

SAIC MOTOR CORPORATION LIMITED

600104

Annual Report 2013

The annual report is English translations of the Chinese annual report. The financial statements included in the annual report are English translations of the Chinese 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 of the annual report does not conform to the Chinese version, the Chinese version prevails.

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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. Hu Maoyuan, chairman of the Board, Mr. Chen Hong, vice chairman and president and Mr. Gu Feng, the chief financial officer certify the truthfulness and the completeness 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 12.00 (inclusive of tax) per 10 shares, amounting to RMB 13,230,679,954.80, based on total 11,025,566,629 shares as of the end of year 2013. The Company has no plan of capitalization of capital reserve this year. The profit distribution plan is subject to the approval of annual general meeting of shareholders.

6. Does the situation exist where the controlling shareholders and their related parties occupy the funds of the Company for non-operational use? No.

7. Does the situation exist where the Company provides external guarantee which is not in compliance with the required decision-making procedures? No.

8. 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.

Section I Definitions and Significant Risk Alert

1. Definition

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

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	Refers to	SAIC Motor Corporation Limited
SAIC	Refers to	Shanghai Automotive Industry Corporation (Group)

2. Significant Risk Alert

The Company has described the possibly existing relevant risks in details in this report. Please refer to part "potential risks" in "The Board's discussion and analysis on future development of the Company" in Section IV Report of the Board of Directors" for details.

Section II General Information of the Company

1. Information of the Company

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

2. Contacts

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

3. Basic information of the Company

Registration address	Room 509, Building A, No. 563 Songtao Road, Zhangjiang High-tech Park, Pudong, Shanghai, China
Post code of registration address	201203
Office address	No. 489 Weihai Road, Jing'an District, Shanghai, China
Post code of office address	200041
Website	http://www.saicmotor.com
E-mail	saicmotor@saic.com.cn

4. Information disclosure and the locations

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

5. Abbreviation of the Company's shares

Class of shares	Stock exchange	Short name	Stock code	Former short name
A shares	Shanghai Stock Exchange	上汽集团(SAIC MOTOR)	600104	上海汽车

6. Change of registration of the Company in reporting period

(1) Basic information

There is no change of registration of the Company during the reporting period.

(2) Information of the first-time registration of the Company

Details of the first-time registration of the Company are set out in "Annual Report 1997 of SAIC Motor Corporation Limited".

(3) Changes of business scope since the Company listed

On September 13, 2002, business scope of the Company was changed to "manufacturing and sales of automobiles, motorcycles, tractors and other motor vehicles, power trains and automobile parts, property management, domestic trading (except those under special provisions), advisory services, export of self-manufactured products and technology, import of machinery and equipment, spare parts, raw materials and supplementary materials, and technology needed in the business operating (except goods and technology which are restricted for company operation or forbidden for import and export by Chinese government)(subject to the license if the Company's business relates to licensing)".

On August 10, 2007, business scope of the Company was extended to include "manufacturing of machinery equipment, power train and parts" and "rental of cars and machinery and equipment, industrial investment, import and export business of goods and technology".

On August 26, 2009, business scope of the Company was extended to include "periodical publishing, advertisements in the Company's own media".

(4) Changes of controlling shareholder since the Company listed

In 1997, the Company was registered and the controlling shareholder was Shanghai Automotive Industry Corporation (Group).

In 2005, the controlling shareholder was changed to SAIC Motor Corporation Limited.

In 2007, the controlling shareholder was changed to Shanghai Automotive Industry Corporation (Group).

Details are set out in related announcements in 2005 and 2007.

7. Other relevant information

Information of the accounting firm appointed by the Company	
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
Sponsor performing continuous supervision duties in the reporting period	
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

*Due to the resignation of Mr. Li Guangchao, the former sponsor representative, CITIC Securities Co., Ltd. designated Mr. Yin Xiong as the Company's sponsor representative.

Section III Major Financial Information and Financial Indicators

1. Major accounting data and financial indicators

Unit: RMB

Major accounting data	2013	2012	Year-on-year (%)	2011
Operating income	565,807,011,579.82	480,979,671,654.73	17.64	434,803,949,080.55
Net profit attributable to shareholders of the Company	24,803,626,272.23	20,751,763,307.97	19.53	20,221,866,457.55
Net profit excluding non-recurring profit or loss attributable to shareholders of the Company	22,780,329,617.96	20,655,201,937.87	10.29	17,168,317,389.02
Net cash flow from operating activities	20,602,511,608.81	19,591,127,624.55	5.16	20,209,343,887.11
	December 31, 2013	December 31, 2012	Year-on-year (%)	December 31, 2011
Net assets attributable to shareholders of the Company	137,757,238,640.92	122,337,367,399.45	12.60	102,362,314,723.18
Total assets	373,640,740,801.94	317,202,998,968.11	17.79	318,633,180,995.07

2. Major financial indicators

Major financial indicators	2013	2012	Year-on-year (%)	2011
Basic earnings per share (RMB/Share)	2.250	1.882	19.55	1.834
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)	2.066	1.873	10.30	1.858
Weighted average return on net assets (%)	19.07	18.52	Increased by 0.55%	21.37
Weighted average return on net assets excluding non-recurring profit or loss (%)	17.52	18.43	Decreased by 0.91%	23.62

3. Items and amounts of non-recurring profit or loss

Unit: RMB

	2013	2012	2011
Profit or loss on disposal of non-current assets	178,555,175.64	134,328,259.75	-76,240,425.58
Government grants recognized in profit or loss for the current year	1,390,054,367.76	761,484,342.38	164,600,739.62
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	8,484,365.00	693,657.36	7,347,220.78
Profit or loss on debt restructuring	4,743,165.63	-2,029,385.04	-12,651,684.45
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	-	-	6,600,109,465.42
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	826,563,161.71	340,625,239.31	-40,116,897.00
Impairment loss on available-for-sale financial assets	-23,347,620.00	-652,323,606.66	-
Profit or loss on entrusted loans	23,782,326.94	-	-
Other non-operating income and expenses other than the above	134,226,042.86	-60,283,341.25	27,146,967.57
Income tax effects	-269,773,373.57	-234,839,548.71	-12,280,317.80

Amounts attributable to minority interests (after taxation)	-249,990,957.70	-191,094,247.04	-3,604,366,000.03
Total	2,023,296,654.27	96,561,370.10	3,053,549,068.53

Note: When the Company calculates net profit excluding non-recurring profit and loss, profit and loss from changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities of SAIC Finance Co., Ltd. ("SFC"), investment income achieved from held-for-trading financial assets, available-for-sale financial assets, financial products and investment receivables ("Related Investment") and profit and loss from SFC's disposal of related investment are recognized as recurring profit and loss, the same adjustment to the classification of recurring and non-recurring profit and loss has also applied to prior year comparative figures. With the expansion of business scale, investment is becoming one of SFC's main business. Capital operation takes a more prominent position in operating management and becomes one of SFC's recurring operation. Thus profit and loss of this investment is deemed as recurring profit and loss. As an important subsidiary of the financial sector in the Company, SFC has been included in the development strategy program of the Company's financial sector. Due to the reasons mentioned above, such investments of SFC have become the normal business of the Company and the classification of non-recurring profit and loss has been adjusted accordingly.

Section IV Report of the Board of Directors

1. The Board's discussion and analysis on the operation of the Company during the reporting period

In 2013, the domestic automotive market came out of the trough of the last two years. 22.24 million vehicles were sold during the year of 2013, an increase of 14.6% on a year-to-year basis, which included 16.99 million passenger vehicles, an increase of 19.7%, and 5.24 million commercial vehicles, an increase of 0.6%.

The Company actively dealt with the changes in market trend and took measures to develop market. Sales of vehicles exceeded 5 million units, which made the Company the leader among the major domestic car manufacturers and maintained the leading position of the market. Compared with last year, the Company sold 5.11 million domestic vehicles, an increase of 13.7%, which 3.96 million passenger vehicles, an increase of 20.1%, and 1.15 million commercial vehicles, an decrease of 3.9%. The growth rate of the Company's sales of commercial vehicles decreased mainly due to shrinking of the overall market segment. The sales of mini commercial vehicles, which accounted for a large proportion of the Company's sales structure, decreased by 6%, which had an effect on the growth rate of the Company's sales of commercial vehicles and even the SAIC's overall sales of vehicles.

Joint ventures of the Company continued to play leading role in industry, in particular, Shanghai General Motor Co., Ltd. ("SGM") and Shanghai Volkswagen Co., Ltd. ("SVW") were ranked the first and the second best seller among automakers in passenger vehicle market in China, SAIC GM Wuling Co., Ltd. ("SGMW") remained the leading position in mini-van market. During the year, independent innovation took another huge step forward. The brand new Roewe 550 extensively used dual clutch transmission and other advanced technology such as inkanet telematics and there was a remarkable upgrade of product's technology level. With breakthrough in industrialization of new energy vehicles, Roewe 550 using hybrid power was put into production. Its comprehensive technical performance was of the leading position in domestic market and also among foremost in the world.

Concurrent to exploration and sales expansion, the Company also took measures to optimize product sales structure and to reduce material cost in order to promote operating quality, which achieved positive results. During the reporting period, the net profit attributable to shareholders of the Company nearly increased by 20%.

During the reporting period, the company achieved total operating income of RMB 565,807.01 million for the whole year, net profit attributable to shareholders of the Company of RMB 24,803.63 million and earnings per share of RMB 2.25. As of December 31, 2013, the Company's total assets were RMB 373,640.74 million, and net assets

attributable to parent company were 137,757.24 million.

(1) Analysis of major business

① Analysis of changes in income statement and cash flow statement

Unit: RMB

Items	2013	2012	Changes (%)
Operating income	563,345,672,365.78	478,432,576,342.83	17.75
Operating costs	490,988,482,076.07	400,563,596,693.58	22.57
Selling expenses	34,730,501,074.47	27,208,155,102.99	27.65
Administrative expenses	18,344,614,751.99	18,534,638,524.17	-1.03
Financial expenses	-254,715,398.50	-115,219,782.30	-121.07
Net cash flow from operating activities	20,602,511,608.81	19,591,127,624.55	5.16
Net cash flow from investing activities	22,709,765,906.38	-17,023,347,373.43	233.40
Net cash flow from financing activities	-15,681,888,558.34	-15,277,101,409.59	2.65
Research and development expenditures	5,286,615,538.70	5,756,417,972.63	-8.16

Analysis:

- 1) Compared with last year, financial expenses decreased by RMB 0.14 billion, or 121.07% mainly due to (1) decrease of interest expense due to the Company's repayment of major borrowings; (2) increase of interest income due to the improvement in the Company's fund management.
- 2) Compared with last year, net cash flow from investing activities increased by RMB 39.7 billion. There are three main reasons. (1) cash flow from investing activities increased compared with that of last year due to disposal of fund and financial investments held by SFC; (2) dividends received from associates and JCEs increased compared with that of last year. (3) the Company incurred large amount of cash outflow related to investing activities last year due to deconsolidation of SGM. There was no such event this year.

② Revenue

1) Analysis of factors which impact revenue from product sales

The production and sales of major automakers of the Group in 2013:

Enterprises	Production (Volume)			Sales (Volume)		
	2013	2012	Changes (%)	2013	2012	Changes (%)
Shanghai Volkswagen Automotive Co., Ltd.	1,559,469	1,281,957	21.65%	1,525,008	1,280,008	19.14%
Shanghai General Motors Co., Ltd.	1,550,942	1,343,445	15.45%	1,575,167	1,392,658	13.11%
SAIC Motor Passenger Vehicle Branch	231,981	195,675	18.55%	230,020	200,017	15.00%
SAIC GM Wuling Co., Ltd.	1,635,088	1,500,168	8.99%	1,600,550	1,458,188	9.76%
SAIC Motor Commercial Vehicle Co., Ltd.	11,455	7,582	51.08%	11,300	7,069	59.85%
Shanghai Sunwin Bus Co., Ltd.	3,782	3,250	16.37%	3,783	3,250	16.40%
SAIC - Iveco Hongyan Commercial Vehicle Co., Ltd.	27,041	15,614	73.18%	28,008	17,008	64.68%
Nanjing Iveco Automobile Co., Ltd.	128,266	131,687	-2.60%	132,000	132,013	-0.01%
Total	5,148,024	4,479,378	14.93%	5,105,836	4,490,211	13.71%

Note: Low-speed truck of Yuejin was no longer included in production and sales volume of Nanjing Iveco Automobile Co., Ltd..

2) Major customers

Unit: RMB

Total amount of sales to top 5 customers	58,723,284,879.56
Proportion to total operating income (%)	10.42

③ Costs

1) Costs analysis

Unit: RMB

By product	Items	2013	Proportion to total costs (%)	2012	Proportion to total costs (%)	Changes (%)
Automotive manufacturing	Vehicles	385,844,647,899.63	78.47	318,042,746,527.38	79.28	21.32
	Parts	86,069,384,830.23	17.50	62,565,114,689.73	15.59	37.57
	Trading	8,750,931,954.31	1.78	10,432,567,162.14	2.60	-16.12
	Service and others	10,323,517,391.90	2.10	9,523,168,314.33	2.37	8.40
Financial service		723,092,988.93	0.15	624,467,710.71	0.16	15.79
Total		491,711,575,065.00	100.00	401,188,064,404.29	100.00	22.56

2) Major suppliers

Unit: RMB

Total amount of purchase from top 5 suppliers	331,306,457,058.49
Proportion to total purchase (%)	66.67

④ Expenses

Unit: RMB

Items	2013	2012	Changes (%)
Selling expenses	34,730,501,074.47	27,208,155,102.99	27.65
Administrative expenses	18,344,614,751.99	18,534,638,524.17	-1.03
Financial expenses	-254,715,398.50	-115,219,782.30	-121.07
Income tax expenses	5,909,056,164.95	6,628,111,243.43	-10.85

⑤ Research and development expenditures

Research and development ("R&D") expenditures

Unit: RMB

R&D expenditures expensed in the current period	5,286,615,538.70
R&D expenditures capitalized in the current period	0.00
Total R&D expenditures	5,286,615,538.70
Proportion of R&D expenditures to net assets (%)	3.27
Proportion of R&D expenditures to operating income (%)	0.94

⑥ Cash flow

Unit: RMB

Items	2013	2012	Changes
Net cash flow from operating activities	20,602,511,608.81	19,591,127,624.55	1,011,383,984.26
Net cash flow from investing activities	22,709,765,906.38	-17,023,347,373.43	39,733,113,279.81
Net cash flow from financing activities	-15,681,888,558.34	-15,277,101,409.59	-404,787,148.75

(2) Analysis of operations by industry, product or region

① Primary operations by industry or product

Unit: RMB

Industry	Operating income	Operating costs	Gross margin ratio (%)	Change of operating income (%)	Change of operating costs (%)	Change of gross margin ratio (%)
Automotive manufacturing	563,345,672,365.78	490,988,482,076.07	12.84	17.75	22.57	Decreased by 3.44 percentage points
Financial	2,461,339,214.04	723,092,988.93	70.62	-3.37	15.79	Decreased by 4.86 percentage points
Total	565,807,011,579.82	491,711,575,065.00	13.10	17.64	22.56	Decreased by 3.49 percentage points

Unit: RMB

Product	Operating income	Operating costs	Gross margin ratio (%)	Change of operating income (%)	Change of operating costs (%)	Change of gross margin ratio (%)
Vehicles	432,606,057,505.39	385,844,647,899.63	10.81	15.78	21.32	Decreased by 4.07 percentage points
Parts	107,853,711,372.36	86,069,384,830.23	20.20	32.43	37.57	Decreased by 2.98 percentage points
Trading	9,166,191,780.85	8,750,931,954.31	4.53	-15.87	-16.12	Increased by 0.28 percentage points
Service and others	13,719,711,707.18	10,323,517,391.90	24.75	10.29	8.40	Increased by 1.31 percentage points
Financial	2,461,339,214.04	723,092,988.93	70.62	-3.37	15.79	Decreased by 4.86 percentage points
Total	565,807,011,579.82	491,711,575,065.00	13.10	17.64	22.56	Decreased by 3.49 percentage points

② Primary operations by region

Unit: RMB

Region	Operating income	Changes(%)
China	564,696,661,820.94	17.61
Others	1,110,349,758.88	29.63
Total	565,807,011,579.82	17.64

(3) Analysis of assets and liabilities

① Analysis of assets

Unit: RMB

Items	December 31, 2013		December 31, 2012		Changes (%)
	Amount	Proportion to total assets (%)	Amount	Proportion to total assets (%)	
Cash and bank balances	89,097,639,504.38	23.85	60,846,425,921.76	19.18	46.43
Accounts receivable	19,244,289,149.61	5.15	15,427,853,242.07	4.86	24.74
Inventories	30,914,532,082.83	8.27	24,950,803,086.15	7.87	23.90
Investment properties	2,982,690,192.04	0.80	2,873,077,080.29	0.91	3.82
Long-term equity investments	56,543,030,177.61	15.13	45,483,194,021.66	14.34	24.32
Fixed assets	27,515,791,339.38	7.36	24,792,105,841.46	7.82	10.99
Intangible assets	5,625,725,268.74	1.51	5,526,670,004.45	1.74	1.79
Construction in progress	10,614,731,816.73	2.84	8,033,818,659.57	2.53	32.13
Held-for-trading financial assets	17,906,491.20	0.005	42,839,755.99	0.01	-58.20
Prepayments	32,046,375,065.44	8.58	19,977,601,440.37	6.30	60.41
Dividends receivable	817,638,611.35	0.22	5,986,377,249.15	1.89	-86.34
Loans and advances	8,585,851,095.28	2.30	6,596,774,236.12	2.08	30.15
Available-for-sale financial assets	14,068,415,778.01	3.77	20,907,581,748.67	6.59	-32.71

Analysis:

- Balance of cash and bank balances increased by 28.25 billion or 46.43%, mainly due to the cash inflow from operating activities and dividends received from associates and JCEs.
- Balance of construction in progress increased by 2.58 billion or 32.13%, mainly because the Company's new construction of fixed assets were not yet finished.
- Balance of held-for-trading financial assets decreased by 0.03 billion or 58.20%, mainly because subsidiaries of the Company sold stock investments.
- Balance of prepayments increased by 12.07 billion or 60.41%, mainly due to the prepayments to vehicle manufacturers increased along the growth of the Company's sales.
- Balance of dividends receivable decreased by 5.17 billion or 86.34%, mainly due to the dividends received from associates and JCEs.
- Balance of loans and advances increased by 1.99 billion or 30.15%, mainly because SFC, a subsidiary of the Company, expanded the scale of automobile consumption credit business during the year.
- Balance of available-for-sale financial assets decreased by 6.84 billion or 32.71%, mainly because SFC, a subsidiary of the Company, disposed funds and SAIC HK, another subsidiary, sold GM stocks during the year.

② Analysis of liabilities

Unit: RMB

Items	December 31, 2013		December 31, 2012		Changes (%)
	Amount	Proportion of total assets (%)	Amount	Proportion of total assets (%)	
Short-term borrowings	5,251,574,760.18	1.41	5,798,812,190.73	1.83	-9.44
Long-term borrowings	2,430,221,291.15	0.65	946,778,928.20	0.30	156.68
Customer deposits and deposits from banks and other financial institutions	42,771,754,977.17	11.45	31,808,381,587.96	10.03	34.47
Notes payable	4,393,002,801.01	1.18	3,083,732,165.14	0.97	42.46
Taxes payable	3,409,416,661.83	0.91	4,915,632,578.72	1.55	-30.64
Interest payable	180,345,203.80	0.05	105,525,826.50	0.03	70.90
Dividends payable	65,411,503.89	0.02	1,098,745,971.80	0.35	-94.05
Provisions	5,296,078,871.23	1.42	3,853,733,529.56	1.21	37.43

Analysis:

- Balance of long-term borrowings increased by 1.48 billion or 156.68%, mainly due to new bank borrowings during the year.

- 2) Balance of customer deposits and deposits from banks and other financial institutions increased by 10.96 billion and 34.47%, mainly due to the increase of the Company's associates and JCE's deposits in SFC.
- 3) Balance of notes payable increased by 1.31 billion or 42.26%, mainly because subsidiaries of the Company changed the settlement method to suppliers by increasing the usage of bank acceptance bills as settlement method.
- 4) Balance of taxes payable decreased by 1.51 billion or 30.64%, mainly because subsidiaries of the Company prepaid enterprise income tax at the end of the year.
- 5) Balance of interest payable increased by 0.08 billion or 70.90%, mainly because the SFC's corporate deposits increased and HUAYU Automotive Systems Co., Ltd("HASCO"), a subsidiary of the Company, issued bonds.
- 6) Balance of dividends payable decreased by 1.03 billion or 94.05%, mainly because subsidiaries of the Company paid profit attributable to non-controlling shareholders.
- 7) Balance of provisions increased by 1.44 billion or 37.43%, mainly due to increase in warranty accrual due to the growth of sales of the Company and the new policy of automobile warranty which includes repair, replacement and refund services.

(4) Analysis of core competitiveness

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 including vehicles, parts, services and trading, and automotive financing, etc., which has produced beneficial synergistic effect and enhanced 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 new energy vehicle industrialization program is implemented smoothly

During the reporting period, the Company actively cultivated new core competences according to changes in future market trends and consumers' demand. Firstly, in response to the rapid increase of emerging overseas market, the Company expanded the export market by setting up projects in Thailand and exploring emerging markets in the Middle East and South America, and increased overseas operation capacity. Secondly, in response to automobile consumer activity moving to online platform, the Company is building e-commerce platform to satisfy new demands of consumers in the Internet age.

(5) Analysis of investments

① Overall analysis of equity investments

The Company is a large group engaged in manufacturing and sales of vehicles and auto parts, as its major business, and automotive financing and automotive service. The Company's investments cover a wide variety of categories. The closing balance of the Company's long-term equity investments was 74.81 billion, increased by 9.16 billion compared with the opening balance, mainly due to the changes of the net assets of associates and JCEs. Please refer to audited financial statements for other kinds of investments.

Information shares of other listed companies held by the Company:

Unit: RMB

Stock code	Name of security	Initial investments	Percentage of shares held	Book value at the year-end	Gain in reporting period	Change in equity in reporting period	Accounts	Source of stocks
601939	China Construction Bank	20,920,512.40	<5%	13,803,256.80	893,544.16	-1,533,695.20	Available-for-sale financial assets	Acquisition
600036	China Merchants Bank	4,964,095,910.37	<5%	4,705,850,996.55	231,890,386.77	-950,235,274.34	Available-for-sale financial assets	Private placement, Allotment
600841	Shanghai Diesel	1,173,419,996.46	48.05%	1,173,419,996.46	29,568,129.63	-	Long-term equity investments	Acquisition
600741	HASCO	9,956,431,904.22	60.10%	9,956,431,904.22	574,405,860.27	-	Long-term equity investments	Private placement
Total		16,114,868,323.45	---	15,849,506,154.03	836,757,920.83	-951,768,969.54	---	---

② Entrusted investments and derivative investments of non-financial companies

1) Entrusted investments

The Company has no entrusted investments during the reporting period.

2) Entrusted loans

Entrusted loans held by the Company during the reporting period are as follows:

Name of the borrower	Amount of the loan (RMB '000)	Term of the loan	Interest rate per annum (%)	Overdue or not	Related party or not	Relationship
SAIC Motor Commercial Vehicle Co., Ltd.	90,000	2013.12.23- 2014.12.22		No	No	
SAIC Motor Commercial Vehicle Co., Ltd.	200,000	2013.04.10- 2014.04.09		No	No	
SAIC Motor Commercial Vehicle Co., Ltd.	10,000	2013.04.16- 2014.04.15		No	No	
SAIC Motor Commercial Vehicle Co., Ltd.	100,000	2013.02.16- 2014.02.15	3.504	No	No	
SAIC Motor Commercial Vehicle Co., Ltd.	100,000	2013.07.23- 2014.07.22		No	No	
SAIC Motor Commercial Vehicle Co., Ltd.	100,000	2013.10.04- 2014.10.13		No	No	
Nanjing Automobile (Group) Corporation	400,000	2013.01.16- 2014.01.15		No	No	
Nanjing Automobile (Group) Corporation	925,000	2013.02.22- 2014.02.21		No	No	
Nanjing Automobile (Group) Corporation	500,000	2013.01.04- 2014.01.03		No	No	
Nanjing Automobile (Group) Corporation	25,000	2013.08.27- 2014.08.26		No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	9,000	2013.07.18- 2014.07.17		No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	15,000	2013.12.12- 2014.06.11		No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	50,000	2013.11.20- 2014.11.19	0.12	No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	60,000	2013.01.08- 2014.01.07	0.12	No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	40,000	2013.03.15- 2014.03.14	0.12	No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	50,000	2013.04.24- 2014.04.23		No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	205,660	2013.04.24- 2014.04.23	0.12	No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	15,000	2013.07.19- 2014.07.18		No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	50,000	2013.11.13- 2014.11.12	0.12	No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	50,000	2013.12.07- 2014.12.06		No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	162,000	2013.06.19- 2014.06.18		No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	201,000	2013.11.06- 2014.11.05		No	No	
Anyue Motor Supplies Co., Ltd.	20,000	2013.10.08- 2014.04.07	5.04	No	No	
Anyue Motor Supplies Co., Ltd.	20,000	2013.10.21- 2014.04.20	5.04	No	No	
Anyue Motor Supplies Co., Ltd.	60,000	2013.12.25- 2014.06.24	5.04	No	No	
Donghua Automotive Industrial Co., Ltd.	700,000	2013.12.30- 2014.12.29	1.00	No	No	
Shanghai Shangyuan Investment Management Co., Ltd.	72,800	2013.11.12- 2014.11.11	3.00	No	No	
SAIC Motor Equity Investment Co., Ltd.	450,000	2013.03.22- 2014.03.21		No	No	
SAIC Motor Equity Investment Co., Ltd.	600,000	2013.03.28- 2014.03.27		No	No	
SAIC Motor Equity Investment Co., Ltd.	300,000	2013.06.18- 2014.06.17		No	No	
SAIC Motor Equity Investment Co., Ltd.	800,000	2013.09.23- 2014.09.22		No	No	
Nanjing Tooling Co., Ltd.	50,000	2013.09.06- 2014.03.05	3.92	No	No	
SAIC Motor (Beijing) Co., Ltd.	14,000	2013.04.22- 2016.04.21	3.00	No	No	
Shanghai Advanced Traction Battery Systems Co., Ltd.	10,200	2013.10.30- 2014.10.29	6.00	No	No	
SAIC Motor Transmission Co., Ltd.	450,000	2013.12.25- 2016.12.24	3.00	No	No	
Shanghai Automobile Import & Export Co., Ltd.	400,000	2013.12.25- 2014.06.23	3.92	No	No	
Yizheng Automotive Industrial Park Investment and Development Co., Ltd.	110,000	2013.12.17- 2014.12.17	0.81	No	No	
SAIC HK Investment Co., Ltd.	USD 9,800	2013.12.22- 2015.12.22	0.30	No	No	
SAIC HK Investment Co., Ltd.	USD 50,000	2013.05.19- 2015.05.19	0.30	No	No	
SAIC HK Investment Co., Ltd.	USD 200,000	2013.05.19- 2015.05.19	0.30	No	No	
SAIC HK Investment Co., Ltd.	USD 100,000	2013.05.19- 2015.05.19	0.30	No	No	
SAIC HK Investment Co., Ltd.	USD 140,000	2012.11.29- 2014.09.19	0.30	No	No	
SAIC HK Investment Co., Ltd.	USD 10,000	2012.12.05- 2014.09.19	0.30	No	No	

③ Use of raised funds

1) General information on the use of raised funds

As approved by China Securities Regulatory Commission with "Approval of Non-public Issue of Shares of SAIC Motor Corporation Limited" (Zheng Jian Xu Ke [2010] No. 1717), the Company issued 720,980,533 A shares at RMB 13.87 per share and raised total funds of RMB 9,999,999,992.71. By December 9, 2010, the Company had received net proceeds of RMB 9,878,999,992.71 after deducting the issuance costs of RMB 121,100,000.00. As of December 31, 2010, the balance of unused fund raised was RMB 9,882.7145 million (inclusive of interest income).

