295,391.25	630,266,484.40

**XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

(3) Other expenses - continued

(b) Rental expenses

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	76,464,620.53	56,552,823.74
SAIC	19,110,810.00	16,610,820.00
Subsidiaries of SAIC	750,000.00	6,392,036.85
Total	96,325,430.53	79,555,680.59

The prices of transactions in (1) to (3) were determined based on the contracts between both parties.

(4) Financing

Details of financing transactions between the Group and related parties are as follows:

(a) Loans offered by SFC to related parties

① Movements of loans offered by SFC to related parties are as follows:

Unit: RMB

	JCEs	Associates	Total
December 31, 2014	1,085,665,999.74	574,444,825.23	1,660,110,824.97
Loans offered	6,741,940,988.66	291,059,249.96	7,033,000,238.62
Repayment collected	(6,100,171,709.00)	(699,550,000.00)	(6,799,721,709.00)
December 31, 2015	1,727,435,279.40	165,954,075.19	1,893,389,354.59

② Balances of loans offered by SFC to related parties were as follows:

Unit: RMB

	December 31, 2015	December 31, 2014
JCEs- Short-term loans and discounts	1,727,435,279.40	1,055,665,999.74
Associates-Short-term loans and discounts	165,954,075.19	574,444,825.23
JCEs-Long-term loans	-	30,000,000.00
Total	1,893,389,354.59	1,660,110,824.97

③ Loan interests received by SFC from related parties are as follows:

Unit: RMB

	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	94,696,975.56	56,485,005.59
Associates	21,036,790.13	31,191,488.47
Total	115,733,765.69	87,676,494.06

Interest rates for loans offered by SFC to related parties are determined according to interest rates specified by the People's Bank of China.



**XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

(4) Financing - continued

(b) Related parties' deposits at SFC and GMAC

① Movements of related parties' deposits at SFC and GMAC are as follows:

Unit: RMB

	JCEs	Associates	SAIC	Subsidiaries of SAIC	Associates of SAIC	Total
December 31, 2014	25,518,753,719.56	1,738,431,283.47	13,104,046,444.18	395,430,855.80	5,418,477.56	40,762,080,780.57
Decrease due to changes in the scope of combination	(486,133,332.90)	-	-	-	-	(486,133,332.90)
Receipts (Repayment)	(10,555,949,056.10)	(429,989,234.06)	6,208,669,131.24	91,453,287.90	71,070.02	(4,685,744,801.00)
December 31, 2015	14,476,671,330.56	1,308,442,049.41	19,312,715,575.42	486,884,143.70	5,489,547.58	35,590,202,646.67

② Interest paid by SFC and GMAC to related parties were as follows:

Unit: RMB

Related Party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	386,081,407.10	680,342,839.82
Associates	48,771,693.06	33,902,741.07
SAIC	235,026,779.90	113,527,067.51
Subsidiaries of SAIC	6,297,037.40	3,789,941.73
Associates of SAIC	75,403.89	41,475.06
Total	676,252,321.35	831,604,065.19

Interest rates for deposits from related parties at SFC and GMAC are determined according to interest rates specified by the People's Bank of China.

(c) SFC's deposits at related parties

① Movement of SFC's deposits at related parties are as follows:

Unit: RMB

	JCEs
December 31, 2014	2,394,000,000.00
Decrease due to changes in the scope of combination	(2,394,000,000.00)
December 31, 2015	-

② Deposit interests received by SFC from related parties are as follows:

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	-	67,070,363.04

Interest rates for deposits at related parties from SFC are determined according to interest rates specified by the People's Bank of China.

**XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

(4) Financing - continued

(d) Loans offered by the Group (except SFC) to related parties

① Movement of entrusted loans provided by the Group to related parties is as follows:

Unit: RMB

	JCEs	Associates	Total
December 31, 2014	400,000,000.00	161,246,471.00	561,246,471.00
Loans offered	844,500,000.00	139,500,000.00	984,000,000.00
Repayments collected	(652,000,000.00)	(191,246,471.00)	(843,246,471.00)
December 31, 2015	592,500,000.00	109,500,000.00	702,000,000.00

② Balance of entrusted loans provided by the Group to related parties is as follows:

Unit: RMB

	December 31, 2015	December 31, 2014
JCEs - short-term loans	380,000,000.00	400,000,000.00
Associates - short-term loans	109,500,000.00	161,246,471.00
JCEs - long-term loans	212,500,000.00	-
Total	702,000,000.00	561,246,471.00

③ Interests received by the Group from related parties are as follows:

Unit: RMB

Related Party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	36,280,764.57	15,943,077.78
Associates	4,002,159.46	3,834,908.89
Total	40,282,924.03	19,777,986.67

Interest rates for entrusted loans to related parties from the Group are determined according to contract agreements.

(e) Borrowings received by the Group from related parties

① Balances of borrowings received by the Group from related parties are as follows:

Unit: RMB

	December 31, 2015	December 31, 2014
JCEs	-	316,868,096.05

② Interests paid by the Group to related parties are as follows:

Unit: RMB

	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	-	3,314,824.63

**XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

(4) Financing - continued

(f) Entrusted business of SFC

① Entrust business between SFC and related parties (see Note (VI) 63) is disclosed off balance sheet. SFC received bank charges based on agreements. The bank charges received by SFC from related parties are as follows:

Unit: RMB

	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	863,415.00	647,203.33
Associates	549,867.10	660,837.25
Subsidiaries of SAIC	-	129,700.00
Total	1,413,282.10	1,437,740.58

② At the end and the beginning of the year, balance of entrusted business between SFC and related parties are as follows:

Unit: RMB

Entrusting parties	Entrusted deposit December 31, 2015	Targets	Entrusted loans December 31, 2015
JCEs	242,000,000.00	JCEs	242,000,000.00
Associates	144,000,000.00	Associates	144,000,000.00
SAIC	20,000,000.00	Non-related party	20,000,000.00
Total	406,000,000.00	Total	406,000,000.00

Unit: RMB

Entrusting parties	Entrusted deposit December 31, 2014	Targets	Entrusted loans December 31, 2014
JCEs	547,000,000.00	JCEs	247,000,000.00
		Associates	300,000,000.00
		Sub-total	547,000,000.00
Associates	159,000,000.00	Associates	159,000,000.00
SAIC	20,000,000.00	Non-related party	20,000,000.00
Total	726,000,000.00	Total	726,000,000.00

(g) Financing charges paid by the Group to related parties

In order to obtain the circulating credits from the related parties for the automobile dealers of the Group and allow the related parties to provide financial service to dealers with the credit limits, the Group pays financing charges to the related parties as follows:

Unit: RMB

	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	-	981,713,573.37

Financing charges are paid to related parties based on agreements.

**XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

## (5) Guarantees

See Note (XII) 3 for guarantees provided by the Group to related parties.

## (6) Remuneration for key management personnel

Unit: RMB

	Year Ended December 31, 2015	Year Ended December 31, 2014
Remuneration for key management personnel	27,551,500.00	34,600,600.00

**6. Amounts due from/to related parties**

## (1) Notes receivable

Unit: RMB

Related party	December 31, 2015	December 31, 2014
JCEs	233,969,053.97	474,047,996.98
Associates	500,000.00	-
Total	234,469,053.97	474,047,996.98

## (2) Accounts receivable

Unit: RMB

Related party	December 31, 2015	December 31, 2014
JCEs	11,244,488,774.17	6,873,240,766.79
Associates	1,389,941,189.51	1,266,222,923.68
SAIC	-	27,068,999.69
Subsidiaries of SAIC	7,108,156.44	37,172,500.64
Total	12,641,538,120.12	8,203,705,190.80

## (3) Prepayments

Unit: RMB

Related party	December 31, 2015	December 31, 2014
JCEs	9,228,641,632.21	17,506,072,866.62
Associates	56,792,847.62	69,547,659.78
Total	9,285,434,479.83	17,575,620,526.40

## (4) Dividends receivable

Unit: RMB

Related party	December 31, 2015	December 31, 2014
JCEs	1,512,344,555.68	976,340,867.20
Associates	85,512,459.59	208,939,301.50
Total	1,597,857,015.27	1,185,280,168.70

## (5) Other receivables

Unit: RMB

Related party	December 31, 2015	December 31, 2014
JCEs	27,131,736.15	22,812,768.29
Associates	5,936,500.07	5,995,301.36
Subsidiaries of SAIC	325,000.00	330,350.00
Total	33,393,236.22	29,138,419.65

**XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****6. Amounts due from/to related parties - continued**

## (6) Notes Payable

Unit: RMB

Related party	December 31, 2015	December 31, 2014
JCEs	126,385,514.25	110,825,688.82
Associates	42,770,000.00	25,320,000.00
Total	169,155,514.25	136,145,688.82

## (7) Accounts payable

Unit: RMB

Related party	December 31, 2015	December 31, 2014
JCEs	15,844,545,276.29	2,859,346,245.86
Associates	808,154,839.93	610,008,230.76
Subsidiaries of SAIC	48,955,705.84	4,328,498.14
Associates of SAIC	9,994,334.44	6,261,223.07
Total	16,711,650,156.50	3,479,944,197.83

## (8) Receipts in advance

Unit: RMB

Related party	December 31, 2015	December 31, 2014
JCEs	93,443,608.31	475,961,179.89
Associates	187,931.54	425,000.00
SAIC	1,189,525,008.63	404,574,299.03
Total	1,283,156,548.48	880,960,478.92

## (9) Other payables

Unit: RMB

Related party	December 31, 2015	December 31, 2014
JCEs	34,245,984.43	23,817,710.23
Associates	10,031,930.20	34,384.00
Subsidiaries of SAIC	78,860.00	34,400.00
Associates of SAIC	420,350.00	416,600.00
Total	44,777,124.63	24,303,094.23

**XII. COMMITMENTS****1. Capital commitments**

Unit: RMB'000

	Consolidated	
	December 31, 2015	December 31, 2014
Capital commitments that have been signed but have not been recognized in the financial statements:		
- Commitment for acquisition of long-term assets	6,442,803	4,632,068
- External investment commitment	170,000	149,324
Total	6,612,803	4,781,392

**XII. COMMITMENTS - continued****2. Operating lease commitments**

At the balance sheet date, the Group has the following commitments in respect of non-cancellable operating leases:

Unit: RMB'000

	Consolidated	
	December 31, 2015	December 31, 2014
Minimum lease payments under non-cancellable operating lease:		
1st year subsequent to the balance sheet date	714,062	393,270
2nd year subsequent to the balance sheet date	532,331	317,008
3rd year subsequent to the balance sheet date	452,154	279,560
Subsequent years	1,987,666	1,270,660
Total	3,686,213	2,260,498

**3. Contingencies**

At the year-end, guarantees provided by the Group to related parties are as follows:

Guarantor	Guarantee	Relationship with the Group	Category	Currency	Ceiling amount	Debt amount
The Company (Note 1)	SAIC Motor-CP Co., Ltd.	Subsidiary	General guarantee	THB	3,570,000,000.00	2,403,878,900.00
HASCO (Note 2)	HASCO-CP Co., Ltd.	Subsidiary	Maximum guarantee	THB	229,500,000.00	60,000,000.00
SAIC HK Limited (Note 3)	IEE SA Lux	Associate	General guarantee	EUR	3,780,000.00	25,200,000.00
HASCO, Donghua (Note 4)	Hua Dong Teksid Automotive Foundry Co., Ltd.	JCE	Joint and several liability guarantee	USD	5,775,000.00	2,288,043.71

Note 1: Shareholders of SAIC Motor - CP Co., Ltd. provided maximum guarantee for its loans, of which the Company provided 51% of the maximum guarantee amount which is THB 3,570,000,000.00 according to its shareholding ratio. At the year-end, the actual amount of loans of SAIC Motor - CP Co., Ltd. is THB 2,403,878,900.00 (equivalent to RMB 432,457,814.11).

Note 2: Shareholders of HASCO - CP Co., Ltd. provided maximum guarantee for its loans, of which HASCO provided 51% of the maximum guarantee amount which is THB 229,500,000.00 according to its shareholding ratio. At the year-end, the actual amount of loans of HASCO - CP Co., Ltd. is THB 60,000,000.00 (equivalent to RMB 10,802,100.00).

Note 3: At the year-end, shareholders of IEE SA Lux provided guarantees to its loans of EUR 25,200,000.00, of which SAIC HK Limited provided 15% of the maximum guarantee amount which is EUR 3,780,000.00 according its indirect shareholding ratio.

Note 4: These loans were guaranteed by HASCO and Donghua jointly and severally.

**XIII. EVENTS AFTER THE BALANCE SHEET DATE**

1. Refer to Note (VI) 48 for more details on profit distribution after balance sheet date.

**XIII. EVENTS AFTER THE BALANCE SHEET DATE - continued****2. HASCO's non-public issuance of shares**

As approved by China Securities Regulatory Commission with “Approval of the Non-public Issuance of Shares of HUAYU Automotive Systems Co., Ltd.” (Zheng Jian Xu Ke[2015]No.2548), HASCO, a subsidiary of the Company, issued ordinary shares in RMB (A Share) of 569,523,809 shares at the price of RMB 15.75 per share to raise funds of RMB 8,969,999,991.75 in total. Part of the above shares were subscribed by the Company by transferring 100% equity interest held by the Company in Shanghai Huizhong, and the remaining shares were subscribed by specific investors by cash. On January 15, 2016, China Securities Depository and Clearing Co., Ltd. Shanghai Branch issued the Certificate for Change of Security Registration, which indicates that total shares of HASCO has increased to 3,152,723,984, of which the Company held 1,838,663,129 shares. As a result, the Company's shareholding in HASCO has decreased to 58.32%.

Shares issued by HASCO to the Company are restricted for 36 months after the issue, so it is estimated that such shares can't be released for trading until January 14, 2019. Other shares issued to specific investors aggregated in 283,308,951 shares are restricted for 12 months after the issue, so these shares are estimated to be released for trading on January 14, 2017.

**XIII. OTHER SIGNIFICANT EVENTS****1. Segment report**

The disclosure of segment report is based on accounting policies. Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into two reporting segments, which are "vehicles and parts" and "financing". The reporting segments are determined based on the Group's operating structure. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. Major products and services delivered or provided by each of the reporting segments are vehicles and parts and financing services.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management.