As of December 31, 2013, cumulative amount of the raised-funds used by the Company was RMB 6,923.1693 million, of which RMB 1,705.5809 was used during year 2013, RMB 993.8041 million was used during year 2012, RMB 1,770.7347 million was used during year 2011 and RMB 2,453.0496 million was used to exchange for the self-owned funds used for the investment projects for fund raising. As of end of 2013, the balance of funds raised is RMB 3,304.5681 million (inclusive of interest income of 345.0229 million in 2011, 2012 and 2013).

2) Funds used in the committed projects

Unit: RMB '000,000

N o.	Name of project	Planned investment amount of raised funds	Actual investment amount of raised funds in 2013	Accumulative actual investment amount of raised funds	Project progress
1	Investment projects of self-owned brand passenger vehicles	5,531.0000	1,274.1621	4,378.4428	Under construction, progressing by schedule
	<i>Including: Projects of self-owned brand passenger vehicles (Phase II)</i>	<i>3,506.0000</i>	<i>539.0891</i>	<i>3,016.6295</i>	<i>Under construction, progressing by schedule</i>
	<i>R&D projects of self-owned brand passenger vehicles</i>	<i>2,025.0000</i>	<i>735.0730</i>	<i>1,361.8133</i>	<i>Under construction, progressing by schedule</i>
2	Investment projects of self-owned brand commercial vehicles	1,178.5000		1,178.5000	Completed
3	Project of dual clutch automatic transmission assembly	596.5000	45.7334	462.0920	Under construction, progressing by schedule
4	Project of construction of Technology Center (Phase II)	2,694.0000	385.6	904.1345	Under construction, progressing by schedule
	Total	10,000.0000	1,705.5809	6,923.1693	

④ Analysis of major invested companies with controlling shareholding and non-controlling shareholding

Unit: RMB '000,000

Company name	Business nature	Main products or services	Registered capital	Total assets
Shanghai Volkswagen Automotive Co., Ltd.	Manufacturing	Manufacturing and sales of vehicles	11,500.00	98,347.02
Shanghai General Motors Co., Ltd.	Manufacturing	Manufacturing and sales of vehicles	USD 1,083.00	75,579.07
SAIC GM Wuling Co., Ltd.	Manufacturing	Manufacturing and sales of vehicles	1,668.08	35,298.75
HUAYU Automotive Systems Co., Ltd.	Manufacturing	Manufacturing and sales of auto-parts	2,583.20	54,270.74
SAIC Finance Co., Ltd.	Financial	Financial service	3,000.00	91,045.21

5) Non-raised fund's projects

Unit: RMB

Name of project	Actual investment	Project progress
Additional capital contribution to Shanghai Automotive Industry Sales Co., Ltd.	400,000,000.00	Completed
Additional capital contribution to SAIC Motor Commercial Vehicle Co., Ltd.	356,565,000.00	Completed
Additional capital contribution to SAIC Iveco Commercial Vehicle Investment Co., Ltd.	200,175,800.00	Completed
Additional capital contribution to Shanghai PengPu Machine Building Plant Co., Ltd.	487,011,100.00	Completed
Additional capital contribution to Shanghai Jieneng Automotive Technology Co., Ltd.	85,000,000.00	Completed
Total	1,528,751,900.00	

2. The Board's discussion and analysis on future development of the Company

(1) Industry competitive landscape and developing trend

In the mid and long term, the Company has the opportunity to exploit the market with the development of the global and domestic automotive market. Benefiting from steady growth of macro economic, the development of new industrialization, informatization, urbanization and agricultural modernization and growth of the urban and suburban level of income, there's still large room for the growth of future domestic automotive market but the growth tends to be stable. At the same time, in the following years, the global automotive market will still grow steadily, and some emerging markets would enjoy more rapid growth. In addition, the industrialization of energy-saving and new energy vehicles is accelerated, bringing new development opportunities to the entire industry. However, in next few years, domestic automobile industry will still be over capacity with more intense price competition. Increase of the cost element such as labor force and pressure from energy and environmental protection, which forces automobile corporations to accelerate transformation and upgrading will make the Company face many challenges in the future development.

In the short term, besides more stable rigid demand, domestic automobile market still has opportunities such as additional family car purchase, car replacement, government employee car purchase and elimination of heavy-polluting vehicles. It is estimated that the domestic automotive market will still grow steadily in 2014 and the sales of domestic vehicles will reach 23.85 million units, increasing by over 7%, including approximately 18.50 million units of passenger vehicles and 5.35 million units of commercial vehicles.

(2) The Company's development strategy

"12th Five-Year Plan" of the Company puts forward that: as guided by scientific development concept, seize the opportunity of global and domestic market, respond to environmental changes and challenges with cool-headedness; enhance intensive growth, advance the construction of self-owned brands and industrialization of new energy vehicles and accelerate the enhancement of core competitiveness; keep market-oriented, optimize the products and business structures constantly, improve the operation quality and enlarge the business scale; eye the opportunities of mergers and acquisitions; further solidify the leading position in China automotive industry, actively promote the international operations to achieve new breakthroughs, and lay a solid foundation to build the Company into an automotive group with core competitiveness and international operation abilities.

(3) Operation plan

In 2014, the Company will operate with heightened sense of urgency and crisis, and will take the opportunity arisen from reform of state-owned enterprises. Under the spirit of reform and innovation, the Company will be market-oriented, maintain quality and efficiency based development, and will make efforts to promote independent innovation and international operation, promote innovation of business model, optimize operating mechanism, emphasize enhancement in enterprise vitality, and will make certain the completion of all economic goals of the year to be achieved. The Company endeavours to realize sales of vehicles over 5.6 million, estimated operating income of RMB 609 billion, and operating cost of RMB 535.1 billion.

The main tasks of the Company in 2014 are: a. to accelerate the exploitation of market and to steadily promote operating

quality, b. to intensify owned brand construction, to optimize brand strategy and to promote independent research and development abilities, c. to focus on the export of vehicles, speeding up project in Thailand, strengthening emerging market development and promoting overseas operating ability, d. to continue promoting innovation of business model in fields like automobile service trade, automobile financing, etc e. to optimize operating mechanism and business process, f. remain focus on fundamental management area such as safety production, construction of quality system and forward looking study.

(4) Funds needed to sustain current business and complete investment projects under construction

Capital need by the Company for maintaining existing business and completing work-in-progress investments is approximately 10.70 billion in 2014.

(5) Potential risks

The Company may face risks mainly from influence of macroeconomic, market fluctuation and change of policy. Regarding the automotive industry, the risks include: a. restrictions on driving and purchasing vehicles may be further enhanced with expectation that more and more cities may implement restrictions on driving and purchasing vehicles, thus it will increase difficulties of developing local market and intensify market competition; b. change of consumer confidence may result in short-term fluctuation of market demand, bringing negative effect on stability of business performance of the Company.

3. Plan of profit distribution or capitalization of capital reserve

(1) Policies of cash dividend distribution of the Company and the implementation or adjustment

Pursuant to item 155 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 be based on the distributable profits. Profit distribution policy shall be consistent and stable. (2) The Company can distribute dividends in cash or by stocks, while cash dividend should be considered first. The Company can make interim cash dividend distribution. (3) If the Company does not propose cash dividends distribution plan though it makes profits in the current year, the Company shall explain in details the reasons for not making profit distribution and the usage of the funds which would otherwise have been used for cash dividend distribution. (4) 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 cash dividend. During the reporting period, the Company completed the profit distribution of year 2011.

During the reporting period, the Company completed profit distribution of year 2012. The profit distribution scheme complied with articles of association and requirement of approval process, thus adequately protected legitimate rights and interests of investors.

In 2013, based on total 11,025,566,629 shares, the Company plans to distribute RMB 12 (inclusive of tax) per 10 shares, amounting to RMB 13,230,679,954.80. The Company has no plan of capitalization of capital reserve this year. The accumulative cash dividends during the last three years (including year 2013) of the Company was over RMB 23.1 billion.

(2) If the Company does not propose cash dividends distribution plan though it makes profits in the current year, the Company shall explain in details the reasons for not making profit distribution and the usage of the funds which would otherwise have been used for cash dividend distribution

√ Not applicable

(3) Plan or proposed plan of profit distribution or capitalization of capital reserve in recent three years (inclusive of the

reporting period)

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 (%)
2013		12		13,230,679,954.80	24,803,626,272.23	53.34
2012		6		6,615,339,977.40	20,751,763,307.97	31.88
2011		3		3,307,669,988.70	20,221,866,457.55	16.36

4. Fulfillment of social responsibilities

Work done related to social responsibilities:

Please refer to social responsibility report of the Company of year 2013 for details (published on SSE website: www.sse.com.cn).

Section V Important Events

1. Significant litigation or arbitration cases and events extensively questioned by media

There are no significant litigations or arbitration cases or events extensively questioned by media during the reporting period.

2. Funds occupation and settlement during the reporting period

√ Not applicable

3. Events related to bankruptcy reorganization

There are no events related to bankruptcy reorganization.

4. Assets transaction and merger

(1) Acquisition of assets

√ Not applicable

(2) Sale of assets

√ Not applicable

5. The Company's stock option incentive

√ Not applicable

6. Significant related party transactions of the Company during the reporting period

There are no significant related party transactions of the Company during the reporting period.

7. Significant contracts and implementation

(1) Trusteeship, contracting and leasing

There are no events related to trusteeship, contracting and significant leasing during the reporting period.

(2) Guarantee

Unit: RMB '000

Guarantor	Guarantee	Amount of guarantee	Starting date of guarantee	Ending date of guarantee	Type of guarantee	Related parties guarantee or not
Shanghai Automotive Industry Sales Co., Ltd.	Anji Leasing Co., Ltd.	100,000.00	September 29, 2013	September 28, 2014	Credit guarantee	No

Total amount of guarantee incurred during the reporting period (except guarantee provided for subsidiaries)	-
Total balance of guarantee at the end of the reporting period(A) (except guarantee provided for subsidiaries)	373,985.00
Guarantee provided for subsidiaries	
Total amount of guarantees provided for subsidiaries during the reporting period	100,000.00
Total balance of guarantees provided for subsidiaries at the end of the reporting period	358,036.00
Total amount of guarantees provided (including guarantee provided for subsidiaries)	
Total amount of guarantees provided (A and B)	732,021.00
Ratio of total amount of guarantee against net assets	0.53
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)	685,000.0
Amount of total amount exceeding 50% of net assets (E)	-
Total amount of guarantee above (C, D and E)	685,000.00

Note: Shanghai Automotive Industry Sales Co., Ltd. is a wholly-owned subsidiary of the Company. Included in the guarantee of RMB 732.02million in the table, except for guarantee of RMB 100 million incurred in the reporting period and guarantee of RMB 350 million granted to GMAC-SAIC Automotive Finance Co., Ltd. (no additional guarantee was granted in the reporting period), all guarantees were taken over from SAIC by the end of the year 2011 when the Company completed the assets acquisition through issuing shares to SAIC. Such guarantees were provided by SAIC to its invested companies (including guarantees provided by the subsidiaries of SAIC to its invested companies).

(3) Other significant contracts

There are no other significant contracts of the Company during the reporting period.

8. Implementation of commitments

1. Commitments made by the Company, controlling shareholders and actual controller during the reporting period or valid commitments made in prior periods

After the Company completed the issue of shares to Shanghai Automotive Industry Corporation (Group) ("SAIC") and Shanghai Automotive Industry Co., Ltd. ("SAIC Ltd") in year 2011, SAIC committed that it would not transfer the 1,448,736,163 shares acquired within 36 months and SAIC Ltd committed that it would not transfer the 334,408,775 shares acquired within 36 months. During the reporting period, SAIC and SAIC Ltd strictly kept the commitment.

In the assets acquisition through issuing shares to SAIC and SAIC Ltd, the acquired investment properties of buildings and 35 underground parking spaces, which are located at No. 160 Puming Road (No. of Land Use Rights and Property Ownership Certificate: Hu Fang Di Pu Zi (2006) No. 052174) and 6.01% equity interest in GM Korea Company were evaluated using income approach. SAIC made commitment for compensation of differences between profits forecast used in valuation and actual profits from the above mentioned assets within three years after the completion of the transaction as follows:

(1) During the compensation period, the Company would engage professional organization with related qualification to issue special review opinion on the difference between actual profits and forecasted profits of related assets within 4 months after the year-end of each financial year. SAIC would compensate the Company if the actual profits of related assets were lower than the forecasted profits for any year during the compensation period based on the special review opinion.

(2) SAIC confirmed that it would compensate the Company by cash.

(3) SAIC confirmed that it would make the compensation within one month after the special review opinion was issued.

(4) Amount of compensation to be made by SAIC was calculated using the following formula:

Compensation for each year = Cumulative forecasted profits by the year – Cumulative actual profits by the year

"Cumulated forecasted net profits" is listed in the following table:

Related assets	2011	2012	2013
6.01% equity interest in GM Korea Company (Unit: KRW '000,000)	1,773.63	1,091.46	764.04
Net profits from buildings and 35 underground parking spaces located at No. 160 Pu Ming Road under the ownership certificate of Hu Fang Di Pu Zi (2006) no. 052174 (Unit: RMB)	5,181,277.77	5,418,030.25	8,112,000.18

For details, please refer to announcement of "Assets Acquisition through Share Issue and Related Party Transaction (Revised Version)" published on SSE's website: www.sse.com.cn on September 15, 2011.

Actual year-end accumulated net profits from the above related assets in 2013 was listed in the following table:

Related assets	Forecasted net profits in year 2013	Actual net profits in year 2013
6.01% equity interest in GM Korea Company(Unit: KRW '000,000)	764.04	905.47
Net profits from buildings and 35 underground parking spaces located at No. 160 Pu Ming Road under the ownership certificate of Hu Fang Di Pu Zi (2006) no. 052174 (Unit: RMB)	8,112,000.18	4,907,423.53

Note: Actual net profits from the related assets in 2013 = Rental income (RMB 9,493,300.04) - Administrative expenses (RMB 2,873,604.53) - Insurance expenses (RMB 41,451.18) - Tax expenses (RMB 1,670,820.80).

Cash compensation obligation was triggered as actual profits were less than forecasted profits in year 2012. SAIC had compensated the Company within one month after Deloitte Touche Tohmatsu Certified Public Accountants LLP delivered the "Agreed Upon Procedures Report". SAIC paid compensation to the Company in the amount of KRW 1,831,610,000 regarding investment income from 6.01% equity interest in GM Korea Company. According to related agreement, the amount for compensation shall be translated to RMB applying the exchange rate of arithmetic average (i.e. average exchange rate during the whole year) of the opening and closing exchange rates of current period published on the website of Bank of China, i.e. KRW 1.00 = RMB 0.005672. Therefore, KRW 1,831,610,000 is translated to RMB 10,388,891.92. SAIC should also make compensation for the Company by RMB 766,248.77 regarding buildings and underground parking spaces located at Puming Road. Total amount of compensation is RMB 11,155,140.69. Deloitte Touche Tohmatsu Certified Public Accountants LLP, accounting firm of the Company, issued "Agreed-upon Procedures Report" (De Shi Bao (Shang) Zi (13) No.A0009) for verification of the relevant data. SAIC committed to make compensation for the Company within one month after "Agreed-upon Procedures Report" was issued. The compensation will be recorded in capital reserve of the Company in 2013, which has no effect on the profits of year 2012 and 2013. (Please refer to annual report of year 2012 for details).The Company has received compensation of RMB 11,155,140.69 from SAIC on April 24, 2013 (Please refer to first quarter report of year 2013 for details).

In year 2013, net profit of 6.01% equity interest in GM Korea Company was higher than corresponding forecasted net profit in asset appraisal report, no compensation was triggered. Net profits from properties and underground parking spaces located No. 160 Puming Road under the ownership certificate of Hu Fang Di Pu Zi was less than forecasted, and it triggered cash compensation obligation, details listed as follows:

Related assets	Accumulated actual net profits in year 2013	Accumulated forecasted net profits in year 2013	Accumulated compensated amount in year 2012	Compensable amount in year 2013 (note)
6.01% equity interest in GM Korea Company(Unit: KRW '000,000)	1,938.95	3,629.13	1,831.61	-
Net profits from properties and 35 underground parking spaces located No. 160 Puming Road under the ownership certificate of Hu Fang Di Pu Zi (2006) no. 052174 (Unit: RMB) (Note)	14,740,482.78	18,711,308.20	766,248.77	3,204,576.65

Note: Compensation amount in year 2013 = Accumulated forecasted net profits by the end of 2013 - Accumulated actual net profits by the end of 2013 - Accumulated compensation amount by the end of year 2012

SAIC's cash compensation for the difference between forecasted profit and actual profit of Puming Road investment properties is calculated on basis of the forecasted accumulated net profits by the end of 2013 (RMB 18,711,308.20) minus the actual accumulated net profits by the end of 2013 (RMB 14,740,482.78), deducting accumulated compensation of year 2012 (RMB 766,248.77). SAIC needed to compensate the Company RMB 3,204,576.65 on Puming Road investment properties.

Deloitte Touche Tohmatsu Certified Public Accountants LLP, auditor of the Company, issued a special attestation report (De Shi Bao (He) Zi (14) No.E0044) for the statement of the difference between actual net profit of Puming Road investment properties and forecasted net profit and verify the relevant data. As committed, SAIC will pay the compensation of RMB 3,204,576.65 to the Company within one month after the the special attestation report was issued. The compensation will be recorded in capital reserve of year 2014 with no effect on the profits of year 2013 and 2014.

9. The appointment and dismissal of the accounting firm

On the annual general meeting of shareholders held on May 30, 2013, reappointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the auditor for year 2013 was approved.

Engagement for 2013	
Name of domestic accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic accounting firm	RMB 8.10 million
Years of service provided by domestic accounting firm	8 years

	Name	Audit fee
Accounting firm for internal control audit	Deloitte Touche Tohmatsu Certified Public Accountants LLP	RMB 1.95 million

10. Punishment and rectification received by the Company, the Board or the directors

During the reporting period, the Company, the Board and directors don't receive any inspections, government punishment, notice of criticism from CSRC or public condemn from SSE.

11. Other important events

There are no other important events of the Company during current period.

Section VI Share Capital Changes and Information of Shareholders

1. Share capital changes

(1) Changes of shares

Unit: Shares

Changes of shares	Before the change		Changes during the year(+,-)					After the change	
	Number	Proportion(%)	Issue of new shares	Stock dividend	Capitalization of capital reserve	Others	Subtotal	Number	Proportion(%)
I. Restricted shares									
1. Shares held by the state									
2. Shares held by state-owned legal person	1,855,242,992	16.83				-72,098,054	-72,098,054	1,783,144,938	16.17
3. Other domestic shares	-	-						0	0
Including:									
Shares held by domestic legal person									
Shares held by domestic natural person									
4. Foreign-owned shares									
Including:									
Shares held by foreign legal person									
Shares held by foreign natural person									
II. Non-restricted shares									
1. Ordinary shares in RMB	9,170,323,637	83.17				+72,098,054	+72,098,054	9,242,421,691	83.83
2. Domestic listed shares in foreign currency									
3. Overseas listed shares in foreign currency									
4. Others									
III. Total shares	11,025,566,629	100				0	0	11,025,566,629	100

(2) Changes of restricted shares

Unit: Shares

Name of shareholder	Number of restricted shares at the beginning of the year	Restricted shares released for trading during the year	Increase of restricted shares during the year	Number of restricted shares at the end of the year	Reason for restriction	Date of release from restriction
Shanghai Automotive Industry Corporation (Group)	1,520,834,217	72,098,054	0	1,448,736,163	Non-public issue	December 27, 2014
Shanghai Automotive Industry Co., Ltd.	334,408,775	0	0	334,408,775	Non-public issue	December 27, 2014
Total	1,855,242,992	72,098,054	0	1,783,144,938		

2. Shares issuing and listing

(1) Issue of shares during the past three years

Type of shares	Issue date	Issue price	Shares issued	Date of release from restriction	Shares for trading
Domestic listed shares in RMB	December 27, 2011	RMB 16.33 per share	1,783,144,938 shares	December 27, 2014	1,783,144,938 shares

(2) Changes of total shares and shareholders' structure and change of structure of assets and liabilities of the Company
There are no changes of total shares or share structure resulting from shares dividends or share allotment during the reporting period.

(3) Existing employee shares

The Company has no existing employee shares.

3. Shareholders and actual controller

Number of shareholders and their shareholdings

Unit: Shares

Number of shareholders at the end of the reporting period				150,162 shareholders		
Number of shareholders fifth trading day prior to the announcement of the annual report				168,500 shareholders		
Top ten shareholders						
Name of shareholders	Nature of shareholders	Proportion (%)	Number of shares held	Increase/decrease during the reporting period	Number of restricted shares hold	Number of shares pledged or frozen
Shanghai Automotive Industry Corporation (Group)	State-owned legal person	74.30	8,191,449,931	0	1,448,736,163	None
Yuejin Motor (Group) Corporation	State-owned legal person	3.75	413,919,141	0	None	Unknown
Shanghai Automotive Industry Co., Ltd.	State-owned legal person	3.03	334,408,775	0	334,408,775	None
Shuangyashan Runke Industrial Co., Ltd.	Other	0.93	102,937,228	7,746,169	None	Unknown
China Life Insurance Company Limited – dividends – individual dividends - 005L – FH002 Hu	Other	0.64	71,038,888	53,128,347	None	Unknown
UBS AG	Other	0.54	59,121,684	-15,353,434	None	Unknown
MORGAN STANLEY & CO. INTERNATIONAL PLC.	Other	0.50	55,108,060	49,915,590	None	Unknown
Fidelity fund (Hongkong) Co., Ltd. – clients' capital	Other	0.34	37,277,923	9,555,489	None	Unknown
DEUTSCHE BANK AKTIENGESELLSCHAFT	Other	0.29	31,556,002	9,942,218	None	Unknown
Industrial and commercial bank of China – the 50 exchange traded index securities investment fund	Other	0.28	31,377,621	9,175,642	None	Unknown

Top ten shareholders of non-restricted shares		
Name of shareholders	Number of non-restricted shares held	Type of shares
Shanghai Automotive Industry Corporation (Group)	6,742,713,768	Ordinary shares in RMB
Yuejin Motor (Group) Corporation	413,919,141	Ordinary shares in RMB
Shuangyashan Runke Industrial Co., Ltd.	102,937,228	Ordinary shares in RMB
China Life Insurance Company Limited – dividends – individual dividends - 005L – FH002 Hu	71,038,888	Ordinary shares in RMB
UBS AG	59,121,684	Ordinary shares in RMB
MORGAN STANLEY & CO. INTERNATIONAL PLC.	55,108,060	Ordinary shares in RMB
Fidelity fund (Hongkong) Co., Ltd. – clients' capital	37,277,923	Ordinary shares in RMB
DEUTSCHE BANK AKTIENGESELLSCHAFT	31,556,002	Ordinary shares in RMB
Industrial and commercial bank of China – the 50 exchange traded index securities investment fund	31,377,621	Ordinary shares in RMB
International finance – HSBC – JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	23,879,287	Ordinary shares in RMB
Description of the related relationship or concerted action among the above shareholders		

No.	Name of shareholders of restricted shares	Number of restricted shares held (Shares)	Trading information		Condition of restriction
			Date of release for trading	Number of shares released for trading	
1	Shanghai Automotive Industry Corporation (Group)	1,448,736,163	December 27, 2014	72,098,054	1,448,736,163 shares are not available for trading until December 27, 2014.
2	Shanghai Automotive Industry Co., Ltd.	334,408,775	December 27, 2014		The shares are not available for trading until December 27, 2014.
Description of the related relationship or concerted action among the above shareholders		Shanghai Automotive Industry Co., Ltd. is a wholly owned subsidiary of Shanghai Automotive Industry Corporation (Group).			