**(1) Segment information**

Unit: RMB

	Vehicles and parts		Finance		Elimination		Total	
	Year Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2015
Total operating income								
External revenue	661,349,150,643.18	626,712,394,486.86	9,099,072,496.16	3,288,769,950.84	-	-	670,448,223,139.34	630,001,164,437.70
Inter-segment revenue	-	-	1,404,458,052.30	555,711,868.17	(1,404,458,052.30)	(555,711,868.17)	-	-
Total segment operating income	661,349,150,643.18	626,712,394,486.86	10,503,530,548.46	3,844,481,819.01	(1,404,458,052.30)	(555,711,868.17)	670,448,223,139.34	630,001,164,437.70
Operating costs and expenses	650,251,596,056.32	614,976,051,547.87	7,641,467,146.79	3,322,296,918.50	(1,639,494,809.84)	(776,524,420.24)	656,253,568,393.27	617,521,824,046.13
Add: Gain(loss)from changes in fair value	(34,699,211.00)	13,812,602.36	(250,817,659.56)	3,915,040.00	-	-	(285,516,870.56)	17,727,642.36
Investment income	27,207,309,315.87	25,571,699,987.90	2,455,825,105.10	2,262,968,708.15	-	-	29,663,134,420.97	27,834,668,696.05
Exchange gain(loss)	-	(1,949,570.99)	15,758,109.29	3,981,347.31	-	-	15,758,109.29	2,031,776.32
Profit (loss)	38,270,164,691.73	37,319,905,958.26	5,082,828,956.50	2,793,049,995.97	235,036,757.54	220,812,552.07	43,588,030,405.77	40,333,768,506.30
Add: Non-operating income	3,453,186,765.57	3,258,803,913.25	213,476,451.36	70,278,419.41	-	-	3,666,663,216.93	3,329,082,332.66
Less: Non-operating expense	1,444,254,028.28	973,689,156.82	763,108.16	366,489.30	-	-	1,445,017,136.44	974,055,646.12
Total profit	40,279,097,429.02	39,605,020,714.69	5,295,542,299.70	2,862,961,926.08	235,036,757.54	220,812,552.07	45,809,676,486.26	42,688,795,192.84
Less: Income tax expense	4,616,232,659.97	4,028,169,452.80	1,119,474,603.05	409,852,718.00	-	-	5,735,707,263.02	4,438,022,170.80
Net profit	35,662,864,769.05	35,576,851,261.89	4,176,067,696.65	2,453,109,208.08	235,036,757.54	220,812,552.07	40,073,969,223.24	38,250,773,022.04



**XIII. OTHER SIGNIFICANT EVENTS - continued****1. Segment report - continued**

## (1) Segment information - continued

Unit: RMB

	Vehicles and parts		Finance		Elimination		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Total assets by segment</b>	415,276,192,249.44	367,601,014,546.40	181,307,270,281.66	103,071,782,484.57	(84,952,771,691.89)	(55,802,123,549.12)	511,630,690,839.21	414,870,673,481.85
<b>Total liabilities by segment</b>	226,736,988,126.79	189,564,779,723.72	155,834,719,910.29	92,937,761,609.57	(81,858,302,918.08)	(52,630,944,866.35)	300,713,405,119.00	229,871,596,466.94
Additional information:							-	-
Depreciation and amortization	6,213,756,095.82	4,943,735,208.08	29,948,943.35	9,087,727.78	-	-	6,243,705,039.17	4,952,822,935.86
Impairment loss recognized in current year	1,787,979,310.73	4,012,336,772.27	1,176,280,006.38	497,912,949.03	(116,086,848.58)	(110,009,829.86)	2,848,172,468.53	4,400,239,891.44
Capital expenditure	15,394,016,717.16	14,310,747,663.70	32,887,142.78	8,809,471.62	-	-	15,426,903,859.94	14,319,557,135.32
Including: Expenditure used in construction in progress	12,769,706,880.45	12,429,250,711.98	-	-	-	-	12,769,706,880.45	12,429,250,711.98
Expenditure used in purchase of fixed assets	620,210,505.87	924,241,214.30	15,515,903.94	8,654,317.78	-	-	635,726,409.81	932,895,532.08
Expenditure used in purchase of intangible assets	1,748,984,591.69	611,015,564.69	17,371,238.84	155,153.84	-	-	1,766,355,830.53	611,170,718.53
Expenditure used in long-term deferred expenses	255,114,739.15	338,868,909.83	-	-	-	-	255,114,739.15	338,868,909.83
Expenditure used in investment properties	-	7,371,262.90	-	-	-	-	-	7,371,262.90

(2) The Group's revenue derived from other countries is insignificant and the Group's assets located in other countries are insignificant.

## 2. The Company's non-public issuance of shares

On the 4<sup>th</sup> meeting of the 6<sup>th</sup> session of board held on November 5, 2015, "Motion to the Company's Plan for Non-public Issuance of A Shares" was deliberated and passed, and thus the Company's non-public issuance of shares has been approved. According to the plan for non-public issuance of A shares, the Company will issue no more than 964,010,282 ordinary shares in RMB to no more than ten (including ten) specific investors including SAIC, the holding company, and employee stock ownership plan. The issue price of this non-public issuance would no lower than the average trading price of the Company's A shares within 20 trading days prior to November 6, 2015. The amount of raised funds in aggregation would not exceed RMB 15 billion (including issuance costs). On December 11, 2015, "Motion to the Company's Plan for Non-public Issuance of A Shares" was approved by the first extraordinary general meeting of the Company. As of the date of the issuance of the Financial Statements, the Company's non-public issuance of shares is in progress.

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS****1. Notes receivable**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Bank acceptances	1,146,775,037.00	1,005,119,744.90
Commercial acceptances	918,080,419.00	662,382,619.00
Total	2,064,855,456.00	1,667,502,363.90

**2. Accounts receivable**

Disclosure of accounts receivable by categories:

Unit: RMB

Item	December 31, 2015					December 31, 2014				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	%	Amount	%		Amount	%	Amount	%	
Receivables for individually significant items and with individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
Receivables with provisions that were assessed by credit risk characteristics	838,938,654.90	100.00	-	-	838,938,654.90	811,157,896.85	100.00	-	-	811,157,896.85
Receivables for individually non-significant items but individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
Total	838,938,654.90	100.00	-	-	838,938,654.90	811,157,896.85	100.00	-	-	811,157,896.85

Aging analysis of accounts receivable is as follows:

Unit: RMB

Aging	December 31, 2015			
	Book balance	Proportion (%)	Bad debt provision	Proportion (%)
Within 1 year	790,943,033.92	94.28	-	-
1-2 years	42,246,002.36	5.04	-	-
2-3 years	5,749,618.62	0.68	-	-
Total	838,938,654.90	100.00	-	-

**3. Other receivables**

Disclosure of other receivables by categories:

Unit: RMB

Item	December 31, 2015					December 31, 2014				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	%	Amount	%		Amount	%	Amount	%	
Receivables for individually significant items and with individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
Receivables with provisions that were assessed by credit risk characteristics	1,123,787,791.35	100.00	-	-	1,123,787,791.35	801,358,750.64	100.00	-	-	801,358,750.64
Receivables for individually non-significant items but individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
Total	1,123,787,791.35	100.00	-	-	1,123,787,791.35	801,358,750.64	100.00	-	-	801,358,750.64

Aging analysis of other receivables is as follows:

Unit: RMB

Aging	December 31, 2015			
	Book balance	Proportion (%)	Bad debt provision	Proportion (%)
Within 1 year	820,260,473.39	72.99	-	-
1-2 years	2,380,784.75	0.21	-	-
2-3 years	300,078,161.61	26.70	-	-
Over 3 years	1,068,371.60	0.10	-	-
Total	1,123,787,791.35	100.00	-	-

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****4. Inventories**

## (4) Categories of inventories

Unit: RMB

Item	December 31, 2015			December 31, 2014		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Raw materials	363,359,810.67	-	363,359,810.67	270,076,736.56	-	270,076,736.56
Work-in-process	8,437,017.04	-	8,437,017.04	13,693,615.61	-	13,693,615.61
Finished goods	1,482,692,568.63	168,152,372.73	1,314,540,195.90	1,267,563,643.84	113,891,056.06	1,153,672,587.78
Total	1,854,489,396.34	168,152,372.73	1,686,337,023.61	1,551,333,996.01	113,891,056.06	1,437,442,939.95

## (5) Provision for decline in value of inventories

Unit: RMB

Item	December 31, 2014	Provision	Write-off	December 31, 2015
Finished goods	113,891,056.06	146,577,167.04	92,315,850.37	168,152,372.73

## (6) Circumstances of provision for decline in value of inventories

Item	Basis of provision for decline in value of inventories	Reason for reversal of provision
Finished goods	Lower of cost or net realizable value	Not applicable

**5. Available-for-sale financial assets**

Unit: RMB

Item	December 31, 2015			December 31, 2014		
	Book balance	Impairment t	Book value	Book balance	Impairment	Book value
Available-for-sale equity instruments	8,270,511,591.05	494,566,740.00	7,775,944,851.05	7,663,535,338.05	494,566,740.00	7,168,968,598.05
-measured at fair value	7,775,944,851.05	-	7,775,944,851.05	7,168,968,598.05	-	7,168,968,598.05
-measured at cost	494,566,740.00	494,566,740.00	-	494,566,740.00	494,566,740.00	-
Total	8,270,511,591.05	494,566,740.00	7,775,944,851.05	7,663,535,338.05	494,566,740.00	7,168,968,598.05

**6. Long-term equity investments**

Details of long-term equity investment are as follows:

Unit: RMB

	December 31, 2015	December 31, 2014
Investments in subsidiaries	44,920,418,908.20	38,933,154,211.23
Investments in JCEs and associates	42,127,017,865.67	43,130,077,056.29
Total	87,047,436,773.87	82,063,231,267.52

## (1) Investments in subsidiaries

Unit: RMB

Invested companies	December 31, 2014	Increase/Decrease	December 31, 2015
SAIC GM Wuling Co., Ltd.	1,126,669,400.01	-	1,126,669,400.01
Shanghai Huizhong Automotive Manufacturing Co., Ltd.	2,866,842,821.53	-	2,866,842,821.53
SAIC Maxus Vehicle Co., Ltd.(Note 1)(Note 2)	2,350,000,000.00	859,910,000.00	3,209,910,000.00
SAIC Finance Co., Ltd.	3,584,176,933.09	-	3,584,176,933.09
SAIC Volkswagen Sales Co., Ltd.	225,339,303.84	-	225,339,303.84
Shanghai PengPu Machine Building Plant Co., Ltd.	655,582,955.01	-	655,582,955.01
DIAS Automotive Electronic Systems Co., Ltd.	90,000,000.00	-	90,000,000.00
SAIC Motor Transmission Co., Ltd.(Note 3)	2,196,500,000.00	961,500,000.00	3,158,000,000.00
Nanjing Automobile (Group) Corporation(Note 4)	2,723,861,978.39	700,000,000.00	3,423,861,978.39
Shanghai Diesel Engine Co., Ltd.	1,173,419,996.46	-	1,173,419,996.46
SAIC HK Investment Co., Ltd.	67,746,690.00	-	67,746,690.00
SAIC Motor UK Co., Ltd.	46,468,800.00	-	46,468,800.00
SAIC Tangshan Bus Co., Ltd.	86,700,000.00	-	86,700,000.00
SAIC Motor Equity Investment Co., Ltd.	3,300,000,000.00	-	3,300,000,000.00

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****6. Long-term equity investments - continued**

## (1) Investments in subsidiaries - continued

Unit: RMB

Invested companies	December 31, 2014	Increase/Decrease	December 31, 2015
SAIC General Motors Sales Co., Ltd.	158,319,147.00	-	158,319,147.00
HUAYU Automotive Systems Co., Ltd.	9,956,431,904.22	-	9,956,431,904.22
SAIC Motor(Beijing) Co., Ltd.	316,317,252.11	-	316,317,252.11
Shanghai Automobile Asset Management Co., Ltd. (Note 5)	354,425,316.32	318,000,000.00	672,425,316.32
Shanghai International Auto Parts Sourcing Centre Co., Ltd.	35,103,538.99	-	35,103,538.99
SAIC Information Industrial Investment Co., Ltd. (Note 6)	123,581,596.26	(123,581,596.26)	-
Shanghai Automobile Import & Export Co., Ltd. (Note 7)	718,946,218.48	908,080,000.00	1,627,026,218.48
Shanghai Automotive Industry Sales Co., Ltd.(Note 8)	2,163,264,296.95	1,274,000,000.00	3,437,264,296.95
SAIC HK Limited	590,973,200.76	-	590,973,200.76
SAIC Motor North America Co., Ltd.	172,336,204.50	-	172,336,204.50
Anji Automotive Logistics Co., Ltd. (Note 6)	2,071,960,289.98	89,356,293.23	2,161,316,583.21
Donghua Automobile Industrial Co., Ltd.	654,940,453.36	-	654,940,453.36
Shanghai Shangyuan Investment Management Co., Ltd.	115,167,221.39	-	115,167,221.39
China Automotive Industrial Development Co., Ltd.	274,872,910.12	-	274,872,910.12
SAIC Motor Activity Centre Co., Ltd.	163,314,188.68	-	163,314,188.68
Shanghai Automotive News Press Co., Ltd.	9,891,593.78	-	9,891,593.78
Shanghai Jineng Bus Drive System Co., Ltd.	60,000,000.00	-	60,000,000.00
SAIC investment management Co., Ltd.	500,000,000.00	-	500,000,000.00
Shanghai Shanghong Real Estate Co., Ltd. (Note 9)	-	1,000,000,000.00	1,000,000,000.00
Total	38,933,154,211.23	5,987,264,696.97	44,920,418,908.20

Note 1: This company was renamed during the year. Please refer to Note (VIII) 2 (1).

Note 2: During the year, the Company made additional capital contribution of RMB 859,910,000.00 to SAIC Maxus Automotive Co., Ltd., of which RMB 300,000,000.00 was converted by entrusted loans and RMB 559,910,000.00 was paid by cash.

Note 3: During the year, the Company made additional capital contribution of RMB 961,500,000.00 to SAIC Motor Transmission Co., Ltd. by cash.

Note 4: During the year, the Company made additional capital contribution of RMB 700,000,000.00 to Nanjing Automobile (Group) Corporation by entrusted loan capitalization.

Note 5: During the year, the Company made additional capital contribution of RMB 318,000,000.00 to Shanghai Automobile Asset Management Co., Ltd. by cash.

Note 6: During the year, the Company made additional capital contribution of RMB 89,356,293.23 to Anji Automotive Logistics Co., Ltd. by transferring 100% equity interest of SAIC Information Industrial Investment Co., Ltd. held by the Company.