4. Controlling shareholder and actual controller

(1) Corporate controlling shareholder

Name	Shanghai Automotive Industry Corporation (Group)
Legal representative	Mr. Hu Maoyuan
Date of establishment	March 1, 1996
Organization code	13222217-4
Registered capital	RMB 21,599,175,737
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.
Result of operation	Operating income of year 2012 is RMB 481.1 billion (Consolidated level); Net profit attributable to the owner of the Company is RMB 15.6 billion (Consolidated level)
Financial position	Total asset at the end of year 2012 is RMB 322.6 billion (Consolidated level); Equity attributable to the owner of the Company is RMB 95.8 billion (Consolidated level)
Cash flow and future development strategies	Cash and cash equivalents balance at the end of year 2012 is RMB 1.9 billion (Entity level)
Investment in domestic or foreign listed companies during the reporting period	None

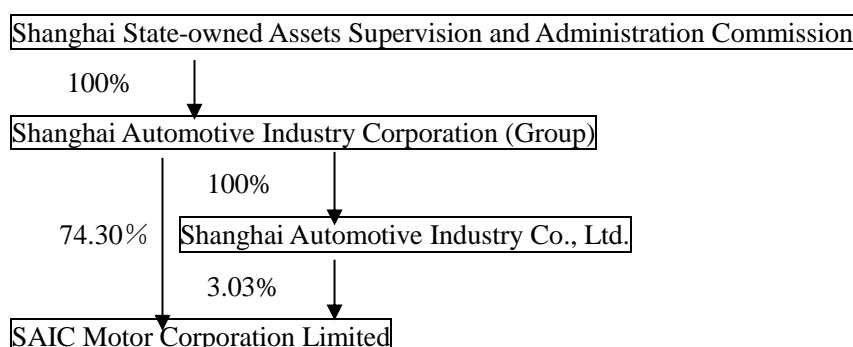
(2) Corporate actual controller

① Name of actual controller: Shanghai State-owned Assets Supervision and Administration Commission

② Change of controlling shareholder and actual controller

There was no change of controlling shareholder or actual controller during the reporting period.

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

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

As of the end of the reporting period, the Company has no other corporate shareholders holding more than 10% shares of the Company.

Section VII Directors, Supervisors, Senior Management and Employees**1. Ownership and remuneration of directors, supervisors and senior management in incumbent and outgoing in reporting period**

(1) Ownership and remuneration of directors, supervisors and senior management in incumbent

Name	Position	Gender	Age	Term in the office	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	Remuneration received from the reporting period (RMB '0000) (before taxes)	Remuneration received at the shareholder's unit or other related units
Hu Mao Yuan	Chairman of the Board	Male	62	From 5/24/2012 to 5/23/2015	40,763	40,763			171.84 (including incentive fund 30.24)	0
Chen Hong	Vice chairman, President	Male	52	From 5/24/2012 to 5/23/2015	8,380	8,380			213.36 (including incentive fund 95.76)	0
Shen Jian Hua	Vice president	Male	60	From 5/24/2012 to 5/23/2015					206.26 (including incentive fund 92.86)	0
Yu Zhuo Ping	Director	Male	53	From 5/24/2012 to 5/23/2015					0	0
Xie Rong	Director	Male	61	From 5/24/2012 to 5/23/2015					0	0
Li Ji Rong	Employee representative director	Male	59	From 5/24/2012 to 5/23/2015	24,911	24,911			153.93 (including incentive fund 69.93)	0

Zhou Qin Ye	Independent director	Male	61	From 5/24/2012 to 5/23/2015					10	0
Wang Fang Hua	Independent director	Male	66	From 5/24/2012 to 5/23/2015					10	0
Yu Ying Hui	Independent director	Male	65	From 5/24/2012 to 5/23/2015					10	0
Jiang Ying Shi	Chairman of board of supervisors	Male	64	From 5/24/2012 to 5/23/2015					0	0
Xue Jian	Vice chairman of board of supervisors	Male	60	From 5/24/2012 to 5/23/2015					153.93 (including incentive fund 69.93)	0
Liu Jian De	Supervisor	Male	60	From 5/24/2012 to 5/23/2015					0	0
Ma Long Ying	Employee representative supervisor	Male	52	From 5/24/2012 to 5/23/2015					122.57 (including incentive fund 41.46)	0
Zhu Xian	Employee representative supervisor	Male	59	From 5/24/2012 to 5/23/2015					122.57 (including incentive fund 41.66)	0
Chen Zhi Xin	Executive vice president	Male	54	From 5/24/2012 to 5/23/2015					175.1 (including incentive fund 78.5)	0
Xiao Guo Pu	Vice president	Male	60	From 5/24/2012 to 5/23/2015					168 (including incentive fund 75.6)	0
Zhou Lang Hui	Vice president	Male	42	From 5/24/2012 to 5/23/2015					153.93 (including incentive fund 69.93)	0
Yu Jian Wei	Vice president	Male	53	From 5/24/2012 to 5/23/2015					38.1 (including incentive fund 38.1)	0
Zhu Gen Lin	Vice president	Male	58	From 5/24/2012 to 5/23/2015					153.93 (including incentive fund 69.93)	0
Gu Feng	Chief financial officer	Male	41	From 5/24/2012 to 5/23/2015					144.94 (including incentive fund 65.14)	0
Chen De Mei	Vice president	Male	51	From 5/24/2012 to 5/23/2015					144.94 (including incentive fund 65.14)	0
Wang Jian Zhang	Secretary to the Board	Female	44	From 5/24/2012 to 5/23/2015					122.57 (including incentive fund 41.56)	0
Total						74,054	74,054		2275.97 (including incentive fund 945.74)	

Major working experience of directors, supervisors and senior management in incumbent during the past 5 years:

1. Members of board of directors

Mr. Hu Maoyuan: He served as president and vice secretary of Party Committee of Shanghai Automotive Industry Corporation (Group), as president and vice secretary of Party Committee of Shanghai Automotive Industry Corporation (Group) and chairman of the Board and secretary of Party Committee of SAIC Motor Corporation Limited, board chairman and secretary of Party Committee of Shanghai Automotive Industry Corporation (Group) and chairman and secretary of Party Committee of SAIC Motor Corporation Limited. He is currently the chairman of the Board of SAIC Motor Corporation Limited.

Mr. Chen Hong: He served as vice president of Shanghai Automotive Industry Corporation (Group) and general manager of Shanghai General Motors Co., Ltd. concurrently, president and vice secretary of Party Committee of SAIC Motor Corporation Limited, vice board chairman and vice secretary of Party Committee of Shanghai Automotive Industry Corporation (Group) and vice chairman of the Board, president and vice secretary of Party Committee of SAIC Motor Corporation Limited. He is currently the vice chairman of the Board, president and vice secretary of Party Committee of SAIC Motor Corporation Limited.

Mr. Shen Jian Hua: He served as vice president of Shanghai Automotive Industry Corporation (Group), vice president of SAIC Motor Corporation Limited and chairman of the board of spare part business, president and vice secretary of Party Committee of Shanghai Automotive Industry Corporation (Group). He is currently the vice chairman of the Board and vice secretary of Party Committee of SAIC Motor Corporation Limited.

Mr. Li Ji Rong: He served as secretary of Youth League Committee, deputy division chief of publicity section and deputy division chief of educational section of Shanghai Automobile Tractor Industry Associate Corporation, deputy division chief of educational section of Shanghai Automotive Industry Corporation, manager of administrative affairs of Shanghai Chengfu Power Generating Machine Company, factory director of Shanghai Clutch Factory, general manager of Shanghai Tractor & Internal Combustion Engine Corporation Limited, vice secretary of Party Committee, chairman of labour union, vice president of Shanghai Automotive Industry Corporation (Group) and general manager, secretary of Party Committee and vice president of SAIC Motor (Beijing) Corporation Limited. He is currently employee representative director and chairman of labour union of SAIC Motor Corporation Limited.

Mr. Yu Zhuo Ping: He served as teacher of department of mechanical engineering of Tongji University, teacher, deputy director and director of department of automobile engineering of Tongji University and executive deputy director of new energy automobile engineering center, executive deputy dean and dean of automobile college of Tongji University. He is currently the director of SAIC Motor Corporation Limited, assistant to the president and dean of automobile college of Tongji University.

Mr. Xie Rong: He served as lecturer, vice professor, professor, doctoral tutor and vice dean of Accounting Department of Shanghai University of Finance and Economics and partner of KPMG. He is currently director of SAIC Motor Corporation Limited and professor of Shanghai National Accounting Institute.

Zhou Qin Ye: He served as vice general manager and chief accountant of Shanghai Stock Exchange. He is currently independent director of SAIC Motor Corporation Limited, member of China Accounting Standards Committee, syndicator of The Chinese Institute of Certified Public Accountants, member of Auditing Standards Committee of the Chinese Institute of Certified Public Accountants, doctoral tutor of Fudan University, part-time professor of Xiamen University and Shanghai University of Finance and Economics.

Mr. 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 and general vice dean of college of management, dean of Antai College of Economics & Management of Shanghai Jiao Tong University. He is currently independent director of SAIC Motor Corporation Limited and president special adviser of Shanghai Jiao Tong University.

Mr. Yu Ying Hui: He served as deputy section chief, chief of program credit section, deputy division chief of investigation and statistics section of Xinjiang branch, vice president of Urumchi branch, vice bureau chief of financial research institute of Shanghai branch, division chief of monetary gold and silver office, vice director of financial services No.1 department of Shanghai Branch of the People's Bank of China. He is currently independent director of SAIC Motor Corporation Limited and Shanghai Rural Commercial Bank.

2.Members of board of directors

Mr. Jiang Ying Shi: He served as vice factory director of Shanghai Renmin Electric Machine Works, office administrator of Shanghai Economic Committee, vice director of Shanghai Chemical Industry Bureau, vice president of Shanghai Chemical Holdings Corporation (Group) and chairman of the board of Shanghai Tyre & Rubber Corporation Limited concurrently, vice president of Shanghai Huayi (Group) Company and chairman of the board of Shanghai Tyre & Rubber Corporation Limited concurrently, deputy director of Shanghai Planning Commission, deputy director of Shanghai Development Planning Commission and deputy director of Shanghai Foreign Investment Commission, secretary of the Party's group and director of Shanghai Development and Reform Commission. He is currently chairman of board of supervisors of SAIC Motor Corporation Limited.

Mr. Xue Jian: He served as deputy division chief of publicity section, deputy director and director of Party Committee Office of Shanghai Automotive Industry Corporation, director of Party Committee Office and director of Office of the Board of Trustees of Shanghai Automotive Industry Corporation (Group), secretary of Party Committee, secretary of Committee for Discipline Inspection and chairman of labour union of SAIC Motor Corporation Limited, minister of department of organized cadres, secretary of Party Committee of Headquarters of SAIC Motor Corporation Limited, minister of department of organized cadres, secretary of Party Committee of Headquarters of Shanghai Automotive Industry Corporation (Group) and minister of department of organized cadres of SAIC Motor Corporation Limited, vice secretary of Party Committee and secretary of Party Committee of Headquarters of Shanghai Automotive Industry Corporation (Group), vice secretary of Party Committee, secretary of Committee for Discipline Inspection and secretary of Party Committee of Headquarters of SAIC Motor Corporation Limited concurrently. He is currently vice chairman of board of supervisors of SAIC Motor Corporation Limited.

Mr. Liu Jian De: He served as division chief of contract section and division chief of legal section of Shanghai Administration of Industry and Commerce. He is currently the full-time supervisor of SAIC Motor Corporation Limited, Shanghai Electric Corporation (Group), Shanghai Airport (Group) Corporation Limited.

Mr. Ma Long Ying: He served as vice secretary of Party Committee of Shanghai Clutch Factory, secretary of Party Committee, secretary of Committee for Discipline Inspection, chairman of labour union of Shanghai Automotive Break Systems Corporation Limited, vice chairman of labour union of Shanghai Automotive Industry Corporation (Group), vice chairman of labour union of SAIC Motor Corporation Limited. He is currently the employee representative supervisor and vice chairman of labour union of SAIC Motor Corporation Limited.

Mr. Zhu Xian: He served as vice financial controller of Financial Department of Shanghai General Motors Co., Ltd., vice general manager of SAIC Asset Management Co., Ltd. and vice president of SsangYong Motor Company. He is currently the employee representative supervisor and head of Internal Audit Office of SAIC Motor Corporation Limited.

3.Senior executives

Mr. Chen Zhi Xin: He served as vice president of Shanghai Automotive Industry Corporation (Group) and general manager of Shanghai Volkswagen Automotive Co., Ltd. concurrently, vice president of SAIC Motor and general

manager of Shanghai Volkswagen Automotive Co., Ltd. and SAIC-Volkswagen Sales Co., Ltd. concurrently, executive vice president of SAIC Motor and general manager of Nanjing Automobile (Group) Corporation concurrently. He is currently executive vice president of SAIC Motor and general manager of passenger vehicle branch concurrently.

Mr. Xiao Guo Pu: He served as general manager of Shanghai Automotive Industry Sales Co., Ltd., general manager and vice secretary of Party Committee of SAIC-Volkswagen Sales Co., Ltd., vice president of Shanghai Automotive Industry Corporation (Group) and vice president of SAIC Motor Corporation Limited. He is currently vice president of SAIC Motor Corporation and general manager of Commercial Vehicle Business Division concurrently.

Mr. Zhou Lang Hui: He served as secretary of League Committee, director of Organization & Cadre Department, vice secretary of Party Committee, secretary of Discipline Inspection Commission and director of Organization & Cadre Department concurrently of Shanghai Automotive Industry Corporation (Group) and vice secretary of Party Committee, secretary of Discipline Inspection Commission and secretary of Party Committee of SAIC Motor Corporation Limited, general manager of Shanghai Kolbenschmidt Piston Co., Ltd., vice president and director of Human Resources Department of SAIC Motor Corporation. He is currently vice president of SAIC Motor Corporation Limited.

Mr. Yu Jian Wei: He served as general manager and vice secretary of Party Committee of Yuejin Motor (Group) Corporation, general manager and vice secretary of Party Committee of Nanjing Automobile (Group) Corporation concurrently, secretary of Party Committee and executive deputy general manager of Nanjing Automobile (Group) Corporation concurrently. He is currently vice president of SAIC Motor Corporation and secretary of Party Committee of Nanjing Automobile (Group) Corporation concurrently.

Mr. Zhu Gen Lin: He has served as manager of Planning Department and Fund Investment Management Department of Shanghai International Trust & Investment Corporation and general manager of Shanghai Investment Management Co., Ltd. concurrently, general manager and secretary of Party general branch of SAIC Finance Co., Ltd., vice general accountant of Shanghai Automotive Industry Corporation (Group) and general manager, secretary of Party general branch and financial controller of SAIC Group Finance Co., Ltd. and general manager, secretary of Party general branch and financial controller of SAIC Group Finance Co., Ltd. and general manager, financial controller, financial controller and financial manager, financial controller of Shanghai Automotive Group (Beijing) Co., Ltd. and general manager, secretary of Party Committee and vice president of Shanghai Automotive Group (Beijing) Co., Ltd. and general manager and secretary of Party Committee of Shanghai Automotive Group (Beijing) Co., Ltd. concurrently and supervisor of SAIC Motor Corporation. He is currently vice president of SAIC Motor Corporation and general manager and secretary of Party Committee of Shanghai Automotive Group (Beijing) Co., Ltd. concurrently.

Mr. Gu Feng: He served as vice manager of Financial Department of Shanghai Automotive Industry Corporation (Group), vice manager of Financial Department, executive director of Capital Operation Department of SAIC Motor Corporation Limited, chief financial officer and executive director of Capital Operation Department of SAIC Motor Corporation Limited concurrently. He is currently chief financial officer of SAIC Motor Corporation Limited and general manager of SAIC Motor HK Investment Ltd concurrently.

Mr. Chen De Mei: He served as deputy manager and manager of Economic Operation Department of Shanghai Automotive Industry Corporation (Group), manager of Economic Operation Department, manager of Quality & Economic Operation Department of SAIC Motor Corporation Limited, executive director of Quality & Economic Operation Department of Shanghai Automotive Industry Corporation (Group), 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.

Ms. Wang Jian Zhang: She served as deputy manager of International Cooperation Department of Shanghai

Automotive Industry Corporation (Group), secretary of Party Committee and chairman of Trade Union of Pan Asia Technical Automotive Center Co., Ltd., director of Strategy Committee of SAIC Motor Corporation Limited, vice director of Office of Board of Directors of Shanghai Automotive Industry Corporation (Group), secretary to the Board and director of Office of Board of Directors of SAIC Motor Corporation Limited. She is currently secretary to the Board and executive director of Risk Management Department of SAIC Motor Corporation Limited.

(2) Ownership and remuneration of directors, supervisors and senior management outgoing in the reporting period

Unit: RMB

Name	Position	Gender	Age	Term in the office	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	Remuneration received from the reporting period (RMB '000) (before taxes)	Remuneration received at the shareholder's unit or other related units
Ye Yong Min	Vice president	Male	50	From 5/24/2012 to 8/21/2013					1146	0
Wu Shi Zhong	Vice president	Male	36	From 5/24/2012 to 8/21/2013					864.3	0
Total									2010.3	0

2. Information of directors, supervisors and senior management in incumbent and outgoing in the reporting period

(1) Information of positions held in shareholders' entities

There are no directors, supervisors and senior management in incumbent and outgoing during the reporting period holding positions in shareholders' entities.

(2) Information of positions held 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.	Board chairman	2012-5-25	2015-5-24
Shen Jian Hua	HUAYU Automotive Systems Co., Ltd.	Vice board chairman	2012-5-25	2015-5-24
Xiao Guo Pu	Shanghai Diesel Engine Co., Ltd.	Board chairman	2012-5-18	2015-5-17
Zhou Lang Hui	Shanghai Diesel Engine Co., Ltd.	Chairman of board of supervisors	2012-5-18	2015-5-17
Xue Jian	HUAYU Automotive Systems Co., Ltd.	Chairman of board of supervisors	2012-5-25	2015-5-24
Gu Feng	Shanghai Diesel Engine Co., Ltd.	Director	2012-5-18	2015-5-17
Zhu Xian	Shanghai Diesel Engine Co., Ltd.	Supervisor	2012-5-18	2015-5-17

3. Remuneration of directors, supervisors and senior management

Decision-making process of remuneration of directors supervisors and senior management	The allowance of independent directors shall be decided by the board of directors 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. The remuneration for senior management of the Company shall be reviewed on by nomination, remuneration and appraisal committee of the Board and be deliberated on and approved by the Board.
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	On May 14, 2013, according to "Incentive Fund Plan of SAIC Motor Corporation Limited" approved by the 36 th meeting of 4 th board of directors of the Company, 8 th meeting of 5 th board of directors approved "Implementation Plan of Incentive Fund of SAIC Motor Corporation Limited of 2012", and this plan has been implemented in reporting period. Amount of incentive fund is included in the total amount of remuneration. The Company entrusted Changjiang Pension Insurance Co., Ltd. to No.3 long-term value added investment account with deferred payment of Changjiang Shengshi Huazhang's pension insurance entrusted management products(Please refer to the Company's announcement on September 17, 2013 (No of announcement, Lin 2013 – 029) for details).
Total remuneration of directors supervisors and senior management received by the end of the reporting period	24.77 million

4. Changes of directors, supervisors and senior management

Name	Position	Changes	Reason for the change
Ye Yong Ming	Vice president	Dismissal	Resignation
Wu Lei	Vice president	Dismissal	Resignation

5. Information of the Company's core technical team or key technical personnel

There are no personnel changes which have significant influence on the Company's core competitive capacity during the reporting period.

6. Information of the Company's employees

By the end of the reporting period, the Company had 7,077 employees (number of employees of the Group: 144,955) and 718 retirees whose costs were borne by the Company.

(1) Composition of employees by specialization

Areas of specialization	Headcounts (persons)
Production personnel	1,645
Marketing and sales personnel	343
Engineering technical personnel	3,567
Finance and auditing personnel	141
Administrative personnel	408
Others	973

(2) Composition of employees by education level

Education level	Headcounts (persons)
Postgraduate or above	2,208
University graduate	3,264
College diploma	977
Secondary school diploma or below	628

(3) Remuneration policy

The Company complies with relevant national labour 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.

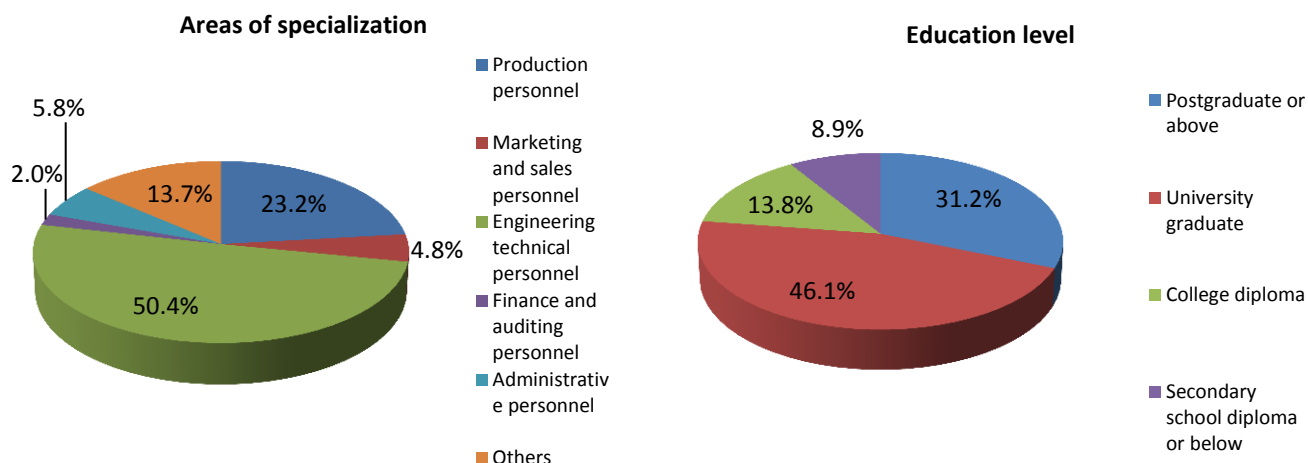
The Company has explored diversified incentives, created high performance, high motivated atmosphere and mobilize the initiative of employees. For medium and senior executives and core personnel, the Company sets up mechanism of risk and benefit sharing, implements the short term and the longer term incentive fund, guides affiliated enterprises to make increment of net profit as oriented and gives a certain proportion of award for overfulfillment of board of directors' net profit target.

The Company has developed the construction and improved the effectiveness of collective wage negotiation system, approved salary adjustment program, and signed special wage collective contracts to protect legal interests of employees and the Company and maintain the harmony and the stability of labour relationships.

(4) Training plan

During the reporting period, the Company made medium and long-term talent development program, carried forward education and training of employees vigorously, and great progress in developing three types of talents, i.e. senior management personnel, senior professional and technical personnel and senior skilled personnel, aiming to enhance the core competitiveness and international operation capability of the Company. In 2012, the Company won the award of "7th Shanghai Outstanding Contribution to Skilled Talent Development".

(5) Statistic chart of specialization and education level



Section VIII Corporate Governance

During the reporting period, pursuant to laws and regulations including "Corporate Law", "Securities Law", "Code of Corporate Governance for Listed Companies", "Articles of Association" and regulation and requirements of CSRC, Shanghai Securities Regulatory Bureau and SSE, the Company has improved the compliance, strengthened scientific governance, continuously revised and improved various systems of corporate governance, performed the duty of information disclosure actively and strictly and improved the quality of corporate governance constantly.

1. 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 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 one annual general meeting of shareholders in year 2013 which reviewed and approved the Company's annual report in year 2012, general election of board of directors and board of supervisors, revision of articles of association, incentive fund plan, appointment of accounting firm and external guarantee, etc., which ensured the effective protection for the rights and interests of the public shareholders.

(2) Directors and board of directors

The composition and the number of members of the board of directors follow the regulation of the law and "Code of Corporate Governance for Listed Companies". The Company has 9 directors, including 3 independent directors. To ensure that the Company makes scientific decision on significant operating matters, the board of directors effectively utilizes various specialized committees in deliberating on significant matters in advance and studying the plans. During the reporting period, the board of directors held 8 board meetings, 1 strategy committee meetings, 5 auditing committee meetings and 2 nomination, remuneration and appraisal committee meetings. The specialized committees played important roles in decision making of significant matters including drawing the Company's strategy, reviewing

periodic financial reports, drawing up incentive plan, improving internal control system and supervising external auditing firm.

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 4 meetings for reviewing and supervising the Company's periodic reports, revision of rules of procedures, 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 reporting period, the Company revised "Management System of Raised Funds" and "Working Instruction of President" according to regulatory requirements, which further improved the Company's management system. Meanwhile, the Company executed inside information's insider registration system seriously, actively performed the administration work of training, registration, filing for insider of inside information, and maintained the equality principle of information disclosure effectively.

(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 2012 met the criteria for implementation of incentive fund plan, board of directors approved "Implementation Plan of the Company's Incentive Fund Plan of Year 2012", which involved 288 employees, including medium and senior executives and core talents of the Company.

(6) Interested parties

The Company fully respects and safeguards the legitimate rights and interests of the interested parties, balances the interests of shareholders, employees and the society, and promotes sustainable and healthy development of the Company. Please refer to Social Responsibility Report of the Company for year 2013.

(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 2013, the Company received 192 investment agents' visits, 1063 individual investors' visits and 760 enquiry calls. In addition, 2 meetings for communication of financial performance 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 34 temporary announcements, and made no announcement for amendment, so that the investors could be informed of the true status of the Company on a timely, fair, accurate and comprehensive basis.

2. General meeting of shareholders

Session	Date	Name of proposal	Result of decision	Website where decision is published	Date of disclosure
General meeting of shareholders in Year 2012	May 30, 2013	1. "Work Report of the Board of Year 2012" 2. "Work Report of the Board of Supervisors of Year 2012" 3. "Incumbents Report of Independent Directors of Year 2012" 4. "Profit Distribution Plans of Year 2012" 5. "Financial Statements of Year 2012" 6. "Annual Report and Annual Report Abstract of Year 2012" 7. "The Proposal of Provision of Guarantee to GMAC-SAIC Automotive Finance Co., Ltd." 8. "The Proposal of Provision of Guarantee to Anyue Automotive Supplies Co., Ltd. by Shanghai Automobile Import & Export Co., Ltd." 9. "The Proposal of Provision of Guarantee to Anji Leasing Co., Ltd. by Shanghai Automotive Industry Sales Co., Ltd." 10. "The Proposal of Provision of Guarantee to invested dealers by Shanghai Automotive Industry Sales Co., Ltd." 11. "The Proposal of Provision of Guarantee to automobile dealers by SAIC Motor Equity Investment Co., Ltd." 12. "The Proposal of Re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as Auditor of the Company" 13. "The Proposal of Re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as Internal Control Auditor of the Company" 14. "The Temporary Proposal of Revising 'The Company's Management System of Raised Fund' by SAIC Motor Corporation Limited"	Approved	Website of SSE http://www.sse.com.cn	May 31, 2013

3. Performance of directors

(1) 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
Hu Maoyuan	No	8	8	5	0	0	No	1

Chen Hong	No	8	8	5	0	0	No	1
Shen Jianhua	No	8	8	5	0	0	No	1
Yu Zhuoping	No	8	8	5	0	0	No	0
Xie Rong	No	8	7	5	1	0	No	1
Li Jirong	No	8	8	5	0	0	No	0
Zhou Qinye	Yes	8	8	5	0	0	No	1
Wang Fanghua	Yes	8	7	5	1	0	No	1
Yu yinghui	Yes	8	8	5	0	0	No	1

Number of meetings of the Board	8
Including: Number of on-site meetings	3
Number of meetings via communication tools	5
Number of meetings on-site and via communication tools simultaneously	0

(3) Circumstance where independent directors raised different opinions

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

(4) Establishment and improvement of work system of independent directors and independent directors' performance of their duties

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. Independent directors performed their duties faithfully, 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, investigated the Company's strategic plan in depth, studied the incentive program in details, 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 external guarantees and other significant matter to enhance the corporate governance of the Company. During the preparation of the annual report of year 2011, 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".