Note 7: During the year, the Company made additional capital contribution of RMB 908,080,000.00 to Shanghai Automobile Import & Export Co., Ltd. by cash.

Note 8: During the year, the Company made additional capital contribution of RMB 1,274,000,000.00 to Shanghai Automotive Industry Sales Co., Ltd. by cash.

Note 9: Refer to Note (VIII) 2 (1) note 2.

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****6. Long-term equity investments - continued**

## (2) JCEs and Associates

Unit: RMB

Invested companies	December 31, 2014	Increase/Decrease	December 31, 2015
SAIC Volkswagen automotive Co., Ltd.(Note)	21,730,166,766.12	(1,303,435,502.29)	20,426,731,263.83
SAIC General Motors Co., Ltd.(Note)	14,843,813,578.31	1,116,024,872.31	15,959,838,450.62
Shanghai GM Dong Yue Motors Co., Ltd.(Note)	560,718,114.97	8,905,510.38	569,623,625.35
Shanghai GM Dong Yue Automotive Powertrain Co., Ltd.(Note)	1,561,563,991.92	26,486,087.45	1,588,050,079.37
Shanghai GM (Shenyang) Norsom Motors Co., Ltd. (Note)	1,112,306,395.21	(411,309,640.68)	700,996,754.53
Pan-Asia Technical Automotive Centre	517,469,318.06	74,768,095.56	592,237,413.62
Volkswagen Automotive Powertrain Co., Ltd.	1,834,368,724.32	84,808,562.55	1,919,177,286.87
Volkswagen Transmission (Shanghai) Co., Ltd.	259,366,479.97	(4,489,979.18)	254,876,500.79
Shanghai Sunwin Bus Co., Ltd.	134,089,012.33	(134,089,012.33)	-
Others	576,214,675.08	(460,728,184.39)	115,486,490.69
<b>Total</b>	<b>43,130,077,056.29</b>	<b>(1,003,059,190.62)</b>	<b>42,127,017,865.67</b>

Note 1: Please refer to Note (VI) 15 (2) note 1 for more details.

**7. Investment properties**

Movements of investment properties measured at cost are as follows:

Unit: RMB

Item	Land use right	Buildings	Total
<b>I. Cost</b>			
December 31, 2014	50,386,952.98	388,219,707.21	438,606,660.19
Transfer to fixed assets during the year	-	25,563,949.36	25,563,949.36
December 31, 2015	50,386,952.98	362,655,757.85	413,042,710.83
<b>II. Accumulated depreciation and amortization</b>			
December 31, 2014	10,413,303.27	92,566,233.20	102,979,536.47
Depreciation or amortization during the year	1,007,739.00	9,866,810.28	10,874,549.28
Transfer to fixed assets during the year	-	11,789,323.21	11,789,323.21
December 31, 2015	11,421,042.27	90,643,720.27	102,064,762.54
<b>III. Net book value</b>			
December 31, 2015	38,965,910.71	272,012,037.58	310,977,948.29
December 31, 2014	39,973,649.71	295,653,474.01	335,627,123.72

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****8. Fixed assets****(1) General**

Unit: RMB

Item	Buildings	Machinery and equipment	Electronic equipment, furniture and fixtures	Transportation vehicles	Mold	Total
<b>I. Cost</b>						
December 31, 2014	2,073,562,787.85	3,706,518,555.35	474,061,881.01	56,631,131.16	1,916,132,064.55	8,226,906,419.92
Purchase during the year	-	49,539.99	41,354.00	243,557.65	-	334,451.64
Transfer from investment properties during the year	25,563,949.36	-	-	-	-	25,563,949.36
Transfer from construction in progress during the year	712,951,456.83	1,306,532,849.73	159,489,529.14	11,858,789.92	458,573,475.46	2,649,406,101.08
Investment transferred out during the year (Note)	37,930,421.82	-	-	-	-	37,930,421.82
Disposals during the year	-	7,683,439.25	21,439,281.91	928,981.81	-	30,051,702.97
December 31, 2015	2,774,147,772.22	5,005,417,505.82	612,153,482.24	67,804,496.92	2,374,705,540.01	10,834,228,797.21
<b>II. Accumulated depreciation</b>						
December 31, 2014	488,434,297.38	1,443,064,029.09	316,765,842.20	28,332,464.87	699,570,532.83	2,976,167,166.37
Provision during the year	95,157,805.27	230,969,862.53	50,693,060.89	7,666,358.05	56,000,850.12	440,487,936.86
Transfer from investment properties during the year	11,789,323.21	-	-	-	-	11,789,323.21
Investment transferred out during the year (Note)	25,186,694.31	-	-	-	-	25,186,694.31
Disposals during the year	-	5,930,157.91	20,527,617.38	556,607.74	-	27,014,383.03
December 31, 2015	570,194,731.55	1,668,103,733.71	346,931,285.71	35,442,215.18	755,571,382.95	3,376,243,349.10
<b>III. Impairment</b>						
December 31, 2014	-	1,321,083,201.45	25,620.00	217,357.00	1,171,730,855.68	2,493,057,034.13
Provision during the year	-	631,000,000.00	-	-	342,925,866.64	973,925,866.64
Disposals during the year	-	-	25,620.00	119,878.92	-	145,498.92
December 31, 2015	-	1,952,083,201.45	-	97,478.08	1,514,656,722.32	3,466,837,401.85
<b>IV. Net book value</b>						
December 31, 2015	2,203,953,040.67	1,385,230,570.66	265,222,196.53	32,264,803.66	104,477,434.74	3,991,148,046.26
December 31, 2014	1,585,128,490.47	942,371,324.81	157,270,418.81	28,081,309.29	44,830,676.04	2,757,682,219.42

Note: Please refer to Note (VIII) 1 note 2 for more details.

**(2) Details of the certificates of title of fixed assets that were not obtained are as follows:**

Unit: RMB

Item	December 31, 2015	Reasons why certificates of title have not been obtained
Buildings	1,808,900,948.30	In progress

**9. Construction in progress**

Unit: RMB

Item	December 31, 2014	Increase during the year	Transfer to fixed assets upon completion	Transfer to intangible assets	December 31, 2015
Project of passenger vehicles of self-owned brands	1,024,881,793.87	896,552,517.43	1,675,099,915.18	10,844,008.81	235,490,387.31
Project of R&D centre expansion	885,940,436.98	429,582,880.58	853,855,982.33	31,178,471.68	430,488,863.55
Others	138,086,018.31	124,576,188.85	120,450,203.57	44,157,093.53	98,054,910.06
Total	2,048,908,249.16	1,450,711,586.86	2,649,406,101.08	86,179,574.02	764,034,160.92

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****10. Intangible assets and development expenditures**

## (1) General

Unit: RMB

Item	Land use right	Patent	Know-how	Software	Trademark right	Total
<b>I. Cost</b>						
December 31, 2014	1,494,715,319.54	1,025,962,252.05	2,344,710,403.83	443,972,274.84	11,533,962.26	5,320,894,212.52
Purchase during the year	-	-	-	343,240.00	-	343,240.00
Transfer from construction in progress during the year	-	-	-	86,179,574.02	-	86,179,574.02
Investment transferred out during the year (Note)	178,013,089.83	-	-	-	-	178,013,089.83
December 31, 2015	1,316,702,229.71	1,025,962,252.05	2,344,710,403.83	530,495,088.86	11,533,962.26	5,229,403,936.71
<b>II. Accumulated amortization</b>						
December 31, 2014	171,516,525.12	941,430,822.22	1,623,027,384.59	226,092,418.44	1,409,211.35	2,963,476,361.72
Amortization during the year	29,521,411.15	3,281,429.83	10,475,686.45	49,137,841.73	1,182,761.32	93,599,130.48
Investment transferred out during the year (Note)	18,855,600.29	-	-	-	-	18,855,600.29
December 31, 2015	182,182,335.98	944,712,252.05	1,633,503,071.04	275,230,260.17	2,591,972.67	3,038,219,891.91
<b>III. Impairment</b>						
December 31, 2014 and 2015	-	81,250,000.00	710,540,666.06	-	-	791,790,666.06
<b>IV. Net book value</b>						
December 31, 2015	1,134,519,893.73	-	666,666.73	255,264,828.69	8,941,989.59	1,399,393,378.74
December 31, 2014	1,323,198,794.42	3,281,429.83	11,142,353.18	217,879,856.40	10,124,750.91	1,565,627,184.74

Note: Refer to Note (VIII) 2.

## (2) Details of development expenditures

Unit: RMB

Item	December 31, 2014	Occurred during the year	Recognized in profit and loss	December 31, 2015
Research expenditures	-	1,253,067,414.79	1,253,067,414.79	-
Development expenditures	-	3,396,285,610.78	3,396,285,610.78	-
Total	-	4,649,353,025.57	4,649,353,025.57	-

Development expenditures accounts for 73.05% of total research and development expenditures.

**11. Employee benefits payable**

## (1) Details of employee benefits payable are as follows:

Unit: RMB

Item	December 31, 2015	December 31, 2014
Short-term employee benefits	2,036,723,433.58	2,123,793,742.11

## (2) Details of short-term employee benefits are as follows:

Unit: RMB

Item	December 31, 2015	December 31, 2014
Payroll, bonus, allowance and compensation	1,788,456,359.34	1,874,896,223.76
Social security contributions	12,547,105.89	17,500,247.00
Housing funds	83,789.00	27,900.00
Trade union fund and employee education fund	235,636,179.35	231,369,371.35
Total	2,036,723,433.58	2,123,793,742.11

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****12. Non-current liabilities due within one year**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Provisions due within one year (Note (XV) 15)	249,019,844.71	263,788,740.11

**13. Long-term employee benefits payable**

(1) Details of long-term employee benefits payable

Unit: RMB

Item	December 31, 2015	December 31, 2014
Post-employment benefit-defined benefit plan net indebtedness	2,365,672,215.12	2,170,181,223.98
Termination benefits	974,265,650.57	984,595,213.96
Total	3,339,937,865.69	3,154,776,437.94

(2) Details of defined benefit plan

Unit: RMB

Item	Year ended December 31, 2015	Year ended December 31, 2014
December 31, 2014	2,170,181,223.98	3,149,436,144.11
Cost of defined benefit plan recognized in profit or loss	112,726,294.05	62,988,722.88
1. Past service cost	21,394,139.45	-
2. Net value of interests	91,332,154.60	62,988,722.88
Cost of defined benefit plan recognized in other comprehensive income	113,665,129.31	(992,538,210.20)
1. Actuarial losses (gains)	113,665,129.31	(992,538,210.20)
Including: benefits paid	(30,900,432.22)	(49,705,432.81)
December 31, 2015	2,365,672,215.12	2,170,181,223.98

**14. Special payables**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Special reward fund	863,767,352.72	900,428,309.00

**15. Provisions**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Products quality warranty	942,635,333.43	906,447,254.90
Others	544,783,636.99	358,589,682.00
Sub-total	1,487,418,970.42	1,265,036,936.90
Less: Provisions due within one year (Note (XV)12)	249,019,844.71	263,788,740.11
Provisions due after one year	1,238,399,125.71	1,001,248,196.79

**16. Deferred income**

Unit: RMB

Item	December 31, 2015	December 31, 2014
Government grants	486,400,776.62	451,507,338.75



**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****17. Deferred tax liabilities**

Unit: RMB

Item	December 31, 2015		December 31, 2014	
	Taxable temporary differences	Differed tax liabilities	Taxable temporary differences	Differed tax liabilities
Available-for-sale financial assets measured at fair value	2,809,848,940.68	421,477,341.10	2,204,872,687.68	330,730,903.15

**18. Capital reserve**

Unit: RMB

Item	January 1	Increase	December 31
<b>Year 2015</b>			
Share premium	50,170,949,359.63	-	50,170,949,359.63
Including: Capital contributed by investors	49,991,450,022.24	-	49,991,450,022.24
Differences arising from business combination involving enterprises under common control	179,499,337.39	-	179,499,337.39
Other capital reserves	753,543,097.35	-	753,543,097.35
Total	50,924,492,456.98	-	50,924,492,456.98
<b>Year 2014</b>			
Share premium	50,167,744,782.98	3,204,576.65	50,170,949,359.63
Including: Capital contributed by investors (Note)	49,988,245,445.59	3,204,576.65	49,991,450,022.24
Differences arising from business combination involving enterprises under common control	179,499,337.39	-	179,499,337.39
Other capital reserves	753,543,097.35	-	753,543,097.35
Total	50,921,287,880.33	3,204,576.65	50,924,492,456.98

Note: Please refer to Note (VI) 45 for more details.

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****19. Other comprehensive income**

Unit: RMB

Item	December 31, 2014	Year ended December 31, 2015		December 31, 2015
		Increase before income tax	Less: Income tax expenses	
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	992,538,210.20	(113,665,129.31)	-	878,873,080.89
1.Changes in net liabilities or net assets due to remeasurement of defined benefit plans	992,538,210.20	(113,665,129.31)	-	878,873,080.89
II. Other comprehensive income that may be reclassified subsequently to profit or loss	1,772,578,401.33	634,648,709.00	90,746,437.95	2,316,480,672.38
1.Shares of other comprehensive income that may be reclassified subsequently to profit or loss of invested entities under equity method in future	(101,563,383.20)	29,672,456.00	-	(71,890,927.20)
2.Changes in fair value of available-for-sale financial assets	1,874,141,784.53	604,976,253.00	90,746,437.95	2,388,371,599.58
Total	2,765,116,611.53	520,983,579.69	90,746,437.95	3,195,353,753.27

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****20. Operating income/costs**

## (1) Operating income/costs

Unit: RMB

Item	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Operating income	Operating costs	Operating income	Operating costs
Primary operations	15,457,407,123.75	14,542,684,301.40	14,428,828,111.07	13,363,093,496.69
Other operations	1,550,062,196.66	1,095,975,755.38	874,674,871.77	442,959,820.00
Total	17,007,469,320.41	15,638,660,056.78	15,303,502,982.84	13,806,053,316.69

## (2) Primary operations

Unit: RMB

Item	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Operating income	Operating costs	Operating income	Operating costs
Sales of vehicles	13,451,799,423.75	12,853,938,587.57	12,636,766,504.94	11,808,534,738.98
Sales of parts	2,005,607,700.00	1,688,745,713.83	1,792,061,606.13	1,554,558,757.71
Total	15,457,407,123.75	14,542,684,301.40	14,428,828,111.07	13,363,093,496.69