4. Important comments and suggestions made by specialized committees under the Board when performing their duties during the reporting period

During the reporting period, the strategy committee studied the domestic and global trends of economy and industry development as well as the national policy trends, and has held meeting to deliberate on "1+5" rolling business plan of the Company. When deliberating on "1+5" rolling business plan of the Company (2013-2017), the strategy committee suggested that the Company should increase investment in R&D, conform to the trend of technology, focus on mixed development trend of the informatization and industrialization, promote independent innovation and domestic R&D development ability, and realize the sustainable development of the Company.

The audit committee held 5 meetings to review the significant matters including reviewing periodic financial report, assessing external audit authority, guiding internal audit work, reviewing internal control system. After the brief of "Report of internal control's supervision and inspection work of year 2013", the audit committee proposed that the Company should supervise and inspect implementation status of internal control system seriously, pay close attention to

internal control condition of new enterprises after the listing of the Company in year 2011, and ensure all enterprises of the Company meet the internal control requirements of listed company.

The nomination, remuneration and appraisal committee held 2 meetings to supervise the implementation of remuneration system, to review significant events including incentive fund plan. When reviewing "Proposal of Implementation plan of the Company's Incentive Fund Plan of Year 2012", the nomination, remuneration and appraisal committee suggested that the Company should optimize the distribution plan further and improve the Company's sustainable and rapid development through motivating talents effectively.

5. Declaration about the risk of the Company made by board of supervisors

In accordance with 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 present 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.

6. 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.

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

(1) The Company drafted "Annual Assessment and Incentive Measures of Members of Manager Team by Board of Directors of SAIC Motor Corporation Limited (Pilot)", and made assessment to senior executives.

(2) Board of directors approved "Implementation Plan of SAIC Motor Corporation Limited Incentive Fund Plan of Year 2012", and implemented after the annual general meeting approved the annual report.

Section IX Internal Control

1. Declaration about internal control responsibilities and construction of internal control system

The board of directors and supervisors, directors, supervisors and senior executives 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.

Establishment, maintenance, effective operation and effectiveness assessment of internal control and disclosure of internal control's assessment report are the responsibilities of the Board. The board of supervisors is responsible for supervision of the establishment and operation of internal control, which are executed by the Board. The senior management of the Company is responsible for daily operation of internal control.

The internal control target of the Company: reasonably ensure that the Company management is legal, the asset is safe, the financial reports and related information are true and complete, improve operational efficiency and effectiveness, and promote the development strategy of company. Due to the inherent limitations of internal control, the Company can only provide reasonable assurance to achieve the above targets. In addition, internal control may become inappropriate or the degree of compliance of control policies and procedures may reduce due to change of situation. There are certain risks to speculate effectiveness of future internal control on the basis of the assessment result. For more details, please see "Self-assessment Report on Internal Controls of SAIC Motor Corporation Limited of 2013", which is published on the website of Shanghai Security Exchange on March 28, 2014.

2. Audits' 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 (14) No. S0056). For details, please refer to relevant announcements of the Company.

3. Accountability system for significant errors and related implementation in annual report

To ensure the quality of information disclosure related to annual report, the Company clarifies the policies of accountability for significant errors made in information disclosure in "Information Disclosure Management System" according to the regulation of CSRC, which has enhanced the execution of the accountability policies. During the reporting period, there is no significant error in information disclosure.

Section X Financial Statements

1. The Company's financial statements of year 2013 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP by issuing the standard unqualified auditors' report (De Shi Bao (Shen) Zi (14) No. P0547), which is signed by Mr. Yuan Shouqing and Ms. Ma Tiantian, certified public accountants. According to the auditors' report, the financial statements of SAIC Motor Corporation Limited present fairly, in all material respects, the financial position of SAIC Motor Corporation Limited as of December 31, 2013, and the results of its operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises (the financial statements and the notes to the financial statements are enclosed).

2. Changes in accounting policies and accounting estimates and correction of accounting errors during the reporting period

There are no changes in accounting policies, accounting estimates or correction of accounting errors during the reporting period.

Section XI List of Documents Available For Inspection

1. Financial statements signed and stamped by Legal Representative, Chief Financial Officer and Head of Accounting Department of the Company.
2. Original copies of auditors' report signed and stamped by the accounting firm and Certified Public Accountants.
3. Original copies of all documents and announcements which were disclosed in newspapers designated by CSRC during the reporting period.
4. Articles of Association of SAIC Motor Corporation Limited

SAIC Motor Corporation Limited

Chairman of the Board: Mr. Hu Maoyuan

March 28, 2014

AUDITOR'S REPORT

De Shi Bao (Shen) Zi (14) No.P0547

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, 2013, 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.

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, 2013, 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
March 26, 2014

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, 2013

Consolidated Balance Sheet

Unit: RMB

Item	Notes	December 31, 2013	December 31, 2012
Current assets:			
Cash and bank balances	(VI)1	89,097,639,504.38	60,846,425,921.76
Held-for-trading financial assets	(VI)2	17,906,491.20	42,839,755.99
Notes receivable	(VI)3	29,238,845,252.60	24,942,718,373.67
Accounts receivable	(VI)4	19,244,289,149.61	15,427,853,242.07
Prepayments	(VI)5	32,046,375,065.44	19,977,601,440.37
Interest receivable		234,450,263.71	52,097,207.50
Dividends receivable	(VI)6	817,638,611.35	5,986,377,249.15
Other receivables	(VI)7	2,493,966,488.51	3,903,358,709.34
Financial assets purchased under resale agreements	(VI)8	146,040,000.00	-
Inventories	(VI)9	30,914,532,082.83	24,950,803,086.15
Non-current assets due within one year	(VI)10	13,181,502,475.24	7,479,430,263.52
Other current assets	(VI)11	14,751,282,638.94	25,545,149,999.46
Total current assets		232,184,468,023.81	189,154,655,248.98
Non-current assets:			
Loans and advances	(VI)12	8,585,851,095.28	6,596,774,236.12
Available-for-sale financial assets	(VI)13	14,068,415,778.01	20,907,581,748.67
Long-term receivables	(VI)14	1,316,182,094.25	1,237,939,132.17
Long-term equity investments	(VI)15,16	56,543,030,177.61	45,483,194,021.66
Investment properties	(VI)17	2,982,690,192.04	2,873,077,080.29
Fixed assets	(VI)18	27,515,791,339.38	24,792,105,841.46
Construction in progress	(VI)19	10,614,731,816.73	8,033,818,659.57
Intangible assets	(VI)20	5,625,725,268.74	5,526,670,004.45
Development expenditure	(VI)20	40,916,902.32	649,652,334.95
Goodwill	(VI)21	84,993,655.59	84,993,655.59
Long-term prepaid expenses	(VI)22	880,204,499.49	856,057,596.78
Deferred tax assets	(VI)23	11,692,712,759.09	8,626,461,184.40
Other non-current assets	(VI)24	1,505,027,199.60	2,380,018,223.02
Total non-current assets		141,456,272,778.13	128,048,343,719.13
TOTAL ASSETS		373,640,740,801.94	317,202,998,968.11

DECEMBER 31, 2013

Consolidated Balance Sheet - Continued

Unit: RMB

Item	Notes	December 31, 2013	December 31, 2012
Current liabilities:			
Short-term borrowings	(VI)26	5,251,574,760.18	5,798,812,190.73
Customer deposits and deposits from banks and other financial institutions	(VI)27	42,771,754,977.17	31,808,381,587.96
Held-for-trading financial liabilities	(VI)28	7,155,000.00	-
Notes payable	(VI)29	4,393,002,801.01	3,083,732,165.14
Accounts payable	(VI)30	61,076,035,671.86	47,809,876,107.19
Receipts in advance	(VI)31	27,031,992,611.61	21,911,629,511.49
Employee benefits payable	(VI)32	5,937,970,517.14	4,437,867,936.97
Taxes payable	(VI)33	3,409,416,661.83	4,915,632,578.72
Interest payable		180,345,203.80	105,525,826.50
Dividends payable	(VI)34	65,411,503.89	1,098,745,971.80
Other payables	(VI)35	28,661,920,266.78	22,742,269,601.58
Non-current liabilities due within one year	(VI)36	5,978,410,643.79	12,142,257,516.08
Other current liabilities	(VI)37	1,574,677,902.47	496,949,396.85
Total current liabilities		186,339,668,521.53	156,351,680,391.01
Non-current liabilities:			
Long-term borrowings	(VI)38	2,430,221,291.15	946,778,928.20
Bonds payable	(VI)39	3,833,983,000.00	-
Provisions	(VI)40	5,296,078,871.23	3,853,733,529.56
Deferred tax liabilities	(VI)23	970,554,280.97	1,039,134,454.17
Special payables	(VI)41	2,081,571,199.17	2,649,951,663.82
Other non-current liabilities	(VI)42	10,956,572,526.85	7,355,363,450.76
Total non-current liabilities		25,568,981,169.37	15,844,962,026.51
TOTAL LIABILITIES		211,908,649,690.90	172,196,642,417.52
SHAREHOLDERS' EQUITY:			
Share capital	(VI)43	11,025,566,629.00	11,025,566,629.00
Capital reserve	(VI)44	42,348,637,643.17	44,866,152,104.51
Special reserve		94,184,174.87	46,320,745.65
Surplus reserve	(VI)45	17,788,352,701.61	14,304,851,717.87
Retained earnings	(VI)46	66,456,983,324.88	51,978,504,734.84
Translation differences arising on translation of financial statements denominated in foreign currencies		43,514,167.39	115,971,467.58
Total shareholders' equity attributable to shareholders of the Company		137,757,238,640.92	122,337,367,399.45
Minority interests		23,974,852,470.12	22,668,989,151.14
TOTAL SHAREHOLDERS' EQUITY		161,732,091,111.04	145,006,356,550.59
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		373,640,740,801.94	317,202,998,968.11

The accompanying notes form part of the financial statements.

The financial statements on pages 3 to 128 were signed by the following:

Head of the Company:

Chief Financial Officer:

Head of Accounting Department:

DECEMBER 31, 2013

Balance Sheet of the Company

Unit: RMB

Item	Notes	December 31, 2013	December 31, 2012
Current assets:			
Cash and bank balances		39,964,590,909.55	37,921,043,431.96
Notes receivable	(XII)1	1,528,517,522.10	1,568,800,877.00
Accounts receivable	(XII)2	729,557,891.22	371,924,320.37
Prepayments		411,451,092.97	576,430,358.52
Interest receivable		448,230,974.72	-
Dividends receivable		618,210,697.15	6,881,214,320.79
Other receivables	(XII)3	732,148,603.50	1,177,722,625.90
Inventories	(XII)4	1,270,657,653.67	1,124,284,469.32
Non-current assets due within one year		1,150,882,798.16	2,391,915,135.00
Other current assets		7,448,087,257.07	4,721,800,000.00
Total current assets		54,302,335,400.11	56,735,135,538.86
Non-current assets:			
Available-for-sale financial assets	(XII)5	4,719,654,253.35	5,076,436,663.25
Long-term receivables		-	206,347,798.16
Long-term equity investments	(XII)6	74,812,750,277.08	65,654,951,529.68
Investment properties	(XII)7	347,342,603.70	359,196,410.69
Fixed assets	(XII)8	3,885,316,541.31	4,112,544,054.11
Construction in progress	(XII)9	1,199,119,820.34	712,388,433.31
Intangible assets	(XII)10	1,633,316,043.87	2,541,070,960.71
Development expenditure	(XII)10	-	601,856,307.40
Other non-current assets		2,220,457,958.04	1,008,024,113.42
Total non-current assets		88,817,957,497.69	80,272,816,270.73
TOTAL ASSETS		143,120,292,897.80	137,007,951,809.59

DECEMBER 31, 2013

Balance sheet of the Company – Continued

Unit: RMB

Item	Notes	December 31, 2013	December 31, 2012
Current liabilities:			
Short-term borrowings	(XII)11	1,200,000.00	64,508,000.00
Accounts payable		6,894,878,780.15	5,909,312,451.30
Receipts in advance		691,916,996.68	410,594,478.56
Employee benefits payable	(XII)12	1,947,665,741.76	1,170,711,960.23
Taxes payable		(47,072,457.12)	114,147,508.95
Other payables		740,765,748.01	407,064,050.00
Non-current liabilities due within one year	(XII)13	240,280,081.30	6,385,856,465.00
Total current liabilities		10,469,634,890.78	14,462,194,914.04
Non-current liabilities:			
Long-term borrowings	(XII)14	-	-
Bonds payable		-	-
Provisions	(XII)15	547,355,040.27	313,290,318.98
Deferred tax liabilities	(XII)16	-	135,787,194.02
Special payables	(XII)17	939,884,119.00	972,655,000.00
Other non-current liabilities	(XII)18	4,550,618,668.57	4,484,003,669.48
Total non-current liabilities		6,037,857,827.84	5,905,736,182.48
TOTAL LIABILITIES		16,507,492,718.62	20,367,931,096.52
SHAREHOLDERS' EQUITY			
Share capital		11,025,566,629.00	11,025,566,629.00
Capital reserve	(XII)19	50,680,755,600.39	51,510,141,075.56
Surplus reserve		16,943,432,989.44	13,459,932,005.70
Retained earnings		47,963,044,960.35	40,644,381,002.81
TOTAL SHAREHOLDERS' EQUITY		126,612,800,179.18	116,640,020,713.07
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		143,120,292,897.80	137,007,951,809.59

The accompanying notes form part of the financial statements.

Consolidated Income Statement

Unit: RMB

Item	Notes	Year Ended December 31,2013	Year Ended December 31, 2012
I. Total operating income		565,807,011,579.82	480,979,671,654.73
Including: Operating income	(VI)47	563,345,672,365.78	478,432,576,342.83
Interest income	(VI)48	2,364,124,238.21	2,495,862,499.96
Fee and commission income	(VI)49	97,214,975.83	51,232,811.94
Less: Total operating costs		491,711,575,065.00	401,188,064,404.29
Including: Operating costs	(VI)47	490,988,482,076.07	400,563,596,693.58
Interest expenses	(VI)48	716,512,659.62	610,656,797.24
Fee and commission expenses	(VI)49	6,580,329.31	13,810,913.47
Business taxes and levies	(VI)50	3,439,459,975.60	7,975,383,838.31
Selling expenses	(VI)51	34,730,501,074.47	27,208,155,102.99
Administrative expenses	(VI)52	18,344,614,751.99	18,534,638,524.17
Financial expenses	(VI)53	(254,715,398.50)	(115,219,782.30)
Impairment losses on assets	(VI)54	3,114,033,598.76	2,296,674,673.04
Add: Gain (loss) from changes in fair values	(VI)55	(3,215,178.20)	7,141,334.76
Investment income	(VI)56	25,456,416,827.35	15,429,341,204.19
Including: Income from investments in associates and JCEs		22,269,927,243.45	14,718,050,285.84
Foreign exchange gains		4,370,693.79	11,132,345.15
II. Operating Profit		40,179,114,855.44	39,339,589,778.33
Add: Non-operating income	(VI)57	2,057,949,943.93	1,097,265,859.02
Less: Non-operating expenses	(VI)58	744,067,121.89	280,490,666.16
Including: Losses from disposal of non-current assets		87,267,549.29	61,331,154.98
III. Total profit		41,492,997,677.48	40,156,364,971.19
Less: Income tax expenses	(VI)59	5,909,056,164.95	6,628,111,243.43
IV. Net profit		35,583,941,512.53	33,528,253,727.76
Net profit attributable to shareholders of the Company		24,803,626,272.23	20,751,763,307.97
Profit or loss attributable to minority interests		10,780,315,240.30	12,776,490,419.79
V. Earnings per share:			
(I) Basic earnings per share	(VI)60	2.250	1.882
(II) Diluted earnings per share	(VI)60	Not applicable	Not applicable
VI. Other comprehensive income(loss)	(VI)61	(989,585,379.72)	2,645,971,370.64
VII. Total comprehensive income		34,594,356,132.81	36,174,225,098.40
Total comprehensive income attributable to shareholders of the Company		23,891,726,223.95	23,194,619,326.18
Total comprehensive income attributable to minority interests		10,702,629,908.86	12,979,605,772.22

The accompanying notes form part of the financial statements.

Income Statement of the Company

Unit: RMB

Item	Notes	Year Ended December 31, 2013	Year Ended December 31, 2012
I. Operating income	(XII)20	18,585,566,506.07	17,811,015,046.41
Less: Operating costs	(XII)20	16,913,553,598.94	16,037,008,567.98
Business taxes and levies		324,307,311.75	462,301,881.40
Selling expenses		2,455,261,031.10	2,030,113,918.46
Administrative expenses		5,476,307,929.36	3,253,592,900.69
Financial expenses		(867,846,131.13)	(47,011,059.65)
Impairment losses of assets	(XII)21	1,000,054,396.16	143,473,592.06
Add: Investment income	(XII)22	23,938,728,772.77	20,714,177,723.04
Including: Income from investments in associates and JCEs		18,779,284,683.95	16,723,142,696.92
II. Operating profit		17,222,657,142.66	16,645,712,968.51
Add: Non-operating income		243,868,752.52	210,953,825.71
Less: Non-operating expenses		81,009,616.44	(130,543,494.67)
Including: Losses from disposal of non-current assets		1,523,914.80	774,505.84
III. Total profit		17,385,516,278.74	16,987,210,288.89
Less: Income tax expenses		(31,988,639.94)	(39,665,009.88)
IV. Net Profit		17,417,504,918.68	17,026,875,298.77
V. Other comprehensive income (losses)	(XII)23	(840,540,615.86)	758,705,355.49
VI. Total comprehensive income		16,576,964,302.82	17,785,580,654.26

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

Unit: RMB

Item	Notes	Year Ended December 31, 2013	Year Ended December 31, 2012
I. Cash flow from operating activities:			
Cash receipts from the sale of goods and rendering of services		672,810,793,621.65	593,380,185,926.99
Net increase in customer deposits and deposits from bank and other financial institutions		10,963,373,389.21	2,592,701,952.73
Cash receipts from interests, fees and commissions		2,278,986,157.83	2,545,475,543.32
Receipts of tax refunds		509,243,720.57	499,715,025.28
Other cash receipts relating to operating activities		1,988,935,140.70	1,891,726,841.29
Sub-total of cash inflow from operating activities		688,551,332,029.96	600,909,805,289.61
Cash payments for goods purchased and services received		597,515,847,454.09	506,378,091,609.71
Net increase in loans and advances		9,047,889,365.05	6,987,137,448.20
Net increase in balance with the central bank		265,132,884.77	2,072,074,556.05
Net decrease in balance taking from banks and other financial institutions		-	3,000,000,000.00
Net decrease in financial assets sold under repurchase		146,040,000.00	1,164,995,527.20
Cash payments for interests, fees and commissions		647,481,116.63	596,206,908.31
Cash payments to and on behalf of employees		13,536,917,202.14	13,538,056,744.68
Payments for various types of taxes		26,541,038,224.58	30,387,292,734.56
Other payments relating to operating activities		20,248,474,173.89	17,194,822,136.35
Sub-total of cash outflow relating to operating		667,948,820,421.15	581,318,677,665.06
Net cash flow from (used in) operating activities	(VI)64(1)	20,602,511,608.81	19,591,127,624.55
II. Cash flow from investing activities:			
Cash receipts from disposals and recovery of investments		32,831,700,785.62	16,712,706,469.71
Cash receipts from investment income		20,920,322,295.03	11,469,495,755.76
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		415,084,131.35	723,756,856.38
Other cash receipts relating to investing activities		4,220,125,125.03	873,348,613.79
Sub-total of cash inflow from investing activities		58,387,232,337.03	29,779,307,695.64
Cash payment to acquire or construct fixed assets, intangible assets and other long-term assets		15,659,444,887.26	16,008,535,080.60
Cash payments to acquire investments		19,367,579,532.39	21,823,438,261.65
Net cash payments for acquisitions of subsidiaries	(XI)1	650,442,011.00	8,970,681,726.82
Sub-total of cash outflow relating to investing		35,677,466,430.65	46,802,655,069.07
Net Cash flow from (used in) investing activities		22,709,765,906.38	(17,023,347,373.43)

Consolidated Cash Flow Statement – Continued

Item	Notes	Year Ended December 31, 2013	Year Ended December 31, 2012
III. Cash flow from financing activities:			
Cash receipts from capital contributions		595,060,764.84	687,825,297.18
Including: cash receipts from capital contributions from minority owners of subsidiaries		583,905,624.15	687,825,297.18
Cash receipts from borrowings		12,451,813,039.54	10,069,153,162.62
Cash receipts from bonds issuance		3,833,983,000.00	-
Other cash receipts relating to financing activities	(VI)63	-	654,800,570.44
Sub-total of cash inflow from financing activities		16,880,856,804.38	11,411,779,030.24
Cash repayments of borrowings		18,717,940,151.49	11,701,058,380.86
Cash payments for distribution of dividends or profits or settlement of interest expenses		13,338,537,954.11	14,987,633,379.72
Including: payments for distribution of dividends or profit to minority owners of subsidiaries		6,335,371,206.10	11,182,744,583.90
Other cash payments relating to financing activities	(VI)63	506,267,257.12	188,679.25
Sub-total of cash outflow relating to financing activities		32,562,745,362.72	26,688,880,439.83
Net cash flow from (used in) financing activities		(15,681,888,558.34)	(15,277,101,409.59)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(150,575,516.12)	(20,092,807.97)
V. Net increase (decrease) in cash and cash equivalents		27,479,813,440.73	(12,729,413,966.44)
Add: Opening balance of cash and cash equivalents		46,797,863,907.34	59,527,277,873.78
VI. Closing balance of cash and cash equivalents	(VI)64(2)	74,277,677,348.07	46,797,863,907.34

The accompanying notes form part of the financial statements.