## (3) Other operations

Unit: RMB

Item	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Operating income	Operating costs	Operating income	Operating costs
Sales of raw materials	408,094,509.28	382,513,654.86	287,693,732.90	242,718,808.50
Rendering services	734,970,105.36	653,240,914.17	118,175,218.68	103,135,052.01
Rental	50,246,069.51	17,929,514.69	46,077,431.94	17,853,770.66
Royalties and transfer of technology	290,239,284.86	-	286,725,100.00	-
Others	66,512,227.65	42,291,671.66	136,003,388.25	79,252,188.83
Total	1,550,062,196.66	1,095,975,755.38	874,674,871.77	442,959,820.00

**21. Impairment losses on assets**

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Impairment on fixed assets	973,925,866.64	1,624,466,872.13
Decline in value of inventories	146,577,167.04	106,755,199.53
Total	1,120,503,033.68	1,731,222,071.66

**22. Investment income**

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Dividends received from subsidiaries	8,551,586,300.46	7,397,090,732.93
Long-term equity investment income under equity method	22,025,085,445.97	23,146,618,859.63
Amortization of long-term equity investment difference	(827,623.32)	(827,623.32)
Loss on disposal of long-term equity investments	(34,225,303.03)	(42,404,255.35)
Entrust loans investment income	88,136,636.55	35,192,308.88
Gain from available-for-sale financial assets	304,563,589.46	269,836,095.32
Total	30,934,319,046.09	30,805,506,118.09

## XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

## 23. Supplementary information to the cash flow statements

Unit: RMB

Supplementary information	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>1. Reconciliation of net profits to cash flow from operating activities:</b>		
Net profit	24,460,499,284.78	24,463,644,591.50
Add: Provision for impairment loss of assets	1,120,503,033.68	1,731,222,071.66
Depreciation of fixed assets	440,487,936.86	541,761,214.27
Amortization of intangible assets	93,599,130.48	112,521,729.74
Depreciation and amortization of investment properties	10,874,549.28	11,737,328.78
Amortization of long-term prepaid expenses	8,364,302.34	3,004,566.12
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(178,784,621.68)	618,411.62
Financial expenses(gains)	(244,180,220.89)	116,672,328.39
Investment income	(30,934,319,046.09)	(30,805,506,118.09)
Increase in inventories	(395,471,250.70)	(273,540,485.81)
Decrease in operating receivables (less increase)	(582,747,178.52)	(633,087,600.48)
Increase in operating payables (less decrease)	5,647,415,671.05	458,727,024.84
Net cash flow from operating activities	(553,758,409.41)	(4,272,224,937.46)
<b>2. Significant investment and financing activities not involving cash receipts and payments</b>		
Investment in subsidiaries by entrusted loans capitalization	1,000,000,000.00	10,200,000.00
<b>3. Net movement of cash and cash equivalents:</b>		
Balance at the end of the year	53,896,855,196.85	45,655,207,147.68
Less: Balance at the beginning of the year	45,655,207,147.68	39,964,590,909.55
<b>Net increase in cash and cash equivalents</b>	<b>8,241,648,049.17</b>	<b>5,690,616,238.13</b>

## 24. Related party relationships and transactions

## A. Major related parties which have significant transactions or balances with the Company

- (1) Details of major subsidiaries of the Company refer to Note (VIII) 2.
- (2) Details of major JCEs and associates of the Company refer to Note (VI) 15 and Note (VIII) 3.
- (3) Details of other major related parties which have significant transactions or balances with the Company refer to Note (XI) 4.

## B. Related party transactions

- (1) Sales and purchases
  - (a) Sales of goods

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
Subsidiaries	1,276,385,121.59	1,368,450,908.94
Subsidiaries of SAIC	-	10,827,310.46
Total	1,276,385,121.59	1,379,278,219.40

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****24. Related party relationships and transactions - continued****B. Related party transactions - continued**

(1) Sales and purchases - continued

(b) Sales of materials

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
Subsidiaries	366,930,671.61	222,885,505.54
Associates	14,306,972.90	-
Subsidiaries of SAIC	375,312.78	2,046,696.60
Total	381,612,957.29	224,932,202.14

(c) Purchase of goods and materials

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
Subsidiaries	8,980,965,738.47	10,056,741,450.41
JCEs	1,935,629,846.43	901,918,881.48
Associates	389,837,726.32	259,638,813.52
Subsidiaries of SAIC	27,138,674.78	14,997,677.36
Associates of SAIC	18,509,937.75	13,093,894.39
Total	11,352,081,923.75	11,246,390,717.16

(d) Purchase of long-term assets

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
Subsidiaries	44,177,560.56	55,641,384.23
JCEs	55,824,035.59	97,671,786.05
Associates	19,789,661.88	2,942,121.69
Subsidiaries of SAIC	2,884,943.65	650,598.29
Associates of SAIC	2,667,982.02	761,044.68
Total	125,344,183.70	157,666,934.94

(e) Acceptance of services - R&amp;D expenditures

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
Subsidiaries	611,510,172.37	611,336,060.21
JCEs	861,318,701.37	342,498,539.23
Associates	47,319,238.25	47,497,994.66
Subsidiaries of SAIC	340,081.50	1,161,807.06
Associates of SAIC	2,417,361.04	1,617,521.36
Total	1,522,905,554.53	1,004,111,922.52

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****24. Related party relationships and transactions - continued****B. Related party transactions - continued**

(2) Rendering of services

(a) Rendering of services

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
Subsidiaries	4,974,239.78	21,463,697.56
JCEs	2,903,063.80	2,999,377.86
Associates	334,700.00	102,000.00
SAIC	512,841,167.39	52,289,476.09
Subsidiaries of SAIC	472,166.52	37,952,901.98
Total	521,525,337.49	114,807,453.49

(b) Rental income

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
Subsidiaries	24,928,867.21	13,210,591.40
JCEs	23,601,748.00	28,955,850.44
Total	48,530,615.21	42,166,441.84

(c) Guarantee income

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
JCEs	-	1,222,465.75

(d) Royalties for technology

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
Subsidiaries	290,239,284.86	286,725,100.00

(3) Other expenses

(a) Logistics service expenses, royalties and others

Unit: RMB

Related party	Year Ended December 31, 2015	Year Ended December 31, 2014
Subsidiaries	379,642,991.91	322,425,830.71
JCEs	17,106,630.89	85,358,686.30
Associates	760,390.67	744,561.95
Subsidiaries of SAIC	-	500,000.00
Total	397,510,013.47	409,029,078.96

The prices of transactions in (1) to (3) were determined based on the contracts between both parties.

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****24. Related party relationships and transactions - continued****B. Related party transactions - continued**

(4) Financing

(a) Loans to related parties

① Movement of entrusted loans to related parties by the Company are as follows:

Unit: RMB

	Subsidiaries
December 31, 2014	5,373,850,000.00
Loans offered	17,848,650,000.00
Repayment collected	(17,148,310,000.00)
Capital contribution	(1,000,000,000.00)
December 31, 2015	5,074,190,000.00

② Balances of loans offered directly to related parties are as follows:

Unit: RMB

	Subsidiaries
December 31, 2014	3,119,466,200.00
Loans offered	3,763,200,200.00
Repayment collected	(2,201,616,200.00)
Effect of foreign exchange rate changes	252,787,080.00
December 31, 2015	4,933,837,280.00

③ Loan interests received from related parties are as follows:

Unit: RMB

	Year Ended December 31, 2015	Year Ended December 31, 2014
Subsidiaries	88,136,636.55	35,192,308.88

Interest rates for loans issued to related parties were determined according to the contracts.

(b) Deposits at SFC

① Movement of deposits at SFC is as follows:

Unit: RMB

	December 31, 2014	Increase	Decrease	December 31, 2015
Cash and bank balances	33,127,268,019.39	265,149,075,503.91	(258,325,175,599.06)	39,951,167,924.24

② Interest receivable from SFC is as follows:

Unit: RMB

	December 31, 2015	December 31, 2014
Interest receivable	454,804,027.79	488,824,416.66

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****24. Related party relationships and transactions - continued****B. Related party transactions - continued**

(4) Financing - continued

(b) Deposits at SFC - continued

③ Interest received from SFC is as follows:

Unit: RMB

	Year Ended December 31, 2015	Year Ended December 31, 2014
Interest income	911,824,645.59	921,828,786.81

Interest rates for deposits at SFC were determined according to interest rates specified by the People's Bank of China.

(c) Financing charges paid to SFC

Financing charges to SFC paid by the Company for providing financing service to dealers are as follows:

Unit: RMB

	Year Ended December 31, 2015	Year Ended December 31, 2014
SFC	97,177,607.32	78,306,088.69

Financing charges are paid to SFC based on the contracts between both parties.

(5) Guarantees

At the year-end, guarantees provided by the Company to related parties are as follows:

Guarantee	Relationship with the Company	Category	Curren cy	Ceiling amount	Debt amount
SAIC Motor - CP Co., Ltd. (Note)	Subsidiaries	General guarantee	THB	3,570,000,000.00	2,171,526,940.00

Note: Shareholders of SAIC Motor - CP Co., Ltd. provided maximum guarantee for its loans, of which the Company provided 51% of the maximum guarantee amount which is THB 3,570,000,000.00 according to its shareholding ratio. At the year-end, the actual amount of loans of SAIC Motor - CP Co., Ltd. is THB 2,403,878,900.00 (RMB 432,457,814.11).

**C. Amounts due from / to related parties**

(1) Notes receivable

Unit: RMB

Related party	December 31, 2015	December 31, 2014
Subsidiaries	507,150,051.00	487,928,751.90



**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****24. Related party relationships and transactions - continued****C. Amounts due from / to related parties - continued**

## (2) Accounts receivable

Unit: RMB

Related party	December 31, 2015	December 31, 2014
Subsidiaries	643,873,497.84	501,084,282.05
JCEs	438,745.00	838,968.00
Associates	14,309,972.90	60,800.00
Subsidiaries of SAIC	5,539,115.95	35,513,803.81
Total	664,161,331.69	537,497,853.86

## (3) Prepayments

Unit: RMB

Related party	December 31, 2015	December 31, 2014
Subsidiaries	65,148,708.20	170,065,896.15
JCEs	-	92,736,317.35
Associates	6,065,251.60	30,099,059.00
Total	71,213,959.80	292,901,272.50

## (4) Dividends receivable

Unit: RMB

Related party	December 31, 2015	December 31, 2014
Subsidiaries	126,034,049.96	21,857,700.00
JCEs	1,267,093,697.68	840,469,606.04
Total	1,393,127,747.64	862,327,306.04

## (5) Other receivables

Unit: RMB

Related party	December 31, 2015	December 31, 2014
Subsidiaries	597,697,174.23	607,568,883.69
JCEs	2,000,000.00	532,131.60
Total	599,697,174.23	608,101,015.29

## (6) Accounts payable

Unit: RMB

Related party	December 31, 2015	December 31, 2014
Subsidiaries	1,824,349,641.88	1,301,135,993.65
JCEs	1,508,379,538.59	486,131,046.36
Associates	129,604,207.14	58,840,476.99
Subsidiaries of SAIC	46,374,172.69	1,399,116.76
Associates of SAIC	6,897,002.89	6,261,223.07
Total	3,515,604,563.19	1,853,767,856.83

## (7) Receipts in advance

Unit: RMB

Related party	December 31, 2015	December 31, 2014
Subsidiaries	28,441,315.60	6,307,678.95
JCEs	151,487.79	-
SAIC	1,189,525,008.63	404,574,299.03
Total	1,218,117,812.02	410,881,977.98

**XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****24. Related party relationships and transactions - continued****C. Amounts due from / to related parties - continued**

(8) Other payables

Unit: RMB

Related party	December 31, 2015	December 31, 2014
Subsidiaries	993,079.89	227,500.00
JCEs	36,000.00	29,000.00
Associates	12,500.00	12,500.00
Subsidiaries of SAIC	34,400.00	34,400.00
Associates of SAIC	16,350.00	12,600.00
Total	1,092,329.89	316,000.00

**XVI. APPROVAL OF THE FINANCIAL STATEMENTS**

The consolidated and the Company's financial statements have been approved by the Board of Directors on April 4, 2016.

\*\*\*THE END OF THE FINANCIAL STATEMENTS\*\*\*

**1. Non-recurring profit or loss**

Unit: RMB

Item	Year Ended December 31, 2015	Year Ended December 31, 2014
Profit (loss) on disposal of non-current assets	(810,291,807.86)	78,151,532.81
Government grants recognized in profit and loss (Note)	2,964,271,237.07	2,672,209,600.09
The excess of acquirer's proportionate share of fair value of identifiable net assets of acquiree over the consideration paid for the acquisition of subsidiaries, associates and JCEs	204,657,090.00	802,311.00
Profit or loss on debt restructuring	199,000.89	538,622.93
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those for effective hedging activities relating to normal operating business	(21,514,132.79)	141,464,229.85
Available-for-sale financial assets impairment loss	-	(30,000,000.00)
Reversal of provision for impairment of accounts receivable undertaken impairment test separately	752,487,529.12	
Profit or loss on offering entrusted loans	38,707,922.55	21,203,441.14
Other non-operating income and expenses other than the above	(96,602,430.85)	(165,240,686.44)
Tax effects of non-recurring profit or loss	(251,959,969.55)	(361,258,371.98)
Minority interest (after tax)	(316,981,790.31)	(300,617,158.36)
Total	2,462,972,648.27	2,057,253,521.04

Note: Government grants recognized in profit and loss does not contain those which are closely correlated with the company's normal operating business, complied with government regulations, and calculated according to certain standards or constant amount.

Non-recurring profit or loss above is calculated and disclosed according to the Securities Regulatory Commission Notice [2008]No.43 "Explanatory Notice No. 1 to Information Disclosure Guidance for Public Companies - Non-recurring Gains and losses(2008)" issued by China Securities Regulatory Commission.

**2. Return on net assets and earnings per share**

Return on net assets and earnings per share ("EPS") are prepared by SAIC Motor Corporation Limited in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Calculated based on net profits attributable to shareholders of the Company	17.91	2.702	N/A
Calculated based on net profits attributable to shareholders of the Company after deducting non-recurring profit or loss	16.43	2.479	N/A

**Section XII List of Documents Available For Inspection**

List of Documents Available For Inspection	Financial statements with signatures of legal person, responsible person of accounting professional and accountant in charge
List of Documents Available For Inspection	Auditor report with signatures of accounting firm and certificated accountants
List of Documents Available For Inspection	Announcement and document released on paper of CSRC during reporting period

Board of Directors: Chen Hong

Date of Approval by the board: April 22<sup>nd</sup>, 2016