Cash Flow Statement of the Company

Unit: RMB

Item	Notes	Year Ended December 31, 2013	Year Ended December 31, 2012
I. Cash flow from operating activities:			
Cash receipts from the sale of goods and rendering of services		21,571,772,191.03	20,019,494,993.08
Other cash receipts relating to operating activities		1,101,855,164.12	546,196,841.15
Sub-total cash inflow from operating activities		22,673,627,355.15	20,565,691,834.23
Cash payments for goods purchased and services		18,314,057,989.48	16,173,448,794.43
Cash payments to and on behalf of employees		2,012,475,117.00	1,724,170,429.73
Payments of various types of taxes		445,047,336.12	618,518,193.55
Other cash payments relating to operating activities		3,315,311,802.75	3,138,070,472.30
Sub-total cash outflow relating to operating activities		24,086,892,245.35	21,654,207,890.01
Net Cash Flow from (used in) operating activities	(XII)24	(1,413,264,890.20)	(1,088,516,055.78)
II. Cash flow from investing activities:			
Cash receipts from disposal and recovery of investments		6,714,092,487.00	4,628,306,917.14
Cash receipts from investment income		22,552,822,835.01	19,991,442,831.23
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		157,065,034.22	71,328,146.80
Sub-total cash flow from investing activities		29,423,980,356.23	24,691,077,895.17
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,402,024,061.77	1,737,071,203.82
Cash payments to acquire investments		11,503,398,433.04	6,985,165,154.46
Sub-total cash outflow relating to investing activities		12,905,422,494.81	8,722,236,358.28
Net cash flow from (used in) investing activities		16,518,557,861.42	15,968,841,536.89
III. Cash flow from financing activities			
Cash receipts from borrowings		3,132,000.00	-
Other cash receipts relating to financing activities		11,155,140.69	-
Sub-total cash inflow from financing activities		14,287,140.69	-
Cash repayments of borrowings		6,300,000,000.00	1,210,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		6,775,110,032.11	3,505,623,137.21
Other cash payments relating to financing activities		-	188,679.25
Sub-total cash outflow relating to financing activities		13,075,110,032.11	4,715,811,816.46
Net Cash flow from (used in) financing activities		(13,060,822,891.42)	(4,715,811,816.46)
IV. Effect of foreign exchange rate on cash and cash equivalents		(922,602.21)	596,402.68
V. Net Increase in cash and cash equivalents		2,043,547,477.59	10,165,110,067.33
Add: Opening balance of cash and cash equivalents		37,921,043,431.96	27,755,933,364.63
VI. Closing Balance of cash and cash equivalents	(XII)24	39,964,590,909.55	37,921,043,431.96

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

Item	Shareholders' equity attributable to shareholders of the Company						Sub-total	Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Translation differences arising on translation of financial statements denominated in foreign currencies			
Balance as of January 1, 2013	11,025,566,629.00	44,866,152,104.51	46,320,745.65	14,304,851,717.87	51,978,504,734.84	115,971,467.58	122,337,367,399.45	22,668,989,151.14	145,006,356,550.59
Changes during the year	-	(2,517,514,461.34)	47,863,429.22	3,483,500,983.74	14,478,478,590.04	(72,457,300.19)	15,419,871,241.47	1,305,863,318.98	16,725,734,560.45
(I) Net profit	-	-	-	-	24,803,626,272.23	-	24,803,626,272.23	10,780,315,240.30	35,583,941,512.53
(II) Other comprehensive income	-	(839,442,748.09)	-	-	-	(72,457,300.19)	(911,900,048.28)	(77,685,331.44)	(989,585,379.72)
Sub-total of (I) and (II)	-	(839,442,748.09)	-	-	24,803,626,272.23	(72,457,300.19)	23,891,726,223.95	10,702,629,908.86	34,594,356,132.81
(III) Shareholders' contribution	-	11,155,140.69	-	-	-	-	11,155,140.69	583,905,624.15	595,060,764.84
(IV) Profit distribution	-	2,033,061.27	-	3,483,500,983.74	(10,325,147,682.19)	-	(6,839,613,637.18)	(5,725,736,737.44)	(12,565,350,374.62)
1. Appropriation of surplus reserve	-	-	-	3,483,500,983.74	(3,483,500,983.74)	-	-	-	-
2. Distribution to shareholders	-	-	-	-	(6,615,339,977.40)	-	(6,615,339,977.40)	(5,345,525,405.19)	(11,960,865,382.59)
3. Others	-	2,033,061.27	-	-	(226,306,721.05)	-	(224,273,659.78)	(380,211,332.25)	(604,484,992.03)
(V) Increase of special reserve	-	-	47,863,429.22	-	-	-	47,863,429.22	(1,218,613.10)	46,644,816.12
(VI) Others	-	(1,691,259,915.21)	-	-	-	-	(1,691,259,915.21)	(4,253,716,863.49)	(5,944,976,778.70)
1. Changes due to changes in the scope of consolidation during the year	-	-	-	-	-	-	-	(234,813,319.00)	(234,813,319.00)
2. Changes due to changes of proportion of capital contribution to subsidiaries during the year	-	(1,691,259,915.21)	-	-	-	-	(1,691,259,915.21)	(4,018,903,544.49)	(5,710,163,459.70)
Balance as of December 31, 2013	11,025,566,629.00	42,348,637,643.17	94,184,174.87	17,788,352,701.61	66,456,983,324.88	43,514,167.39	137,757,238,640.92	23,974,852,470.12	161,732,091,111.04

Consolidated Statement of Changes in Shareholders' Equity - Continued

Unit: RMB

Item	Shareholders' equity attributable to shareholders of the Company						Sub-total	Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Translation differences arising on translation of financial statements denominated in foreign currencies			
Balance as of January 1, 2012	11,025,566,629.00	42,172,495,420.74	-	9,804,048,604.86	39,220,503,321.39	139,700,747.19	102,362,314,723.18	30,754,002,117.56	133,116,316,840.74
Changes during the year	-	2,693,656,683.77	46,320,745.65	4,500,803,113.01	12,758,001,413.45	(23,729,279.61)	19,975,052,676.27	(8,085,012,966.42)	11,890,039,709.85
(I) Net profit	-	-	-	-	20,751,763,307.97	-	20,751,763,307.97	12,776,490,419.79	33,528,253,727.76
(II) Other comprehensive income	-	2,466,585,297.82	-	-	-	(23,729,279.61)	2,442,856,018.21	203,115,352.43	2,645,971,370.64
Sub-total of (I) and (II)	-	2,466,585,297.82	-	-	20,751,763,307.97	(23,729,279.61)	23,194,619,326.18	12,979,605,772.22	36,174,225,098.40
(III) Shareholders' contribution	-	(188,679.25)	-	-	-	-	(188,679.25)	687,825,297.18	687,636,617.93
(IV) Profit distribution	-	2,879,770.97	-	4,250,294,771.93	(7,738,935,699.81)	-	(3,485,761,156.91)	(6,750,840,634.04)	(10,236,601,790.95)
1. Appropriation of surplus reserve	-	-	-	4,250,294,771.93	(4,250,294,771.93)	-	-	-	-
2. Distribution to shareholders	-	-	-	-	(3,307,669,988.70)	-	(3,307,669,988.70)	(6,437,889,509.98)	(9,745,559,498.68)
3. Others	-	2,879,770.97	-	-	(180,970,939.18)	-	(178,091,168.21)	(312,951,124.06)	(491,042,292.27)
(V) Increase of special reserve	-	-	46,320,745.65	-	-	-	46,320,745.65	3,250,155.14	49,570,900.79
(VI) Others	-	224,380,294.23	-	250,508,341.08	(254,826,194.71)	-	220,062,440.60	(15,004,853,556.92)	(14,784,791,116.32)
1. Changes due to changes in the scope of consolidation during the year	-	-	-	250,508,341.08	(250,508,341.08)	-	-	(14,778,074,554.09)	(14,778,074,554.09)
2. Changes due to changes of proportion of capital contribution to subsidiaries during the year	-	56,086,824.06	-	-	(4,317,853.63)	-	51,768,970.43	(226,779,002.83)	(175,010,032.40)
3. Surplus of relocation compensation	-	154,413,018.84	-	-	-	-	154,413,018.84	-	154,413,018.84
4. Others	-	13,880,451.33	-	-	-	-	13,880,451.33	-	13,880,451.33
Balance as of December 31, 2012	11,025,566,629.00	44,866,152,104.51	46,320,745.65	14,304,851,717.87	51,978,504,734.84	115,971,467.58	122,337,367,399.45	22,668,989,151.14	145,006,356,550.59

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

Item	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total shareholders' equity
Balance as of January 1, 2013	11,025,566,629.00	51,510,141,075.56	13,459,932,005.70	40,644,381,002.81	116,640,020,713.07
Changes during the year	-	(829,385,475.17)	3,483,500,983.74	7,318,663,957.54	9,972,779,466.11
(I) Net profit	-	-	-	17,417,504,918.68	17,417,504,918.68
(II) Other comprehensive income (loss)	-	(840,540,615.86)	-	-	(840,540,615.86)
Sub-total of (I) and (II)	-	(840,540,615.86)	-	17,417,504,918.68	16,576,964,302.82
(III) Shareholders' contribution	-	11,155,140.69	-	-	11,155,140.69
(IV) Profit distribution	-	-	3,483,500,983.74	(10,098,840,961.14)	(6,615,339,977.40)
1. Appropriation of surplus reserve	-	-	3,483,500,983.74	(3,483,500,983.74)	-
2. Distribution to shareholders	-	-	-	(6,615,339,977.40)	(6,615,339,977.40)
Balance as of December 31, 2013	11,025,566,629.00	50,680,755,600.39	16,943,432,989.44	47,963,044,960.35	126,612,800,179.18

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

Unit: RMB

Item	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total shareholders' equity
Balance as of January 1, 2012	11,025,566,629.00	50,751,624,399.32	9,804,048,604.86	29,328,517,388.18	100,909,757,021.36
Changes during the year	-	758,516,676.24	3,655,883,400.84	11,315,863,614.63	15,730,263,691.71
(I) Net profit	-	-	-	17,026,875,298.77	17,026,875,298.77
(II) Other comprehensive income (loss)	-	758,705,355.49	-	-	758,705,355.49
Sub-total of (I) and (II)	-	758,705,355.49	-	17,026,875,298.77	17,785,580,654.26
(III) Shareholders' contribution	-	(188,679.25)	-	-	(188,679.25)
(IV) Profit distribution	-	-	3,405,375,059.76	(6,713,045,048.46)	(3,307,669,988.70)
1. Appropriation of surplus reserve	-	-	3,405,375,059.76	(3,405,375,059.76)	-
2. Distribution to shareholders	-	-	-	(3,307,669,988.70)	(3,307,669,988.70)
(V) Others	-	-	250,508,341.08	1,002,033,364.32	1,252,541,705.40
Balance as of December 31, 2012	11,025,566,629.00	51,510,141,075.56	13,459,932,005.70	40,644,381,002.81	116,640,020,713.07

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 on 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.

By December 31, 2012, 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, SAIC Ltd 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. During the year of 2013, the shares of the Company remain unchanged.

I. GENERAL - continued

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 (subject to the license if the Company's business relates to licensing).

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. 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") issued by the Ministry of Finance of the People's Republic of China on February 15, 2006. 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 2010)".

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 Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

2. 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, 2013, and the consolidated and the Company's results of operations and cash flows for the year then ended.

3. Accounting period

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

4. 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.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

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

5.1 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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control - continued

5.1 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.

5.2 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. 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. 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 equity interest in the acquiree held before the acquisition date is re-measured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognized as investment income. The other comprehensive income of the acquiree before the acquisition date relating to the previously held interest in the acquiree is transferred to investment income.

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. It is tested for impairment at least at the end of each year.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control - continued

5.2 Business combination not involving enterprises under common control and goodwill - continued

For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

The impairment of goodwill is recognized in profit or loss for the period in which it is incurred and will not be reversed in any subsequent period.

6. 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 to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

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, and no adjustment is made to the opening balances and comparative figures in the consolidated financial statements.

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 or from the date when they first came under the common control of the ultimate controlling party 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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Preparation of consolidated financial statements - continued

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 shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests 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 received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, accounting treatment should be distinguished between the Company's financial statements and the consolidated financial statements. In the Company's financial statements, accounting treatment for that disposed equity should be in accordance with the "Accounting Standards for Business Enterprises No. 2--Long term equity investment", meanwhile, the retained equity interest should be recognized as long-term equity investment or other related financial assets. If the retained equity interest can exercise joint control or significant influence over the original subsidiary; the Company changes the accounting treatment from cost method to equity method according to related accounting standards. In the consolidated financial statements, the retained interest is remeasured 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. 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 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.

7. Recognition criteria of cash and cash equivalents

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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

8. Translation of transactions and financial statement denominated in foreign currencies

8.1 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 and included in capital reserve.

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 owner’s equity, 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 included in capital reserve.

8.2 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 foreign currencies 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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

8. Translation of transactions and financial statement denominated in foreign currencies - continued

8.2 Translation of financial statements denominated in foreign currencies - continued

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.

9. 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.

9.1 Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

9.2 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.

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.

9.3 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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.3 Classification, recognition and measurement of financial assets - continued

9.3.1 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 related embedded derivatives and the financial asset is designated as at FVTPL in "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments"..

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.

9.3.2 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.

9.3.3. 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.

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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.3 Classification, recognition and measurement of financial assets - continued

9.3.4. 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 and included in the capital reserve, 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.

9.4 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,
- (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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.4 Impairment of financial assets - continued

- 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 capital reserve is reclassified from the capital reserve 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.

- 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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.5 Transfer of financial assets

The Group derecognizes a financial asset if one of the following conditions is satisfied:

- (1) The contractual rights to the cash flows from the financial asset expire,
- (2) The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee,
- (3) Although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of 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.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts. The difference between (i) the carrying amount allocated to the part derecognized; and (ii) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

9.6 Asset securitization

The Group has securitized a portion of automobile consumption loans ("trust property") where assets are entrusted to a special purpose entity ("SPE"). The SPE issues senior assets-backed securities to investors, while the Group holds junior assets-backed securities which are not transferrable until the principal and interests of the senior assets-backed securities have been repaid. The Group acts as an asset service provider to provide services such as assets maintenance and day-to-day management, formulation of annual assets disposal plan, development and implementation of assets disposal options, entering into relevant assets disposal agreements, and regular preparation of assets service report, etc. The trust property, after paying trust taxation and relevant fees, will be firstly used to repay the principal and interests of the senior assets-backed securities; the remaining trust property after paying the principal and interests in full is treated as income from junior assets-backed securities and attributable to the Group.

When applying the accounting policy of securitization of financial assets, the Groups has already taken into account the extent of transfer of the risks and rewards of those assets transferred to the other entity, as well as the extent of control over such entity by the Group:

- When the Group has transferred substantially all the risks and rewards of ownership of a financial asset, it shall derecognize the relevant financial asset,
- When the Group has retained substantially all the risks and rewards of ownership of a financial asset, it shall continue to recognize the relevant financial asset,
- When the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it shall determine whether it has retained control of the financial asset transferred. If the Group has not retained control, it shall derecognize the financial asset and recognize the rights retained or obligations arising from the transfer as an asset or a liability respectively. If the Group has retained control, it shall recognize the financial asset to the extent of its continuing involvement in the transferred financial asset.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments – continued

9.7 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 definitions of financial liability and equity instrument.

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

9.7.1 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 combines financial liability with related embedded derivatives and the financial liability is designated as at FVTPL in "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments".

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.

9.7.2 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 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.

9.7.3. 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".

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.8 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.

9.9 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.

9.9.1 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).

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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**9. Financial instruments - continued**9.10 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.

9.11 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. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity.

All types of distributions (excluding stock dividends) made by the Group to holders of equity instruments are deducted from shareholders' equity. The Group does not recognize any changes in the fair value of equity instruments.

10. Receivables10.1 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.

10.2 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

10.3 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.
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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Receivables - continued

10.3 Receivables for which bad debt provision is collectively assessed on a portfolio basis - continued

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.
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11. Inventories

11.1 Categories of inventories

The Group's inventories mainly include materials in transit, raw materials, work in progress, finished goods, etc. 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.

11.2 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.

11.3 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.

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.

11.4 Inventory count system

The perpetual inventory system is maintained for stock system.

11.5 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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

12. Long-term equity investments

12.1 Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. 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. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

12.2 Subsequent measurement and recognition of profit or loss

12.2.1. Long-term equity investment accounted for using the cost method

For long-term equity investments over which the Group does not have joint control or significant influence and without quoted prices in an active market and that fair values cannot be reliably measured, the Group accounts for such long-term equity investments using the cost method. Besides, 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. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

12.2.2. 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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

12. Long-term equity investments - continued

12.2 Subsequent measurement and recognition of profit or loss - continued

12.2.2. Long-term equity investment accounted for using the equity method - continued

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.

12.2.3. 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.

12.3 Basis for determining joint control and significant influence over investee

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the 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 determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

12.4 Methods of impairment assessment and determining the provision for impairment loss

The Group reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

Once an impairment loss is recognized for a long-term equity investment, it will not be reversed in any subsequent period.

13. 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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**13. 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.

The Group reviews the investment properties at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, the recoverable amounts are estimated for such assets. 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. 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.

Once an impairment loss is recognized for an investment property, it will not be reversed in any subsequent period.

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.

14. Fixed assets14.1 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.

14.2 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 period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	8 - 50	0-10	1.8 - 12.5
Machinery and equipment	5 - 35	0-10	2.57 - 20
Machinery and equipment	Double declining balance method in a depreciation period of 5 or 10	5	N/A
Electronic equipment, appliance and furniture	2 - 20	0-18	4.1 - 50
Transportation vehicles	3 - 12	0-18	6.83 - 33.33
Molds	Using straight-line method or units-of-production method or double declining balance method	0-5	Not applicable

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

14. Fixed assets - continued

14.2 Depreciation of each category of fixed assets- continued

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.

14.3 Methods of impairment assessment and determining the provision for impairment losses of fixed assets

The Group assesses at each balance sheet date whether there is any indication that the fixed assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. 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. 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.

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

14.4 Identification basis and valuation methods for fixed assets acquired under finance leases

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.

14.5 Other explanations

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.

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.

15. 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.

The Group assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. 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. 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.

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. 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.

17. Intangible assets

17.1 Intangible assets

Intangible assets include land use rights, 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.

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.

17.2 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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

17. Intangible assets - continued

17.3 Methods of impairment assessment and determining the provision for impairment losses of intangible assets

The Group assesses at each balance sheet date whether there is any indication that 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. 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. 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.

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.

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

18. 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.

19. Assets transferred under repurchase agreements

19.1 Financial assets purchased under resale agreements

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognized in the balance sheet. The cost of purchasing such assets is presented under “financial assets purchased under resale agreements” in the balance sheet. The difference between the purchasing price and reselling price is recognized as interest income during the term of the agreement using the effective interest method.

19.2 Financial assets sold under repurchase agreements

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognized in the balance sheet. The proceeds from selling such assets are presented under “financial assets sold under repurchase agreements” in the balance sheet. The difference between the selling price and repurchasing price is recognized as interest expense during the term of the agreement using the effective interest method.

20. 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.

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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

21. Revenue

21.1 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.

21.2 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.

22. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. 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. A government grant is classified as a government grant related to an asset or a government grant related to income based on the nature of the government grants specified in the government approval documents.

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

22. Government grants - continued

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.

23. Deferred tax assets/ deferred tax liabilities

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

23.1 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.

23.2 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.

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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

23. Deferred tax assets/ deferred tax liabilities - continued

23.2 Deferred tax assets and deferred tax liabilities - continued

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.

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.

24. Operating leases and finance 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.

24.1 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.

24.2 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.

24.3 The Group as lessee under finance leases

At the commencement of the lease term, the Group records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease, and recognizes a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amounts is accounted for as unrecognized finance charge. Besides, initial direct costs that are attributable to the leased item incurred during the process of negotiating and securing the lease agreement are also added to the amount recognized for the leased asset. Recognition and measurement of finance leased assets are set out in notes (II) 14.4.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

24. Operating leases and finance leases - continued

24.3 The Group as lessee under finance leases - continued

Unrecognized finance charges are recognized as finance charge 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 minimum lease payments less unrecognized finance charges is separated into long-term liabilities and the portion of long-term liabilities due within one year for presentation.

24.4 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.

25. Employee benefits

In an accounting period in which an employee has rendered service to the Group, the Group recognizes the employee benefits for that service as a liability, except for compensation for termination of employment relationship with the employees.

The Group participates in the employee social security systems, such as basic pensions, medical insurance, housing funds and other social securities established by the government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

When the Group terminates the employment relationship with employees before the expiry of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognized with a corresponding charge to the profit or loss for the period.

26. 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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Debt restructuring - continued

Recording of debt restructuring obligation as the debtor - continued

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.

27. 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.

III. 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 II, 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:

Bad debt provision for receivables

The Group recognizes bad debt provision for receivables based on the assessment of the recovery of receivables. When it is indicated that the recovery of receivables is in doubt, the Group recognizes bad debt provision. The management needs to make assumptions and judge from history of the recovery, 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 inventories

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.

III. BASIS OF DETERMINING SIGNIFICANT ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued

Provision for impairment of inventory - continued

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 and capitalization of development expenditure

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 in a sale agreement in an arm's length transaction between parties who would be willing to enter into the transaction under current market condition at the balance sheet date. If re-estimated recoverable amount is lower than current estimate, the difference will affect book value of asset during the period of changing.

The Group capitalizes the development expenditures which meet the criteria set out in note (II)17 during development, and recognizes intangible asset when development project is completed. Otherwise, the development expenditure is expensed. When assessing if development expenditures meet the criteria of capitalization, the Group needs to estimate whether the development project can bring economic benefit to it, and such estimate is based on estimated future cash flows. When the judgment is changed due to reasons including change of market, the adjustment will be made in future periods.

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 shorter/smaller than the current estimate, the Group will change the useful life and estimated residual, and treat it as changes in accounting estimate.

Estimate of 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.

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 11,692,712,759.09 and RMB 8,626,461,184.40, respectively. Realization of deferred tax assets majorly depends on the future deductible taxable profits and the tax rate of the period when deductible 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, some deductible losses and deductible temporary differences were not recognized as deferred tax assets.

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

1. Information of subsidiaries

(1) Subsidiaries established or acquired through investments

Full name of the subsidiary	Place of incorporation	Registered capital		Business scope	Equity interest held at the year-end (%)		Consolidated or not
		Currency	'000		Directly	Indirectly	
SAIC Motor UK Co., Ltd. ("SAIC UK")(Note)	Birmingham, UK	GBP	3,000	R&D of automobiles	100.00	-	Yes
SAIC Motor Transmission Co., Ltd. ("SAIC Transmission")	Shanghai, China	RMB	2,196,500	Manufacturing and sales of automobile transmission and components	100.00	-	Yes
SAIC Motor HK Investment Ltd. ("SAIC HK")	Hong Kong, China	USD	9,900	International trade of auto and critical parts, investment, technical and service trade, training and consulting	100.00	-	Yes
SAIC Motor Commercial Vehicle Co., Ltd. ("SMCV")	Shanghai, China	RMB	2,350,000	Manufacturing of automobiles and components	100.00	-	Yes
SAIC Motor Equity Investment Co., Ltd.	Shanghai, China	RMB	700,000	Equity investment, venture capital investment, industrial consulting, property management	100.00	-	Yes
SAIC Tangshan Bus Co., Ltd.	Hebei, China	RMB	170,000	Develop, design, manufacturing and sales of buses	51.00	-	Yes
SAIC General Motors Sales Co., Ltd. ("SGM Sales")	Shanghai, China	USD	49,000	Sales of automobiles	51.00	-	Yes
Shanghai Jineng Bus Drive System Co., Ltd. ("Jineng")	Shanghai, China	RMB	100,000	Manufacturing of new energy bus drive system and other components	60.00	-	Yes
SAIC Motor - CP Co., Ltd. ("SAIC CP")	Bangkok, Thailand	THB	2,494,000	Developing, manufacturing and sales of automobiles and components; Manufacturing and processing of machinery	-	51.00	Yes

(2) Subsidiaries acquired through business combinations involving enterprises under common control

Full name of the subsidiary	Place of incorporation	Registered capital		Business scope	Equity interest held at the year-end(%)		Consolidated or not
		Currency	'000		Directly	Indirectly	
SAIC-Volkswagen Sales Co., Ltd. ("SVW Sales")	Shanghai, China	USD	29,980	Sales of automobiles and components	50.00	10.00	Yes
SAIC GM Wuling Co., Ltd. ("SGMW")	Guangxi, China	RMB	1,668,077	Sales and manufacturing of automobiles and components	50.10	-	Yes
China United Automotive System Co., Ltd. ("CN United")	Shanghai, China	RMB	600,620	Manufacturing and sales of electricity-controlled burning oil products	-	53.00	Yes
SAIC Finance Co., Ltd. ("SFC") (Note 1)	Shanghai, China	RMB	3,000,000	Financial agent service	98.59	1.41	Yes
Shanghai PengPu Machine Building Plant Co., Ltd. ("Pengpu")	Shanghai, China	RMB	760,000	Manufacturing and sale of engineering machinery facilities	100.00	-	Yes
Shanghai Shenlian Special Vehicle Co., Ltd. ("Shenlian")	Shanghai, China	RMB	30,000	Sales of automobiles and components	-	100.00	Yes
DIAS Automotive Electronic Systems Co., Ltd. ("DIAS") (Note 2)	Shanghai, China	RMB	150,000	Manufacturing and sales of auto electric system and components	60.00	38.00	Yes
HUAYU Automotive Systems Co., Ltd. ("HASCO")	Shanghai, China	RMB	2,583,200	Design, manufacturing and sales of components assembly	60.10	-	Yes
Anji Automotive Logistics Co., Ltd. ("Anji Logistics")	Shanghai, China	RMB	500,000	Logistics service for automobiles and components	100.00	-	Yes
Shanghai Automotive Industry Sales Co., Ltd. ("SAIS")	Shanghai, China	RMB	1,490,880	Sales and purchase of automobiles and components	100.00	-	Yes
Shanghai Automobile Import & Export Co., Ltd. ("SACO")	Shanghai, China	RMB	400,000	Import and export of automobiles and components	100.00	-	Yes
SAIC Information Industrial Investment Co., Ltd.	Shanghai, China	RMB	100,000	IT service of automobiles	100.00	-	Yes
Shanghai Venture Capital Co., Ltd.	Shanghai, China	RMB	200,000	Property investment	-	100.00	Yes
Shanghai Shangyuan Investment Management Co., Ltd.	Shanghai, China	RMB	120,000	Special-designed workshop supplement etc.	100.00	-	Yes
China Automotive Industrial Development Co., Ltd.	Beijing, China	RMB	64,165	Sales and after-sales service of automobiles	100.00	-	Yes
SAIC HK Limited	Hong Kong, China	USD	17,250	Import and export of auto and components	100.00	-	Yes
SAIC Motor North America Co., Ltd.	USA	USD	60	Import and export of components	100.00	-	Yes
SAIC Motor (Beijing) Co., Ltd.	Beijing, China	RMB	200,000	Marketing, warehouse and logistics of automobiles	100.00	-	Yes
Shanghai Automobile Asset Management Co., Ltd.	Shanghai, China	RMB	300,000	Property management and innovation services, etc.	100.00	-	Yes
Shanghai International Auto Parts Sourcing Center Co., Ltd.	Shanghai, China	RMB	50,000	Sales of components	80.00	-	Yes
Donghua Automotive Industrial Co., Ltd. ("Donghua")	Jiangsu, China	RMB	1,083,208	Logistics, import and export, detail services of automobiles	75.00	-	Yes
SAIC Activity Center Co., Ltd. ("Activity Center")	Shanghai, China	RMB	160,000	Hospitality, beverage and catering services	100.00	-	Yes

SAIC MOTOR CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS - continued

1. Information of subsidiaries - continued

(2) Subsidiaries acquired through business combinations involving enterprises under common control – continued

Full name of the subsidiary	Place of incorporation	Registered capital		Business scope	Equity interest held at the year-end(%)		Consolidated or not
		Currency	'000		Directly	Indirectly	
Shanghai Automotive News Press Co., Ltd. (“Auto News”)	Shanghai, China	RMB	1,000	Publishing and distribution of <Shanghai Auto News>	100.00	-	Yes
Nanjing Tooling Co., Ltd. (“Nanjing Tooling”)(Note 3)	Jiangsu, China	RMB	153,340	Sales and manufacturing of molds and cutting tools	70.00	30.00	Yes

Note 1: The Company holds 98.59% equity interest in SFC and SAIS holds the remaining 1.41%. Therefore, the Group holds the entire 100% equity interest in SFC.

Note 2: The Company holds 60% equity interest in DIAS and CN United holds the remaining 38%. Therefore, the Group holds 98% equity interest in DIAS.

Note 3: The Company holds 70% equity interest in Nanjing Tooling and Donghua holds the remaining 30%. Therefore, the Group holds 100% equity interest in Nanjing Tooling.

(3) Subsidiaries acquired through a business combination not involving enterprises under common control

Full name of the subsidiary	Place of incorporation	Registered capital		Business scope	Equity interest held at the year-end (%)		Consolidated or not
		Currency	'000		Directly	Indirectly	
Shanghai Diesel Engine Co., Ltd. (“Shanghai Diesel”)(Note)	Shanghai,China	RMB	866,690	Manufacturing and sales of diesel engines and components	48.05	-	Yes
Shanghai Huizhong Automobile Manufacturing Co., Ltd. (“Huizhong”)	Shanghai,China	RMB	1,488,596	Manufacturing and sales of chassis and components	100.00	-	Yes
Nanjing Automobile (Group) Corporation (“NAGC”)	Jiangsu,China	RMB	6,900,000	Development, manufacturing and sales of automobiles, engines and components	100.00	-	Yes
Nanjing Automobile Corporation (UK) Limited	Birmingham, UK	GBP	32,114	Manufacturing and sales of small buses, wagons, cars and related parts and components	-	100.00	Yes
MG Motor UK Limited (“MG UK”)	Birmingham, UK	GBP	21,585	Research, development, manufacturing and sales of small buses, wagons, cars and related parts and components	-	100.00	Yes
Nanjing Nanya Motor Co., Ltd.	Jiangsu,China	RMB	1,409,470	Manufacturing and sales of small buses, wagons, cars and related parts and components	-	100.00	Yes

Note: During the current year, Shanghai Diesel repurchased domestic listed foreign shares (B shares) of 2,402,700 shares, accounting for 0.2765% of Shanghai Diesel's total shares. After the repurchased shares were canceled, proportion of the Company's shareholding was increased from 47.92% to 48.05%, while the Company's control over Shanghai Diesel remained unchanged.

2. Changes in the scope of consolidation

(1) Jiangsu SAIC Roewe Sales Co., Ltd., a subsidiary, which the Company held 90% equity interest, was de-registered in the current year.

(2) SAIC HK, a subsidiary of the Company, established SAIC CP, a subsidiary, during the year and SAIC CP has been included in the scope of the consolidated financial statements since the establishment date.

(3) Shanghai Yanfeng Johnson Seating Co., Ltd. (“Johnson Seating”), a subsidiary of HASCO, obtained control over Johnson Controls Automotive System (Kunshan) Co., Ltd. (“Johnson Controls Kunshan”), and has included it in the scope of the consolidated financial statements. Details are set out in Note (XI)1(1).

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS - continued**2. Changes in the scope of consolidation - continued**

(4) Yanfeng Visteon Automotive Electronics Co., Ltd. (“Yanfeng Visteon Electronics”) was a former subsidiary of Yanfeng Visteon Automotive Trim Systems Co., Ltd. (“Yanfeng Trim”), a subsidiary of HASCO. In year 2013, an investor of Yanfeng Visteon Electronics made additional capital contribution to Yanfeng Visteon Electronics. Therefore, Yanfeng Trim lost control over Yanfeng Visteon Electronics, and it is no longer included in the scope of consolidation. Details are set out in Note (XI)1(2).

Except for the events stated above, there were no major changes of the scope of consolidation during the current year.

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.

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

V. TAXES - continued

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” promulgated on March 16, 2007 (hereinafter referred to as “New EIT Law”) and other related regulations, the Company was recognized as a High-Technology Enterprise which was qualified to get the state’s special support. From 2008 to 2010, applicable income tax rate for the Company was 15%. In 2011, the Company passed the review for High-Technology Enterprise and has obtained the certificate with No. GF201131000554 (dated at October 20, 2011 with 3 years’ validity). Therefore, the applicable income tax rate for the Company is 15% for the current year.
- (2) SGMW is located in Liuzhou, Guangxi, which is covered in grand western development area. According to the “Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the West Development Strategy ” (Cai Shui[2011]No. 58), from January 1, 2011 to December 31, 2020, companies of encouraged industries in western China are entitled to concessionary EIT rate of 15%. However, the “Catalogue of Enterprises of Encouraged Industries” (hereinafter referred to as “New Catalogue”) mentioned by the regulation has not been published before the issue date of the financial statements. According to “2011 Catalogue for the Guidance of Foreign Investment Industries (revised draft)” published by the State Council in December 2012, the automobile industry was removed from the catalogue (the automobile industry was included in the 2007 version catalogue). Considering the development trend of automotive industry in China, the threshold of encouragement for joint ventures producing traditional energy vehicles has been higher year by year. Therefore, it’s uncertain whether the New Catalogue will still contain automobile industry, especially joint ventures of automobile industry. Before the publishing of the New Catalogue, SGMW prepared the tax return using the EIT rate of 15% for year 2012 according to the relevant provisions in the Announcement [2012] No.12 issued by the State Administration of Taxation and as confirmed by tax authorities. If SGMW is ineligible for the concessionary income tax rate, income tax will be recalculated according to the EIT law. SGMW has considered the effect of the uncertainty on EIT rates, thus it has estimated the effect of uncertainty and recognized related liabilities by applying the highest EIT rate.
- (3) According to the New EIT Law and other relevant regulations, SAIC Transmission and Shanghai Diesel were recognized as High-Technology Enterprises which was qualified to get the state’s special support in 2008. From 2008 to 2010, applicable income tax rate for such companies was 15%. In 2011, these companies passed the review for High-Technology Enterprise and obtained the certificates of which effective period is three years. Therefore, these companies are subjected to the EIT rate of 15% for the current year.
- (4) Huizhong was recognized as High-Technology Enterprises which was qualified to get the state’s special support in 2009, and was entitled for enjoying EIT rate of 15% from 2009 to 2011. In 2012, Huizhong passed the review for High-Technology Enterprise and obtained the certificates of which effective period is three years. Therefore, Huizhong is subjected to the EIT of 15% for the current year.
- (5) According to the New EIT Law, SVW Sales, SGM Sales, SFC, CN United, NAGC, HASCO, SMCV, Anji Logistics, SAIS and SACO are subject to the EIT rate of 25%.
- (6) 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

Item	December 31, 2013			December 31, 2012		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			5,935,875.23			7,784,381.70
Others			785,226.99			447,865.24
Sub-total			6,721,102.22			8,232,246.94
Bank balances:						
RMB			70,386,184,941.78			42,177,570,793.22
USD	786,591,581.21	6.0969	4,795,770,211.48	538,361,111.72	6.2855	3,383,868,767.72
GBP	4,983,078.92	10.0556	50,107,848.39	8,576,408.32	10.1611	87,145,742.58
EUR	15,147,691.25	8.4189	127,526,897.86	18,888,148.31	8.3176	157,104,062.38
JPY	721,709,640.81	0.0578	41,714,817.24	2,958,011,921.72	0.0730	215,934,870.29
HKD	39,920,423.44	0.7862	31,385,436.91	55,690,778.32	0.8109	45,159,652.14
Others			392,850,609.86			28,776,286.75
Sub-total			75,825,540,763.52			46,095,560,175.08
Other currencies:						
RMB			13,258,336,450.77			14,741,731,227.03
USD	1,154,880.00	6.0969	7,041,187.87	119,763.09	6.2855	752,770.90
EUR	-	-	-	13,652.32	8.3176	113,554.54
Others			-			35,947.27
Sub-total			13,265,377,638.64			14,742,633,499.74
Total			89,097,639,504.38			60,846,425,921.76

Details for restricted bank balances are as follows:

Unit: RMB

Item	December 31, 2013	December 31, 2012
Bank balances		
-Pledged for bank acceptances	1,656,854,568.78	1,102,026,095.34
-Pledged for letters of credit, etc.	57,499,252.81	40,517,734.78
-Pledged for loans	21,420,599.00	67,315,811.00
-Pledged for customs	-	194,530,000.00
-Others	6,657,500.00	7,749,697.57
Other currencies		
-SFC's restricted deposits at the People's Bank of China (Note)	12,598,970,042.72	12,333,837,157.95
-Deposits for bank draft	478,560,193.00	302,481,689.00
-Others	-	103,828.78
Total	14,819,962,156.31	14,048,562,014.42

Note: The balances 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.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2. Held-for-trading financial assets

Unit: RMB

Item	Fair value at December 31, 2013	Fair value at December 31, 2012
Investment in equity instruments for trading	17,906,491.20	38,996,969.00
Investment in bonds for trading	-	3,842,786.99
Total	17,906,491.20	42,839,755.99

3. Notes receivable

Unit: RMB

Item	December 31, 2013	December 31, 2012
Bank acceptances	28,956,573,876.46	24,535,888,737.98
Commercial acceptances	282,271,376.14	406,829,635.69
Total	29,238,845,252.60	24,942,718,373.67

(1) There were no notes receivable balances are due from shareholders holding more than 5% (inclusive) of the Company's voting rights.

(2) Notes receivable balances due from related parties are set out in Note (VII)6(1).

(3) At the year-end, bank acceptances of RMB 758,461,383.00 (2012: RMB 702,849,064.00) were pledged as collateral to issue bank acceptances.

4. Accounts receivable

(1) Aging analysis of accounts receivable is as follows:

Unit: RMB

Aging	December 31, 2013				December 31, 2012			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1 year	18,950,431,493.32	95.94	80,771,844.43	18,869,659,648.89	15,229,273,818.08	96.01	48,775,554.66	15,180,498,263.42
1-2 years	379,775,751.06	1.92	44,377,525.58	335,398,225.48	318,548,796.42	2.01	103,651,531.29	214,897,265.13
2-3 years	106,795,432.99	0.54	76,324,301.00	30,471,131.99	50,456,127.03	0.32	24,172,893.91	26,283,233.12
Over 3 years	314,501,160.19	1.60	305,741,016.94	8,760,143.25	264,306,898.50	1.66	258,132,418.10	6,174,480.40
Total	19,751,503,837.56	100.00	507,214,687.95	19,244,289,149.61	15,862,585,640.03	100.00	434,732,397.96	15,427,853,242.07

(2) Disclosure of accounts receivable by categories:

Unit: RMB

Category	December 31, 2013				December 31, 2012			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Receivables for individually significant items and with individual provision for bad debts	-	-	-	-	-	-	-	-
Receivables for individually non-significant items but individual provision for bad debts	-	-	-	-	-	-	-	-
Receivables with provision for bad debts on aging combination								
Within 1 year	18,950,431,493.32	95.94	80,771,844.43	15.92	15,229,273,818.08	96.01	48,775,554.66	11.22
1-2 years	379,775,751.06	1.92	44,377,525.58	8.75	318,548,796.42	2.01	103,651,531.29	23.84
2-3 years	106,795,432.99	0.54	76,324,301.00	15.05	50,456,127.03	0.32	24,172,893.91	5.56
Over 3 years	314,501,160.19	1.60	305,741,016.94	60.28	264,306,898.50	1.66	258,132,418.10	59.38
Sub-total	19,751,503,837.56	100.00	507,214,687.95	100.00	15,862,585,640.03	100.00	434,732,397.96	100.00
Total	19,751,503,837.56	100.00	507,214,687.95	100.00	15,862,585,640.03	100.00	434,732,397.96	100.00

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

(3) Accounts receivable balances due from shareholders holding more than 5% (inclusive) of the Company's voting rights are set out in Note(VII)6(2).

(4) Accounts receivable balances due from related parties are set out in Note(VII)6(2).

(5) At the year-end, accounts receivable of RMB 79,696,016.14 were pledged to banks as collateral for loans are set out in Note(VI)26.

(6) Top five balances of accounts receivable:

Unit: RMB

Name	Relationship with the Group	Amount	Aging	Proportion to total accounts receivable (%)
Company 1	JCE	2,942,012,372.06	Within 1 year	14.90
Company 2	JCE	1,531,338,328.12	Within 1 year	7.75
Company 3	JCE	1,107,434,627.65	Within 1 year	5.61
Company 4	Associate	1,019,312,396.53	Within 1 year	5.16
Company 5	JCE	905,355,216.80	Within 1 year	4.58
Total		7,505,452,941.16		38.00

5. Prepayments

(1) Aging analysis of prepayments is as follows:

Unit: RMB

Aging	December 31, 2013		December 31, 2012	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	31,736,147,709.10	99.03	19,826,969,181.56	99.25
1-2 years	282,869,214.29	0.88	100,538,690.22	0.50
2-3 years	6,144,030.54	0.02	29,492,641.21	0.15
Over 3 years	21,214,111.51	0.07	20,600,927.38	0.10
Total	32,046,375,065.44	100.00	19,977,601,440.37	100.00

(2) Top five balances of prepayments:

Unit: RMB

Name	Relationship with the Group	Amount	Aging
Company 1	JCE	18,214,457,241.21	Within 1 year
Company 2	JCE	9,228,374,128.35	Within 1 year
Company 3	Third party	450,476,384.80	Within 1 year
Company 4	Third party	246,280,049.40	Within 1 year
Company 5	Third party	233,726,083.29	Within 1 year
Total		28,373,313,887.05	

(3) There were no prepayments balances are due from shareholders holding more than 5% (inclusive) of the Company's voting rights.

(4) Prepayments balances paid to related parties are set out in Note(VII)6(3).

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Dividends receivable

Unit: RMB

Item	December 31, 2013	December 31, 2012
Dividends receivable due from JCEs	743,763,683.25	5,975,688,057.92
Dividends receivable due from associates	73,874,928.10	10,689,191.23
Total	817,638,611.35	5,986,377,249.15

Dividends receivable balances due from related parties are set out in Note(VII)6(4).

7. Other receivables

(1) Aging analysis for other receivables is as follows:

Unit: RMB

Aging	December 31, 2013				December 31, 2012			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1 year	2,164,958,512.72	77.21	21,726,042.75	2,143,232,469.97	3,967,420,373.81	93.52	251,066,935.74	3,716,353,438.07
1-2 years	462,334,813.75	16.49	202,052,649.61	260,282,164.14	133,932,766.28	3.16	7,704,219.28	126,228,547.00
2-3 years	57,476,734.76	2.05	17,524,697.46	39,952,037.30	14,103,903.59	0.33	3,161,744.96	10,942,158.63
Over 3 years	119,249,055.65	4.25	68,749,238.55	50,499,817.10	126,792,267.00	2.99	76,957,701.36	49,834,565.64
Total	2,804,019,116.88	100.00	310,052,628.37	2,493,966,488.51	4,242,249,310.68	100.00	338,890,601.34	3,903,358,709.34

(2) Disclosure of other receivables by categories:

Unit: RMB

Category	December 31, 2013				December 31, 2012			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables for individually significant items and with individual provision for bad debts	255,089,099.42	9.09	178,714,488.18	57.64	295,781,894.53	6.97	264,938,880.23	78.18
Receivables for individually non-significant items but individual provision for bad debts	-	-	-	-	-	-	-	-
Other receivables with provision for bad debts on aging combination								
Within 1 year	2,164,958,512.72	77.21	21,726,042.75	7.01	3,735,481,838.39	88.05	20,548,400.32	6.07
1-2 years	267,645,714.33	9.55	57,758,506.24	18.63	133,932,766.28	3.16	7,704,219.28	2.27
2-3 years	57,476,734.76	2.05	17,524,697.46	5.65	14,103,903.59	0.33	3,161,744.96	0.93
Over 3 years	58,849,055.65	2.10	34,328,893.74	11.07	62,948,907.89	1.49	42,537,356.55	12.55
Sub-total	2,548,930,017.46	90.91	131,338,140.19	42.36	3,946,467,416.15	93.03	73,951,721.11	21.82
Total	2,804,019,116.88	100.00	310,052,628.37	100.00	4,242,249,310.68	100.00	338,890,601.34	100.00

(3) There were no other receivables balances are due from shareholders holding more than 5% (inclusive) of the Company's voting rights.

(4) Other receivables due from related parties are set out in Note (VII) 6(5).

(5) Top five balances of other receivables:

Unit: RMB

Name	Relationship with the Group	Amount	Aging	Proportion to total other receivables (%)
Company 1	Third party	524,399,370.79	Within 2 year	18.70
Company 2	Third party	86,838,025.64	1-2 years	3.10
Company 3	Third party	60,400,000.00	Over 2 years	2.15
Company 4	Third party	60,000,000.00	Within 1 year	2.14
Company 5	Third party	55,994,395.61	1-2 years	2.00
Total		787,631,792.04		28.09

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Financial assets purchased under resale agreements

Unit: RMB

Item	December 31, 2013	December 31, 2012
Financial assets purchased under resale agreements - Bonds purchased under resale agreements	146,040,000.00	-

9. Inventories

(1) Categories of inventories

Unit: RMB

Categories of inventories	December 31, 2013			December 31, 2012		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Raw materials	3,646,549,863.53	662,253,898.20	2,984,295,965.33	3,976,911,668.02	695,967,521.24	3,280,944,146.78
Work-in-process	948,658,448.54	58,315,745.82	890,342,702.72	1,000,327,269.22	55,751,150.40	944,576,118.82
Finished goods	27,917,338,090.56	877,444,675.78	27,039,893,414.78	21,324,094,087.52	598,811,266.97	20,725,282,820.55
Total	32,512,546,402.63	1,598,014,319.80	30,914,532,082.83	26,301,333,024.76	1,350,529,938.61	24,950,803,086.15

(2) Provision for decline in value of inventories

Unit: RMB

Categories of inventories	December 31, 2012	Decrease due to the changes in the scope of consolidation	Provision	Decrease during the year		December 31, 2013
				Reversal	Write-off	
Raw materials	695,967,521.24	(1,861,353.00)	196,804,216.27	33,604,623.68	195,051,862.63	662,253,898.20
Work-in-process	55,751,150.40	-	25,999,097.78	1,270,747.20	22,163,755.16	58,315,745.82
Finished goods	598,811,266.97	(22,862,638.00)	461,685,408.80	20,006,931.35	140,182,430.64	877,444,675.78
Total	1,350,529,938.61	(24,723,991.00)	684,488,722.85	54,882,302.23	357,398,048.43	1,598,014,319.80

(3) 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	Recovery of gross margin ratio
Work-in-process	Lower of cost or net realizable value	Recovery of gross margin ratio
Finished goods	Lower of cost or net realizable value	Recovery of gross margin ratio

10. Non-current assets due within one year

Unit: RMB

	December 31, 2013	December 31, 2012
Long-term loans due within one year (Note(VI)12)	11,682,713,472.00	6,435,094,902.84
Long-term receivables due within one year (Note(VI)14)	1,498,789,003.24	1,044,335,360.68
Total	13,181,502,475.24	7,479,430,263.52

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**11. Other current assets**

Unit: RMB

Item	December 31, 2013	December 31, 2012
Short-term loans issued by SFC	12,656,865,868.88	10,743,357,065.38
Wealth management products with principle protected or unprotected (Note 1)	728,628,350.02	12,440,443,883.56
Short-term entrusted loans	712,800,000.00	816,200,000.00
Equity interest held for sale (Note 2)	670,400,392.60	-
Prepaid and deferred costs	262,850,410.23	163,840,020.24
Receivables investment of SFC(Note 3)	55,830,742.72	1,351,523,406.34
Discount held by SFC	26,464,083.50	316,372,324.40
Sub-total	15,113,839,847.95	25,831,736,699.92
Less: Impairment loss on loans	362,557,209.01	286,586,700.46
Total	14,751,282,638.94	25,545,149,999.46

Note 1: At the year-end, the balances represent a variety of short-term bank wealth-management products held by the Group.

Note 2: At the year-end, the balance of equity interest held for sale represents the equity interest of Yanfeng Visteon Electronics of RMB 667,109,907.00 (as stated in Note (XI)1(2)) and of Shanghai Zhongding Equipment Manufacture & Installation Co., Ltd. of RMB 3,290,485.60 (as stated in Note (VI)16) held by HASCO.

Note 3: At the year-end, the balances represent short-term certificated bonds held by SFC.

12. Loans and advances

Unit: RMB

Item	December 31, 2013	December 31, 2012
Long-term loans issued by SFC	20,788,271,351.05	13,366,019,629.70
Less: Impairment loss on loans	519,706,783.77	334,150,490.74
Net book value of long-term loans issued	20,268,564,567.28	13,031,869,138.96
Less: Long-term loans due within one year (Note(VI)10)	11,682,713,472.00	6,435,094,902.84
Long-term loans due after one year	8,585,851,095.28	6,596,774,236.12

13. Available-for-sale financial assets

(1) Available-for-sale financial assets

Unit: RMB

Item	Fair value at December 31, 2013	Fair value at December 31, 2012
Available-for-sale equity instruments	7,527,805,945.27	10,766,606,785.64
Available-for-sale debt instruments (Note 1)	931,569,120.00	995,882,878.00
Others (Note 2)	5,609,040,712.74	9,145,092,085.03
Total	14,068,415,778.01	20,907,581,748.67

Note 1: At the year-end, the balances represent enterprise bond held by SFC.

Note 2: At the year-end, the balances are mainly money funds and bond funds held by the Group.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13. Available-for-sale financial assets - continued

(2) Description on available-for-sale financial assets:

Unit: RMB

Categories of available-for-sale financial assets	December 31, 2013				December 31, 2012			
	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total
Costs of equity instruments / amortized cost of debt instrument	1,542,328,114.14	856,567,545.28	5,355,505,612.88	7,754,401,272.30	4,267,123,992.57	867,734,316.25	9,059,389,651.28	14,194,247,960.10
Accumulated amount of changes of fair value recognized in other comprehensive income	6,008,825,451.13	75,001,574.72	253,535,099.86	6,337,362,125.71	7,151,806,399.73	128,148,561.75	85,702,433.75	7,365,657,395.23
Less: impairment provisions	23,347,620.00	-	-	23,347,620.00	652,323,606.66	-	-	652,323,606.66
Fair value at the year-end	7,527,805,945.27	931,569,120.00	5,609,040,712.74	14,068,415,778.01	10,766,606,785.64	995,882,878.00	9,145,092,085.03	20,907,581,748.67

(3) Impairment loss on available-for-sale financial assets

Unit: RMB

	Available-for-sale equity instruments
Impairment provisions at the beginning of the year	652,323,606.66
Provisions	23,347,620.00
Including: Transferred from other comprehensive income	23,347,620.00
Write-off	652,323,606.66
Impairment provisions at the end of the year	23,347,620.00

(4) Long-term debenture investments in available-for-sale financial assets

Unit: RMB

Item	Book value	Initial investment cost	Due date	December 31, 2013
Enterprise bonds	922,000,000.00	806,579,376.69	Year 2016 - Year 2018	931,569,120.00

14. Long-term receivables

(1) Long-term receivables

Unit: RMB

	December 31, 2013	December 31, 2012
Finance lease receivables (Note)	2,554,379,129.05	1,874,979,439.97
Long-term receivables arising from assets transfer	230,691,968.44	407,295,052.88
Others	29,900,000.00	-
Sub-total	2,814,971,097.49	2,282,274,492.85
Less: Long-term assets due within one year (Note (VI)10)	1,498,789,003.24	1,044,335,360.68
Long-term assets due after one year	1,316,182,094.25	1,237,939,132.17

Note: At the year-end, finance lease receivables of RMB 2,243,081,334.27 were pledged to banks as collateral for loans, see Note (VI)26 and 38 for details.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**14. Long-term receivables - continued**

(2) Finance leases receivables

Unit: RMB

	December 31, 2013	December 31, 2012
Finance lease - Minimum lease receipts	3,321,093,575.01	2,149,065,680.50
Less: Unearned financial income	436,171,954.79	242,814,520.60
Finance lease receivables	2,884,921,620.22	1,906,251,159.90
Less: Bad debts provision for finance lease receivables	330,542,491.17	31,271,719.93
Net value of finance lease receivables	2,554,379,129.05	1,874,979,439.97
Less: Finance lease receivables due within one year	1,262,441,205.08	857,735,225.68
Finance lease receivables due after one year	1,291,937,923.97	1,017,244,214.29

SAIC MOTOR CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Investments in JCEs and associates

The Group's main JCEs and associates are as follows:

Name of the organization invested	Place of registration	Business nature	Registered capital		Equity interest held at year-end		Total assets at year-end	Total liabilities at year-end	Net assets at year-end	Operating income for the year
			Currency	'000	Directly	Indirectly	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Volkswagen Automotive Co., Ltd.	Shanghai, China	Manufacturing and sales of automobiles and spare parts	RMB	11,500,000	50.00	-	98,347,016	59,435,138	38,911,878	205,000,105
Shanghai General Motors Co., Ltd.	Shanghai, China	Manufacturing and sales of automobiles and spare parts	USD	1,083,000	50.00	-	75,579,066	42,674,320	26,616,099	145,699,917
Shanghai GM Dong Yue Motors Co., Ltd.	Shandong, China	Manufacturing and sales of engines, transmissions and spare parts	RMB	1,678,000	25.00	25.00	12,819,389	10,663,688	2,155,701	39,474,094
Shanghai GM Dong Yue Powertrain Co., Ltd.	Shandong, China	Design, development and sales of spare parts	RMB	3,495,780	25.00	25.00	10,036,064	3,821,851	6,214,213	14,454,585
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.	Liaoning, China	Manufacturing and sales of spare parts and providing after-sale service	USD	227,000	25.00	25.00	13,626,064	9,418,685	4,207,379	34,469,831
Volkswagen Transmission (Shanghai) Co., Ltd.	Shanghai, China	Manufacturing and sales of transmissions and spare parts	USD	47,000	20.00	-	1,571,934	405,166	1,166,768	1,669,711
Pan Asia Technical Automotive Center Co., Ltd.	Shanghai, China	Design and development of automobiles	USD	69,000	50.00	-	2,196,414	1,309,931	886,483	2,732,258
Shanghai Volkswagen Powertrain Co., Ltd.	Shanghai, China	Manufacturing and sales of engines and spare parts	RMB	1,508,300	40.00	-	7,160,904	3,517,170	3,643,734	9,274,683
SAIC Iveco Commercial Vehicle Investment Co., Ltd.	Shanghai, China	Development, production and sales of commercial vehicles, diesel engines and axles	USD	224,500	50.00	-	6,238,262	4,990,595	897,098	8,226,663
Shanghai ZF Steering System Co., Ltd.	Shanghai, China	Manufacturing and sales of automobile steering device and related components	USD	69,520	-	49.00	4,353,921	2,526,898	1,827,023	6,567,929
Shanghai GKN Huayu Driveline Systems Co., Ltd.	Shanghai, China	Manufacturing and sales of constant velocity universal joint and constant velocity drive shaft	EUR	126,000	-	45.00	4,349,030	1,609,343	2,658,965	6,407,398
Shanghai Koito Automotive Lamp Co., Ltd.	Shanghai, China	Manufacturing and sales of automotive electronics systems and automotive lighting electronic components	JPY	7,400,000	-	50.00	3,731,097	2,418,077	1,257,542	7,607,912
Yapp Automotive Parts Co., Ltd.	Jiangsu, China	Manufacturing and sales of automotive plastic fuel tank	RMB	129,412	-	33.90	2,827,852	1,691,575	1,114,730	4,067,331
Nanjing Iveco Automobile Co., Ltd.	Jiangsu, China	Development, manufacturing and sales of automobiles and spare parts	RMB	2,527,000	-	50.00	8,700,901	5,503,353	3,197,547	9,748,535
GMAC-SAIC Automotive Finance Co., Ltd. (Note 1)	Shanghai, China	Financial services of car sales	RMB	1,500,000	-	50.00	45,878,907	38,565,982	7,312,925	3,493,549
United Automotive Electronic Systems Co., Ltd.	Shanghai, China	Manufacturing and sales of engine management systems	RMB	1,200,000	-	49.00	9,395,040	5,321,149	4,073,891	11,033,034

Note 1: SFC, a subsidiary of the Company, holds 40% shares of total shares of this company, and SGM, a JCE of the Company, holds 20% shares of total shares of this company and this company is jointly controlled by all investors.

There are no significant differences between the accounting policies and accounting estimates adopted by JCEs and associates and those adopted by the Company.

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Long-term equity investments

Unit: RMB

	December 31, 2013	December 31, 2012
Long-term equity investments accounted for using equity method		
- Investments in JCEs and associates	56,938,615,667.51	45,788,916,921.27
- Elimination of unrealized profit, etc.	(477,227,446.80)	(421,534,746.93)
Sub-total	56,461,388,220.71	45,367,382,174.34
Long-term equity investments accounted for using cost method	688,350,379.64	693,344,810.06
Total	57,149,738,600.35	46,060,726,984.40
Less: Impairment	606,708,422.74	577,532,962.74
Net book value	56,543,030,177.61	45,483,194,021.66

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Long-term equity investments - continued

(1) Details of long-term equity investment are as follows:

Unit: RMB

Invested companies	Accounting method	December 31, 2012	Increase (decrease) during the year	December 31, 2013	Equity interest held by the Company as of the year end (%)		Impairment at the year-end	Provision for impairment for the year
					Directly	Indirectly		
JCEs and associates								
Shanghai Volkswagen Automotive Co., Ltd.	Equity method	16,364,567,399.53	3,091,371,710.85	19,455,939,110.38	50.00	-	-	-
Shanghai General Motors Co., Ltd.	Equity method	9,000,875,078.15	4,535,147,794.46	13,536,022,872.61	50.00	-	-	-
Shanghai GM Dong Yue Motors Co., Ltd.	Equity method	761,477,807.97	(222,552,656.94)	538,925,151.03	25.00	25.00	-	-
Shanghai GM Dong Yue Powertrain Co., Ltd.	Equity method	1,537,345,934.91	16,207,211.70	1,553,553,146.61	25.00	25.00	-	-
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.	Equity method	986,470,096.63	65,374,667.85	1,051,844,764.48	25.00	25.00	-	-
Pan Asia Technical Automotive Center Co., Ltd.	Equity method	405,323,275.68	38,977,308.58	444,300,584.26	50.00	-	-	-
Shanghai Sunwin Bus Co., Ltd.	Equity method	165,934,636.29	2,060,164.93	167,994,801.22	50.00	-	-	-
SAIC Iveco Commercial Vehicle Investment Co., Ltd. (Note 1)	Equity method	234,340,771.09	215,667,875.40	450,008,646.49	50.00	-	-	-
Shanghai Jieneng Automotive Technology Co., Ltd. (Note 1)(Note 10)	Equity method	-	20,096,556.76	20,096,556.76	10.00	-	-	-
Shanghai Advanced Traction Battery Systems Co., Ltd. (Note 2)	Equity method	5,949,009.54	(5,949,009.54)	-	51.00	-	-	-
GMAC-SAIC Automotive Finance Co., Ltd.	Equity method	2,276,605,408.12	648,564,690.07	2,925,170,098.19	-	50.00	-	-
Shanghai Onstar Telematics Co., Ltd.	Equity method	45,167,891.80	20,449,294.95	65,617,186.75	-	50.00	-	-
ZF Transmissions Shanghai Co., Ltd.	Equity method	192,825,859.97	(2,173,275.42)	190,652,584.55	-	49.00	-	-
Shanghai SAIC Magneti Marelli Powertrain Co., Ltd. (Note 1)	Equity method	43,548,447.54	45,907,702.94	89,456,150.48	-	50.00	-	-
United Automotive Electronic Systems Co., Ltd.	Equity method	1,662,973,053.97	333,233,530.68	1,996,206,584.65	-	49.00	-	-
Nanjing Iveco Automobile Co., Ltd.	Equity method	1,571,473,752.75	32,111,803.98	1,603,585,556.73	-	50.00	-	-
Shanghai Edscha Machinery Co., Ltd.	Equity method	94,531,141.48	8,062,822.44	102,593,963.92	-	50.00	-	-
Tianjin Zhongxing Auto Parts Co., Ltd.	Equity method	24,347,568.21	109,003.25	24,456,571.46	-	50.00	-	-
Contitech Fluid Shanghai Co., Ltd.	Equity method	23,188,364.43	2,046,073.52	25,234,437.95	-	49.00	-	-
Shanghai Inteva Automotive Parts Co., Ltd.	Equity method	97,488,255.13	(462,143.69)	97,026,111.44	-	50.00	-	-
Shanghai TRW Automotive Safety Systems Co., Ltd.	Equity method	212,759,666.22	(4,569,883.06)	208,189,783.16	-	50.00	-	-
Shanghai ZF Steering System Co., Ltd.	Equity method	729,231,275.32	166,009,874.02	895,241,149.34	-	49.00	-	-
Shanghai Koito Automotive Lamp Co., Ltd.	Equity method	584,159,724.85	44,611,036.74	628,770,761.59	-	50.00	-	-
Kolbenschmidt shanghai piston Co., Ltd.	Equity method	176,731,794.14	19,932,274.90	196,664,069.04	-	50.00	-	-

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Long-term equity investments - continued

(1) Details of long-term equity investment are as follows: - continued

Unit: RMB

Invested companies	Accounting method	December 31, 2012	Increase (decrease) during the year	December 31, 2013	Equity interest held by the Company as of the year end (%)		Impairment at the year-end	Provision for impairment for the year
					Directly	Indirectly		
JCEs and associates - continued	Equity method							
Shanghai Valeo Automotive Electrical Systems Co., Ltd.	Equity method	320,456,782.97	30,567,856.85	351,024,639.82	-	50.00	-	-
Shanghai Kolbenschmidt Pierburg Shanghai Nonferrous Components Co., Ltd.	Equity method	307,076,389.88	68,199,167.16	375,275,557.04	-	50.00	-	-
Shanghai GKN Drive System Co., Ltd. (Note 3)	Equity method	745,057,472.04	467,946,989.90	1,213,004,461.94	-	45.00	-	-
Huayu-Cooper Standard Sealing Systems Co., Ltd.	Equity method	168,324,747.54	9,658,804.60	177,983,552.14	-	47.50	-	-
Shanghai Sachs Powertrain Components Parts System Co., Ltd.	Equity method	124,985,756.96	(413,544.68)	124,572,212.28	-	50.00	-	-
Shanghai Behr Thermal System Co., Ltd.	Equity method	228,578,327.95	55,686,693.34	284,265,021.29	-	50.00	-	-
Yan Feng Gabriel (Shanghai) Automotive Safety Systems Co., Ltd.	Equity method	189,589,003.00	35,573,252.00	225,162,255.00	-	50.10	-	-
Yanfeng Plastic Omnium Automotive Exterior Trimming System Co., Ltd.	Equity method	415,955,082.00	57,139,618.00	473,094,700.00	-	50.05	-	-
Chongqing Xugang Electronic Co., Ltd. (Note 4)	Equity method	42,557,795.00	(42,557,795.00)	-	-	-	-	-
Hua Dong Teksid Automotive Foundry Co., Ltd.	Equity method	223,830,478.99	3,960,675.93	227,791,154.92	-	50.00	-	-
Yanfeng Visteon India Automotive Trim Systems Pvt. Ltd.	Equity method	8,707,694.00	(2,591,547.00)	6,116,147.00	-	50.00	-	-
Dongfeng Johnson Controls Automotive Seating Co., Ltd.	Equity method	45,656,022.00	993,493.00	46,649,515.00	-	50.00	-	-
Shanghai ANJI-CEVA Automotive Logistics Co., Ltd.	Equity method	368,262,999.46	(7,568,601.81)	360,694,397.65	-	50.00	-	-
Anji Car Rental & Leasing Co., Ltd.	Equity method	182,003,711.62	10,725,553.47	192,729,265.09	-	50.00	-	-
Beijing SAIC Motor Joint Sales Co., Ltd.	Equity method	54,299,335.91	4,091,621.91	58,390,957.82	-	50.00	-	-
Beijing Zhongqi Lifa Automotive Sales Services Co., Ltd.	Equity method	3,348,161.60	135,046.53	3,483,208.13	-	49.00	-	-
Nanjing Dongwei Metal Products Co., Ltd.	Equity method	10,220,573.03	5,024,066.85	15,244,639.88	-	50.00	-	-
Nanjing Dongzhong Mechanical Assembly Co., Ltd.	Equity method	7,165,995.55	(6,878.82)	7,159,116.73	-	50.00	-	-
Shanghai Volkswagen Powertrain Co., Ltd.	Equity method	1,307,053,630.27	150,466,724.43	1,457,520,354.70	40.00	-	-	-
Volkswagen Transmission (Shanghai) Co., Ltd.	Equity method	194,194,659.06	39,161,003.71	233,355,662.77	20.00	-	-	-
China Automobile Development United Investment Co., Ltd.	Equity method	40,022,013.84	(5,054,528.95)	34,967,484.89	20.74	-	-	-
Sunrise Power Co., Ltd.	Equity method	44,435,717.27	247,800.76	44,683,518.03	34.19	-	-	-
Shanghai SanHe Automobile Plastic and Rubber Parts Co., Ltd. (Note 5)	Equity method	2,362,984.11	(2,362,984.11)	-	-	-	-	-
Shanghai No.1 Automotive Gear Factory Jiaohang Branch	Equity method	367,945.65	-	367,945.65	-	27.42	-	-
Shanghai Huizhong Sachs Shock absorber Co., Ltd.	Equity method	140,688,882.15	8,961,699.33	149,650,581.48	-	40.00	-	-
Shanghai ThyssenKrupp Presta HuiZhong Co., Ltd.	Equity method	139,188,237.61	47,242,674.13	186,430,911.74	-	40.00	-	-
Shanghai Benteler HuiZhong Automotive Parts Co., Ltd.	Equity method	80,778,356.84	9,903,801.40	90,682,158.24	-	40.00	-	-
Shanghai Sanli-Huizhong Auto Parts Co., Ltd.	Equity method	134,140,734.55	23,240,817.13	157,381,551.68	-	40.00	-	-

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Long-term equity investments - continued

(1) Details of long-term equity investment are as follows: - continued

Unit: RMB

Invested companies	Accounting method	December 31, 2012	Increase (decrease) during the year	December 31, 2013	Equity interest held by the Company as of the year end (%)		Impairment at the year-end	Provision for impairment for the year
					Directly	Indirectly		
JCEs and associates - continued								
Wuxi Yuejin Vehicle Trade Co., Ltd. (Note 2)	Equity method	-	-	-	-	20.00	-	-
Shanghai Mhi Turbocharger Co., Ltd. (Note 1)	Equity method	45,502,727.93	68,258,454.33	113,761,182.26	-	40.00	-	-
Shanghai SAIC Futong Investment Management Center	Equity method	25,480,000.00	(2,230.53)	25,477,769.47	-	49.00	-	-
Shanghai Zhongding Equipment Manufacture & Installation Co., Ltd. (Note 6)	Equity method	3,290,485.60	(3,290,485.60)	-	-	88.00	-	-
Shanghai Wanzhong Car Service Co., Ltd.	Equity method	10,900,843.66	3,312,974.17	14,213,817.83	-	49.00	-	-
Shanghai Tenneco Exhaust System Co., Ltd. (Note 8)	Equity method	171,240,001.61	(21,953,747.82)	149,286,253.79	-	45.00	-	-
Shanghai New Holland Agricultural Machinery Co., Ltd.	Equity method	27,680,080.68	-	27,680,080.68	-	40.00	27,680,080.68	-
Federal-Mogul Shanghai Bearing Co., Ltd.	Equity method	68,130,762.83	4,992,387.38	73,123,150.21	-	40.00	-	-
Shanghai Federal-Mogul Compound Material Co., Ltd.	Equity method	10,565,147.04	7,433,809.42	17,998,956.46	-	40.00	-	-
Yapp Automotive Parts Co., Ltd.	Equity method	338,607,821.91	39,285,782.52	377,893,604.43	-	33.90	-	-
Shanghai Aichi Forging Co., Ltd.	Equity method	133,961,203.57	11,365,675.64	145,326,879.21	-	40.00	-	-
Shanghai Neturen Co., Ltd.	Equity method	87,921,642.49	7,350,184.82	95,271,827.31	-	40.00	-	-
Shanghai Meridian Magnesium Products Co., Ltd.	Equity method	60,098,588.69	(182,070.16)	59,916,518.53	-	40.00	-	-
Shanghai Xingsheng Gasket Co., Ltd.	Equity method	19,687,571.37	3,486,600.68	23,174,172.05	-	40.00	-	-
Shanghai KangYi Auto & Tractor Accessory Co., Ltd.	Equity method	535,913.91	(172,048.42)	363,865.49	-	32.50	-	-
Shanghai Lao Pei Si Auto Parts Co., Ltd. (Note 5)	Equity method	594,460.61	(594,460.61)	-	-	-	-	-
Shanghai Boze Auto Parts Co., Ltd.	Equity method	126,648,011.21	2,513,470.46	129,161,481.67	-	40.00	-	-
Valeo Shanghai Automotive Electric Motors & Wiper System Co., Ltd.	Equity method	58,880,696.43	4,102,123.97	62,982,820.40	-	45.00	-	-
Shanghai Inteva Automotive Door Systems Co., Ltd.	Equity method	82,437,448.38	20,470,307.36	102,907,755.74	-	40.00	-	-
Pierburg Huayu Pump Technology Co. Ltd. (Note 7)	Equity method	-	12,024,902.38	12,024,902.38	-	50.00	-	-
Founding of Yanfeng Visteon Investment Co., Ltd. (Note 7)	Equity method	-	294,854,438.00	294,854,438.00	-	50.00	-	-
Dongfeng Visteon(ShiYan)Automotive Trim Systems Co.,Ltd (Note 7)	Equity method	-	222,092,138.00	222,092,138.00	-	50.00	-	-
Shanghai LEAR STEC Automotive Parts Co., Ltd.	Equity method	76,145,500.22	25,146,618.63	101,292,118.85	-	45.00	-	-
Sanden (Suzhou) Precision Parts Co., Ltd.	Equity method	34,347,217.23	4,403,090.02	38,750,307.25	-	35.00	-	-
Wuhan TACHI-S Johnson Controls Automotive Seat Co., Ltd.	Equity method	15,694,561.00	90,295.00	15,784,856.00	-	30.00	-	-
Dongfeng Visteon Automotive Trim Systems Co., Ltd. (Note 8)	Equity method	173,775,718.00	(32,266,549.00)	141,509,169.00	-	50.00	-	-
Continental Brake Systems (Shanghai) Co., Ltd.	Equity method	31,247,929.31	7,973,675.18	39,221,604.49	-	49.00	-	-

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

16. Long-term equity investments - continued

(1) Details of long-term equity investment are as follows: - continued

Unit: RMB

Invested companies	Accounting method	December 31, 2012	Increase (decrease) during the year	December 31, 2013	Equity interest held by the Company as of the year end (%)		Impairment at the year-end	Provision for impairment for the year
					Directly	Indirectly		
JCEs and associates - continued								
Beijing Hainachuan Yanfeng Automotive Module System Co., Ltd.	Equity method	2,813,172.00	592,354.00	3,405,526.00	-	40.00	-	-
Shanghai Benz Co., Ltd.	Equity method	18,215,414.83	(586,666.37)	17,628,748.46	-	45.00	-	-
Shanghai Dongchi Automobile Co., Ltd.	Equity method	16,262,488.04	(6,309,477.27)	9,953,010.77	-	45.00	-	-
Shanghai Dexing Automobile Sales Co., Ltd.	Equity method	18,928,070.42	(72,840.96)	18,855,229.46	-	45.00	-	-
Shanghai SAIC Dingshun Automotive Sales Co., Ltd.	Equity method	700,000.00	-	700,000.00	-	30.00	67,445.00	-
SAIC Motor Korea Co., Ltd. (Note 2)	Equity method	-	-	-	-	24.00	-	-
Shanghai Waigaoqiao Pawn Co., Ltd.	Equity method	4,224,533.96	1,283.10	4,225,817.06	-	20.00	-	-
Shanghai Jingcheng Auction Co., Ltd.	Equity method	3,427,005.86	(172,363.94)	3,254,641.92	-	40.00	-	-
Jiangsu ANJI-TNT Logistics Co., Ltd.	Equity method	17,712,118.82	5,757,653.11	23,469,771.93	-	30.00	-	-
Jiangsu Used Motor Vehicle Market Co., Ltd.	Equity method	1,551,246.81	7,506.81	1,558,753.62	-	20.00	-	-
Nanjing Nanqi Stamping Parts Co., Ltd.	Equity method	31,632,217.95	1,791,832.04	33,424,049.99	-	46.00	-	-
Nanjing Auto Parts Factory	Equity method	3,883,532.57	216,967.23	4,100,499.80	-	45.00	-	-
BREMBO (Nanjing) Brake Systems Co., Ltd. (Note 5)	Equity method	40,969,891.93	(40,969,891.93)	-	-	-	-	-
Nanjing Valeo Clutch Co., Ltd.	Equity method	48,427,599.81	9,321,978.09	57,749,577.90	-	25.00	-	-
Qingdao Toyo Heat Exchanger Co., Ltd.	Equity method	52,791,332.02	17,040.59	52,808,372.61	-	26.00	-	-
Nanjing Fata Tooling Co., Ltd.	Equity method	307,471.95	(71,011.95)	236,460.00	-	30.00	236,460.00	-
Shanghai Shanke Automotive Culture Communication Co., Ltd.	Equity method	264,431.77	3,118.51	267,550.28	-	45.45	-	-
Shanghai Anjie Car Transportation Co., Ltd.	Equity method	-	19,972,179.46	19,972,179.46	-	50.00	-	-
Dalian Hai Jia Automobile Harbour Co., Ltd. (Note 7)	Equity method	-	200,000,000.00	200,000,000.00	-	50.00	-	-
Nanjing Anji Mingjie Automobile Sales And Service Co., Ltd. (Note 7)	Equity method	-	6,724,467.35	6,724,467.35	-	49.00	-	-
Anji Nyk Logistics (Thailand) Co., Ltd. (Note 7)	Equity method	-	7,547,757.73	7,547,757.73	-	49.00	-	-
Shanghai MHI Engine Co., Ltd. (Note 7)	Equity method	-	89,497,832.61	89,497,832.61	-	50.00	-	-
Sailing Capital Management Co., Ltd.	Equity method	55,080,000.00	20,114,377.41	75,194,377.41	-	20.00	-	-
SAIC James (Shannan) Equity Investment Fund Partnership Enterprise	Equity method	19,000,000.00	(571,210.47)	18,428,789.53	-	41.30	-	-
Sailing Capital International (Shanghai) Co., Ltd.	Equity method	600,000,000.00	(21,778,245.50)	578,221,754.50	-	22.20	-	-
Shanghai Duodebao Equity Investment Center (Note 5)	Equity method	36,000,000.00	(36,000,000.00)	-	-	-	-	-
Shanghai SAIC Huankai Investment Management Co., Ltd.	Equity method	299,990,600.00	507,149.82	300,497,749.82	-	37.50	30,325,460.00	30,325,460.00
SAIC Tangtian Investment Management Center	Equity method	20,550,000.00	(41,383.74)	20,508,616.26	-	37.69	-	-

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Long-term equity investments - continued

(1) Details of long-term equity investment are as follows: - continued

Unit: RMB

Invested companies	Accounting method	December 31, 2012	Increase (decrease) during the year	December 31, 2013	Equity interest held by the Company as of the year end (%)		Impairment at the year-end	Provision for impairment for the year
					Directly	Indirectly		
JCEs and associates - continued								
Shanghai Shangqi Equity Investment Fund First Section Partnership Enterprise (Note 7)	Equity method	-	42,290,323.15	42,290,323.15	-	45.16	-	-
Yangzhou Shangqi Equity Investment Fund Center (Note 7)	Equity method	-	29,522,785.18	29,522,785.18	-	17.37	-	-
Nanjing Automotive Forging Co., Ltd. (Note 1)	Equity method	138,001,962.83	(6,935,969.25)	131,065,993.58	-	48.38	-	-
Easunlux S.A (Note 7)	Equity method	-	114,707,133.96	114,707,133.96	-	15.00	-	-
Others	Equity method	28,183,791.45	(4,687,177.78)	23,496,613.67	-	-	-	-
Sub-total of JCEs and associates		45,788,916,921.27	11,149,698,746.24	56,938,615,667.51			58,309,445.68	30,325,460.00
Other investments								
GM Korea Company	Cost method	494,566,740.00	-	494,566,740.00	6.01	-	494,566,740.00	-
Tianjin Lovol Heavy Industries Co., Ltd.	Cost method	10,000,000.00	-	10,000,000.00	-	<5.00	-	-
Shenyin & Wanguo Securities Co., Ltd.	Cost method	64,260,937.40	-	64,260,937.40	-	0.83	-	-
Dazhong Insurance Co., Ltd.	Cost method	43,520,000.00	-	43,520,000.00	-	2.79	43,520,000.00	-
SAIC Industrial Hunan Shenxiang Co., Ltd. (Note 9)	Cost method	16,500,000.00	-	16,500,000.00	-	47.14	-	-
China Galaxy Securities Co., Ltd. (Note 5)	Cost method	5,000,000.00	(5,000,000.00)	-	-	<5.00	-	(1,150,000.00)
Shanghai Carthane Co., Ltd.	Cost method	24,440,000.00	-	24,440,000.00	-	4.89	-	-
Guoqi (Beijing) Lightweight of Automobile Technology Research Institute Co., Ltd.	Cost method	3,000,000.00	-	3,000,000.00	-	6.89	-	-
Others	Cost method	32,057,132.66	5,569.58	32,062,702.24			10,312,237.06	-
Sub-total of other investments	Cost method	693,344,810.06	(4,994,430.42)	688,350,379.64			548,398,977.06	(1,150,000.00)
Total		46,482,261,731.33	11,144,704,315.82	57,626,966,047.15			606,708,422.74	29,175,460.00

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Long-term equity investments - continued

(1) Details of long-term equity investment are as follows: - continued

- Note 1: During the year, such companies' investors made additional capital contribution to such companies by cash, of which total capital contributed by the Group is RMB 365,771,384.00.
- Note 2: Investments in such companies are accounted for using equity method and the book value is zero.
- Note 3: This company's original name was Shanghai GKN Driveline Shaft Co., Ltd., which is changed in the current year. During the year, HASCO, a subsidiary of the Company has completed the acquisition of 10% equity interest of this company. Accordingly, equity interest of this company held by HASCO increased from 35% to 45%. Afterwards, HASCO made additional capital contribution to this company by transferring retained earnings of RMB 136,993,165.55 to paid-in capital.
- Note 4: This company was a JCE of Yanfeng Visteon Electronics, as stated in Note (XI) 1(2), Yanfeng Visteon Electronics was no longer included in the Group's consolidated financial statements, therefore this company was no longer a JCE of the Group either.
- Note 5: These investments were disposed of during the year.
- Note 6: This company is under liquidation process, so it has been transferred to other current assets. Refer to Note (VI) 11.
- Note 7: These companies are new investments of the Group in the year.
- Note 8: During the year, HASCO, a subsidiary of the Company acquired 10% equity interest of this company, proportion of shareholdings increased from 40% to 50%. According to revised articles of association of the company, the company has become a JCE of HASCO.
- Note 9: The Group has no significant influence on this company. Therefore the investment is accounted for using cost method.
- Note 10: Shanghai Jieneng Automotive Technology Co., Ltd. is a limited liability company jointly invested and established by the Company and SAIC. The Company and SAIC contributed 10% and 90% of the total registered capital of Jieneng, respectively. Jieneng is considered as a JCE of the Company according to the Articles of Association of Jieneng, which specified that significant financial and operating decisions shall be agreed by both parties.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Investment properties

Movements of investment properties measured at cost are as follows:

Unit: RMB

Item	December 31,2012	Increase	Decrease	December 31,2013
I. Cost	3,858,349,616.76	716,672,950.68	546,461,843.26	4,028,560,724.18
1. Buildings	2,779,161,169.29	598,680,001.88	78,962,086.69	3,298,879,084.48
2. Land use right	1,079,188,447.47	117,992,948.80	467,499,756.57	729,681,639.70
II. Accumulated depreciation and amortization	984,331,198.67	200,350,870.92	139,752,875.25	1,044,929,194.34
1. Buildings	790,191,862.88	181,151,130.28	38,279,834.55	933,063,158.61
2. Land use right	194,139,335.79	19,199,740.64	101,473,040.70	111,866,035.73
III. Impairment	941,337.80	-	-	941,337.80
1. Buildings	941,337.80	-	-	941,337.80
IV. Net book value	2,873,077,080.29			2,982,690,192.04
1. Buildings	1,988,027,968.61			2,364,874,588.07
2. Land use right	885,049,111.68			617,815,603.97

Note:(1) Of the increase in cost, RMB 448,183,284.04 is due to transfer from buildings for self-use to investment properties, RMB 10,226,167.00 is due to transfer from intangible assets, RMB 255,510,532.96 is due to transfer from construction in progress and RMB 2,752,966.68 is due to purchase.

(2) Of the decrease in the cost, RMB 424,992,137.51 is due to disposals, RMB 33,088,400.57 is due to transfer from investment properties to building for self-use and RMB 88,381,305.18 is due to transfer to intangible assets.

(3) Of the increase in accumulated depreciation and amortization, RMB 123,185,295.51 is due to provision of depreciation and amortization, RMB 76,995,138.41 is due to transfer from buildings for self-use to investment properties and RMB 170,437.00 is due to transfer from intangible assets.

(4) Of the decrease in accumulated depreciation and amortization, RMB 111,266,802.76 is due to disposals, RMB 9,601,933.59 is due to transfer from investment properties to building for self-use and RMB 18,884,138.90 is due to transfer to intangible assets.

(5) At the year-end, buildings with net book value of RMB 81,099,959.38 were pledged as collateral for bank borrowings. Please refer to Note (VI) 38 for more details.

(6) At the year-end, the certificates of title of investment properties with net book value of RMB 157,954,063.48 were not obtained.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18. Fixed assets

(1) General

Unit: RMB

Item	December 31,2012	Increase	Decrease	December 31,2013
I. Cost	46,762,032,279.79	8,589,434,684.58	2,783,596,319.50	52,567,870,644.87
Including: Buildings	11,916,895,062.16	2,929,072,656.92	674,512,674.55	14,171,455,044.53
Machinery and equipment	26,444,293,359.41	4,727,091,698.24	1,430,168,936.90	29,741,216,120.75
Electronic equipment, furniture and fixtures	2,719,197,557.66	523,994,641.12	255,289,171.12	2,987,903,027.66
Transportation vehicles	2,222,264,479.69	170,019,046.65	342,872,688.90	2,049,410,837.44
Mold	3,459,381,820.87	239,256,641.65	80,752,848.03	3,617,885,614.49
II. Accumulated depreciation	20,408,908,414.37	3,851,124,212.72	1,768,159,959.78	22,491,872,667.31
Including :Buildings	3,416,607,701.08	594,829,273.37	157,140,582.10	3,854,296,392.35
Machinery and equipment	12,368,551,774.19	2,478,619,347.13	1,044,775,764.92	13,802,395,356.40
Electronic equipment, furniture and fixtures	1,717,474,672.04	357,549,381.31	202,813,968.18	1,872,210,085.17
Transportation vehicles	1,508,727,926.47	160,915,683.88	294,675,866.40	1,374,967,743.95
Mold	1,397,546,340.59	259,210,527.03	68,753,778.18	1,588,003,089.44
III. Closing balance	26,353,123,865.42			30,075,997,977.56
Including: Buildings	8,500,287,361.08			10,317,158,652.18
Machinery and equipment	14,075,741,585.22			15,938,820,764.35
Electronic equipment, furniture and fixtures	1,001,722,885.62			1,115,692,942.49
Transportation vehicles	713,536,553.22			674,443,093.49
Mold	2,061,835,480.28			2,029,882,525.05
IV. Impairment	1,561,018,023.96	1,140,767,738.52	141,579,124.30	2,560,206,638.18
Including: Buildings	135,235,293.28	215,092,611.65	537,846.29	349,790,058.64
Machinery and equipment	738,544,489.10	335,064,071.39	125,189,372.00	948,419,188.49
Electronic equipment, furniture and fixtures	6,619,788.77	2,117,456.64	806,202.91	7,931,042.50
Transportation vehicles	9,311,538.33	6,203,580.62	7,405,304.76	8,109,814.19
Mold	671,306,914.48	582,290,018.22	7,640,398.34	1,245,956,534.36
V. Net book value	24,792,105,841.46			27,515,791,339.38
Including: Buildings	8,365,052,067.80			9,967,368,593.54
Machinery and equipment	13,337,197,096.12			14,990,401,575.86
Electronic equipment, furniture and fixtures	995,103,096.85			1,107,761,899.99
Transportation vehicles	704,225,014.89			666,333,279.30
Mold	1,390,528,565.80			783,925,990.69

Note:(1) Of the increase in cost, RMB 689,102,662.42 is due to purchase, RMB 7,831,088,588.62 is due to transfer from construction in progress, RMB 33,088,400.57 is due to transfer from investment properties, RMB 323,692.97 is due to changes of exchange rate and RMB 35,831,340.00 is due to changes in the scope of consolidation.

(2) Of the decrease in cost, RMB 1,693,937,934.96 is due to disposals, RMB 9,660,571.13 is due to transfer to construction in progress, RMB 627,561,084.00 is due to changes in the scope of consolidation, RMB 448,183,284.04 is due to transfer to investment properties and RMB 4,253,445.37 is due to changes of exchange rate.

(3) Of the increase in accumulated depreciation, RMB 3,831,627,123.55 is due to provision of depreciation, RMB 9,601,933.59 is due to transfer from investment properties, RMB 177,016.58 is due to changes of exchange rate and RMB 9,718,139.00 is due to changes in the scope of consolidation.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18. Fixed assets - continued

(1) General - continued

Note: - continued

(4) Of the decrease in accumulated depreciation, RMB 1,365,973,753.34 is due to disposals, RMB 76,995,138.41 is due to transfer to investment properties, RMB 318,517,497.00 is due to changes in the scope of consolidation, RMB 5,814,663.80 is due to transfer to construction in progress and RMB 858,907.23 is due to changes of exchange rate.

(5) The increase in impairment is due to provision of impairment.

(6) Of the decrease in impairment, RMB 139,628,056.30 is due to disposals and RMB 1,951,068.00 is due to changes in the scope of consolidation.

(7) At the year-end, buildings with net book value of RMB 93,338,375.54 were pledged as collateral for bank borrowings. Please refer to Note(VI)38 for more details.

(2) Fixed assets leased under finance leases

Unit: RMB

Item	Net value	Reasons why certificates of title have not been obtained
Buildings	1,320,902,750.27	In progress.

19. Construction in progress

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

Unit: RMB

Item	December 31, 2013			December 31, 2012		
	Closing balance	Impairment	Net book value	Closing balance	Impairment	Net book value
Dual clutch transmission project and relocation	1,785,988,973.07	-	1,785,988,973.07	1,251,555,354.03	-	1,251,555,354.03
Project of technology improvement and capacity expansion of SGMW	2,960,027,426.91	-	2,960,027,426.91	3,645,294,259.19	6,518,996.57	3,638,775,262.62
Project of technology improvement and capacity expansion of Huizhong	327,501,390.82	200,000.00	327,301,390.82	237,516,903.13	200,000.00	237,316,903.13
Construction of MG Pukou base phase II of NAGC	248,275,081.92	139,611,817.40	108,663,264.52	384,490,115.24	330,899,572.97	53,590,542.27
Donghua CP4 logistics supporting project	28,941,772.94	1,050,329.40	27,891,443.54	7,850,104.30	1,050,329.40	6,799,774.90
Donghua Pukou Qiaolin project	1,567,172.96	-	1,567,172.96	-	-	-
Project of technology improvement and capacity expansion of Shanghai Diesel	982,054,400.28	83,488,014.95	898,566,385.33	960,076,616.53	86,624,202.93	873,452,413.60
Project of technology improvement and capacity expansion of Yanfeng Johnson	1,346,526,379.89	411,230.00	1,346,115,149.89	1,052,706,464.78	411,230.00	1,052,295,234.78
Project of passenger vehicles of self-owned brands	697,066,827.65	-	697,066,827.65	220,176,649.55	-	220,176,649.55
Project of R&D center expansion	420,468,828.89	-	420,468,828.89	470,926,123.69	-	470,926,123.69
Project of construction of port of Anji Logistics	1,087,383,647.33	-	1,087,383,647.33	-	-	-
Project of self-owned brand of Commercial Vehicles	394,933,345.11	222,747.30	394,710,597.81	163,616,120.49	-	163,616,120.49
Project of photovoltaic generation of Asset Management	174,869,047.33	-	174,869,047.33	-	-	-
Project of self-owned brand in Thailand	71,055,537.01	-	71,055,537.01	-	-	-
Others	313,056,123.67	-	313,056,123.67	65,314,280.51	-	65,314,280.51
Total	10,839,715,955.78	224,984,139.05	10,614,731,816.73	8,459,522,991.44	425,704,331.87	8,033,818,659.57

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Construction in progress - continued

(2) Movement of major construction in progress

Unit: RMB

Name of item	December 31, 2012	Increase during the year	Transfer to fixed assets upon completion	Other decreases during this year	December 31, 2013	Budget	Proportion of project investment to the budget (%)	Project progress	Including: interest capitalized	Sources of funds
Dual clutch transmission project and relocation	1,251,555,354.03	1,871,019,445.24	1,178,035,865.67	158,549,960.53	1,785,988,973.07	6,366,537,136.10	60	Under construction	-	Self-financed and raised funds
Project of technology improvement and capacity expansion of SGMW	3,645,294,259.19	2,692,578,787.03	3,234,434,390.80	143,411,228.51	2,960,027,426.91	4,255,506,000.00	70	Under construction	-	Self-financed
Project of technology improvement and capacity expansion of Huizhong	237,516,903.13	478,320,343.25	388,335,855.56	-	327,501,390.82	2,081,564,459.00	65	Under construction	-	Self-financed
Construction of MG Pukou base phase II of NAGC	384,490,115.24	159,475,863.54	71,077,067.69	224,613,829.17	248,275,081.92	847,930,065.01	63	Under construction	-	Self-financed
Donghua CP4 logistics supporting project	7,850,104.30	36,194,129.09	12,824,629.96	2,277,830.49	28,941,772.94	276,420,960.00	85	Under construction	-	Self-financed
Donghua Pukou Qiaolin project	-	1,567,172.96	-	-	1,567,172.96	1,346,280,000.00	-	Under construction	-	Self-financed
Project of technology improvement and capacity expansion of Shanghai Diesel	960,076,616.53	263,149,788.60	230,118,254.85	11,053,750.00	982,054,400.28	2,162,553,665.00	61	Under construction	-	Self-financed and raised funds
Project of technology improvement and capacity expansion of Yanfeng Johnson	1,052,706,464.78	2,016,528,228.68	1,706,356,144.57	16,352,169.00	1,346,526,379.89	4,406,469,459.00	57	Under construction	6,097,838.06	Self-financed
Project of passenger vehicles of self-owned brands	220,176,649.55	840,725,497.36	348,821,406.46	15,013,912.80	697,066,827.65	10,970,388,670.44	52	Under construction	-	Self-financed and raised funds
Project of R&D center expansion	470,926,123.69	380,465,182.02	393,182,299.72	37,740,177.10	420,468,828.89	3,738,395,766.82	75	Under construction	-	Self-financed and raised funds
Project of construction of port of Anji Logistics	-	1,130,269,963.08	41,626,439.03	1,259,876.72	1,087,383,647.33	1,317,302,735.00	86	Under construction	-	Self-financed
Project of self-owned brand of Commercial Vehicles	163,616,120.49	320,085,652.59	45,037,521.22	43,730,906.75	394,933,345.11	2,141,431,556.90	75	Under construction	-	Self-financed and raised funds
Project of photovoltaic generation of Asset Management	-	175,230,710.30	361,662.97	-	174,869,047.33	408,980,000.00	42	Under construction	3,512,588.89	Self-financed
Project of self-owned brand in Thailand	-	81,627,849.19	10,572,312.18	-	71,055,537.01	90,982,497.38	78	Under construction	-	Self-financed
Others	65,314,280.51	576,666,710.65	170,304,737.94	158,620,129.55	313,056,123.67	-	-	Under construction	-	Self-financed
Total	8,459,522,991.44	11,023,905,323.58	7,831,088,588.62	812,623,770.62	10,839,715,955.78	40,410,742,970.65	-	-	9,610,426.95	-

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Construction in progress - continued

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

Unit: RMB

Item	Year Ended December 31, 2013
Opening balance	8,459,522,991.44
Transfer from fixed assets	3,845,907.33
Purchase	11,020,059,416.25
Transfer to fixed assets upon completion	7,831,088,588.62
Transfer to intangible assets upon completion	336,711,364.24
Transfer to investment properties upon completion	255,510,532.96
Disposals	204,049,704.42
Decrease due to the changes in the scope of consolidation	16,352,169.00
Closing balance	10,839,715,955.78

(4) Impairment for constructions in progress

Unit: RMB

Item	December 31, 2012	Increase	Decrease	December 31, 2013	Reason for impairment
Dalian Shanghai Diesel product line and plant construction	86,624,202.93	-	3,136,187.98	83,488,014.95	Termination of the project
Construction of MG Pukou base phase II of NAGC	330,899,572.97	-	191,287,755.57	139,611,817.40	Changes of products
Project of technology improvement and capacity expansion of SGMW	6,518,996.57	-	6,518,996.57	-	Suspension of project
Others	1,661,559.40	222,747.30	-	1,884,306.70	Termination of the project
Total	425,704,331.87	222,747.30	200,942,940.12	224,984,139.05	

(5) At the year-end, constructions in progress with net book value of RMB 162,943,831.23 were pledged as collateral for bank borrowings. Please refer to Note (VI) 38 for more details.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. Intangible assets and development expenditures

(1) General

Unit: RMB

Item	December 31, 2012	Increase	Decrease	December 31, 2013
I. Cost	9,522,667,693.77	1,850,973,503.30	305,495,486.71	11,068,145,710.36
Land use right	4,310,964,738.17	1,106,295,085.08	201,636,071.92	5,215,623,751.33
Know-how	2,679,425,464.24	60,458,833.24	4,200,661.89	2,735,683,635.59
Royalties	8,113,500.00	-	-	8,113,500.00
Software	790,776,328.31	161,852,714.98	57,658,752.90	894,970,290.39
Patent	1,033,952,252.05	-	-	1,033,952,252.05
Trademark right	16,879,375.00	230,836,370.00	-	247,715,745.00
Others	682,556,036.00	291,530,500.00	42,000,000.00	932,086,536.00
II. Accumulated amortization	3,619,444,052.66	926,147,916.66	71,089,478.67	4,474,502,490.65
Land use right	487,091,782.24	141,482,163.53	44,043,492.17	584,530,453.60
Know-how	1,440,045,158.31	390,117,178.79	414,650.88	1,829,747,686.22
Royalties	2,628,550.00	165,000.00	-	2,793,550.00
Software	413,289,960.86	99,442,000.11	24,975,735.62	487,756,225.35
Patent	903,372,288.28	20,493,651.94	-	923,865,940.22
Trademark right	8,228,347.68	18,908,830.33	-	27,137,178.01
Others	364,787,965.29	255,539,091.96	1,655,600.00	618,671,457.25
III. Closing balance	5,903,223,641.11			6,593,643,219.71
Land use right	3,823,872,955.93			4,631,093,297.73
Know-how	1,239,380,305.93			905,935,949.37
Royalties	5,484,950.00			5,319,950.00
Software	377,486,367.45			407,214,065.04
Patent	130,579,963.77			110,086,311.83
Trademark right	8,651,027.32			220,578,566.99
Others	317,768,070.71			313,415,078.75
IV. Impairment	376,553,636.66	631,708,714.31	40,344,400.00	967,917,950.97
Land use right	3,612,787.25	-	-	3,612,787.25
Know-how	230,365,925.75	628,924,026.19	-	859,289,951.94
Royalties	4,714,950.00	-	-	4,714,950.00
Software	16,265,573.66	2,784,688.12	-	19,050,261.78
Patent	81,250,000.00	-	-	81,250,000.00
Others	40,344,400.00	-	40,344,400.00	-
V. Net book value	5,526,670,004.45			5,625,725,268.74
Land use right	3,820,260,168.68			4,627,480,510.48
Know-how	1,009,014,380.18			46,645,997.43
Royalties	770,000.00			605,000.00
Software	361,220,793.79			388,163,803.26
Patent	49,329,963.77			28,836,311.83
Trademark right	8,651,027.32			220,578,566.99
Others	277,423,670.71			313,415,078.75

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**20. Intangible assets and development expenditures - continued**

(1) General - continued

Note:(1) Of the increase in cost, RMB 88,381,305.18 is due to change from investment properties to building for self-use, RMB 1,123,812,715.02 is due to purchase, RMB 336,711,364.24 is due to transfer from construction in progress, RMB 5,085,657.86 is due to transfer from development expenditures and RMB 296,982,461.00 is due to changes in the scope of consolidation.

(2) Of the decrease in cost, RMB 214,793,444.71 is due to disposals, RMB 80,475,875.00 is due to changes in the scope of consolidation and RMB 10,226,167.00 is due to change from buildings for self-use to investment properties.

(3) Of the increase in accumulated amortization, RMB 902,920,396.76 is due to provision of amortization, RMB 4,343,381.00 is due to changes in the scope of consolidation and RMB 18,884,138.90 is due to change from investment properties to building for self-use.

(4) Of the decrease in accumulated amortization, RMB 38,941,374.67 is due to disposals, RMB 170,437.00 is due to change from buildings for self-use to investment properties and RMB 31,977,667.00 is due to changes in the scope of consolidation.

(5) The increase of impairment is due to provision for impairment and the decrease of impairment is due to disposals.

(6) At the year-end, land use right with net book value of RMB 37,433,171.55 was pledged as collateral of bank borrowings. Details please refer to Note(VI)38.

(7) At the year-end, certificates of title of land use right with net book value of RMB 179,554,170.43 were not obtained.

(2) Details of development expenditures

Unit: RMB

Item	December 31, 2012	Increase	Decrease		December 31, 2013
			Recognized in profit and loss	Transferred to intangible assets	
Research expenditures	-	1,591,873,627.14	1,591,873,627.14	-	-
Development expenditures	649,652,334.95	3,694,741,911.56	4,298,391,686.33	5,085,657.86	40,916,902.32
Total	649,652,334.95	5,286,615,538.70	5,890,265,313.47	5,085,657.86	40,916,902.32

Development expenditures accounts for 69.89% of total research and development expenditures.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Goodwill

Unit: RMB

Invested company	December 31, 2012 and December 31, 2013
I. Cost	87,893,666.70
Chongqing Yanfeng Johnson Automotive Parts Systems Co., Ltd	71,566,642.00
Shanghai Diesel	6,994,594.88
Nanya Motor	11.11
Others	9,332,418.71
II. Impairment	2,900,011.11
Nanya Motor	11.11
Others	2,900,000.00
III. Net book value	84,993,655.59
Chongqing Yanfeng Johnson Automotive Parts Systems Co., Ltd	71,566,642.00
Shanghai Diesel	6,994,594.88
Others	6,432,418.71

22. Long-term deferred expenses

Unit: RMB

Item	December 31, 2013	December 31, 2012
Improvement expenditure of fixed assets	761,788,305.35	704,405,191.42
Mold costs	14,368,761.11	37,416,833.60
Others	104,047,433.03	114,235,571.76
Total	880,204,499.49	856,057,596.78

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23. Deferred tax assets/deferred tax liabilities

(1) Differed tax assets or liabilities and corresponding deductible or taxable temporary differences

Unit: RMB

Item	Deferred tax assets or liabilities as of December 31, 2013	Deductible or taxable temporary differences as of December 31, 2013	Deferred tax assets or liabilities as of December 31, 2012	Deductible or taxable temporary differences as of December 31, 2012
Deferred tax assets:				
Assets impairment	318,327,811.25	1,504,558,165.04	213,742,548.92	1,016,116,717.03
Temporary difference arising from depreciation of fixed assets	93,264,566.01	463,721,867.63	127,330,429.71	585,223,374.08
Temporary difference arising from amortization of intangible assets	1,040,503.74	6,936,691.60	-	-
Deferred income	71,765,206.36	287,060,825.43	62,076,797.88	248,307,191.50
Available-for-sale financial assets measured at fair value	-	-	675,908.62	4,506,057.46
Liabilities accrued but not deductible	10,570,323,671.62	43,342,542,107.87	7,761,121,355.45	32,012,496,213.39
Unrealized profit elimination	533,489,227.06	2,141,358,212.19	397,681,580.21	1,641,682,756.99
Others	105,538,971.43	508,838,432.85	64,281,949.50	298,371,069.43
Sub-total	11,693,749,957.47	48,255,016,302.61	8,626,910,570.29	35,806,703,379.88
Deferred tax liabilities:				
Held-for-trading financial assets and liabilities measured at fair value	-	-	16,902.77	67,611.07
Available-for-sale financial assets measured at fair value	723,792,555.51	2,937,679,576.55	843,048,649.29	3,702,379,802.40
Initial recognition and accumulated amortization of convertible bonds	-	-	31,988,639.94	213,257,599.69
Fair value adjustment on fixed assets, intangible assets and other assets obtained from business combination not involving enterprises under common control	145,176,246.37	618,799,663.49	137,096,327.14	738,536,763.93
Equity interest held for sale	71,716,486.00	478,109,907.00	-	-
Others	30,906,191.47	94,638,260.93	27,433,320.92	78,051,297.67
Sub-total	971,591,479.35	4,129,227,407.97	1,039,583,840.06	4,732,293,074.76
Deferred tax assets offset by deferred tax liabilities	1,037,198.38		449,385.89	
Disclosed in the balance sheet:				
Deferred tax assets	11,692,712,759.09		8,626,461,184.40	
Deferred tax liabilities	970,554,280.97		1,039,134,454.17	
Net amount of deferred tax assets (liabilities)	10,722,158,478.12		7,587,326,730.23	

(2) Details of unrecognized deferred tax assets

Unit: RMB

Item	December 31, 2013	December 31, 2012
Deductible losses and deductible temporary differences	40,577,037,633.19	33,702,419,387.65

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

Item	Unit: RMB
Opening balance	7,587,326,730.23
Decrease due to changes in the consolidation scope during the year	(119,420,707.00)
Recognized in profit and loss of the year	3,135,672,269.73
Recognized in equity - Changes in fair value of available-for-sale financial assets	118,580,185.16
Closing balance	10,722,158,478.12

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24. Other non-current assets

Unit: RMB

Item	December 31, 2013	December 31, 2012
Payment in advance investment (Note 1)	800,000,000.00	336,600,000.00
Long-term loans (Note 2)	220,849,689.64	220,849,689.64
Receivables investment (Note 3)	151,742,873.25	196,611,283.29
Wealth management products with principle protected and unprotected (Note 4)	-	1,467,543,117.72
Others (Note 5)	578,284,058.26	404,263,553.92
Total	1,750,876,621.15	2,625,867,644.57
Less: Impairment loss on other non-current assets	245,849,421.55	245,849,421.55
Net value of other non-current assets due after one year	1,505,027,199.60	2,380,018,223.02

Note1: The balances represent prepayment for investment of the Group. At the year-end, the equity change of the invested companies was under progress.

Note2: The balances represent long-term loans granted to SAIC General Motors Investments Limited, of which full provision for impairment loss was recognized in last year-end.

Note3: The balances represent long-term certificated bonds held by SFC.

Note4: The opening balances represent various long-term wealth management products, Such products of RMB 566,798,043.48 held by SFC were issued by China Merchants Bank and its underlying assets are automobile consumption loans issued by GMAC-SAIC Automotive Finance Co., Ltd.

Note5: Included in the closing balance, RMB 49,999,276.23 is securitization of financial assets held by SFC. SFC recognized corresponding financial assets and liabilities due to the continuing involvement.

25. Impairment loss of assets

Unit: RMB

Item	December 31, 2012	Increase(Decrease) due to changes in the consolidation scope during the year	Provision	Decrease		December 31, 2013
				Reversals	Write-off	
1. Bad debt provision	804,894,719.23	(37,014,011.00)	521,653,186.91	127,162,171.58	9,527,496.07	1,152,844,227.49
2. Provision for decline in value of inventories	1,350,529,938.61	(24,723,991.00)	684,488,722.85	54,882,302.23	357,398,048.43	1,598,014,319.80
3. Impairment on available-for-sale financial assets	652,323,606.66	-	23,347,620.00	-	652,323,606.66	23,347,620.00
4. Impairment on long-term investments	577,532,962.74	-	30,325,460.00	-	1,150,000.00	606,708,422.74
5. Impairment loss on fixed assets	1,561,018,023.96	(1,951,068.00)	1,140,767,738.52	-	139,628,056.30	2,560,206,638.18
6. Impairment on construction in progress	425,704,331.87	-	222,747.30	-	200,942,940.12	224,984,139.05
7. Impairment on intangible assets	376,553,636.66	-	631,708,714.31	-	40,344,400.00	967,917,950.97
8. Impairment on investment properties	941,337.80	-	-	-	-	941,337.80
9. Impairment on loans	620,737,191.20	-	263,563,882.68	-	2,037,081.10	882,263,992.78
10. Impairment on goodwill	2,900,011.11	-	-	-	-	2,900,011.11
11. Impairment on other non-current assets	245,849,421.55	-	-	-	-	245,849,421.55
Total	6,618,985,181.39	(63,689,070.00)	3,296,078,072.57	182,044,473.81	1,403,351,628.68	8,265,978,081.47

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**26. Short-term borrowings**

Unit: RMB

Item	December 31, 2013	December 31, 2012
Credit loans	4,418,725,680.34	5,310,140,580.73
Pledge loans (Note 1)	824,349,079.84	460,115,811.00
Mortgage loans	-	8,255,799.00
Guaranteed loans (Note 2)	8,500,000.00	20,300,000.00
Total	5,251,574,760.18	5,798,812,190.73

Note1: At the year-end, accounts receivable with net book value of RMB 62,400,000.00 were pledged to secure pledge loans of RMB 79,696,016.14 (see Note (VI)4). At the year-end, finance leases receivables with net book value of RMB 45,797,961.66 were pledged to secure pledge loans of RMB 30,321,079.84 (see Note(VI)14). At the year-end, 50% equity interest of Yanfeng Visteon Trim, HASCO's subsidiary, was set as pledge for RMB 731,628,000.00 of pledge loans and RMB 792,597,000.00 of long-term borrowings (see Note (VI)38).

Note2: Such loans are guaranteed by third parties at the year-end.

27. Customer deposits and deposits from banks and other financial institutions

Unit: RMB

Item	December 31, 2013	December 31, 2012
Enterprises' deposits held by SFC	38,691,473,576.31	27,224,780,894.45
Bankers' deposit held by SFC	610,518,790.13	1,943,615,619.34
Short-term deposits held by SFC	3,469,762,610.73	2,639,985,074.17
Total	42,771,754,977.17	31,808,381,587.96

Enterprises' deposits held by SFC due from shareholders holding more than 5% (inclusive) of the Company's voting rights are set out in Note (VII)5(4)(b) and enterprises' deposits held by SFC due from related parties are set out in Note(VII) 5(4)(b).

28. Held-for-trading financial liabilities

Unit: RMB

Item	Fair value as of December 31, 2013	Fair value as of December 31, 2012
Derivative financial liabilities – forward exchange contracts	7,155,000.00	-

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**29. Notes payable**

Unit: RMB

Item	December 31, 2013	December 31, 2012
Bank acceptances	3,941,333,352.29	2,691,003,568.70
Trade acceptances	451,669,448.72	392,728,596.44
Total	4,393,002,801.01	3,083,732,165.14

There were no notes payable due to shareholders holding more than 5% (inclusive) of the Company's voting rights. Notes payable due to related parties are set out in Note(VII)6(6).

30. Accounts payable

(1) Details of accounts payable are as follows:

Unit: RMB

Item	December 31, 2013	December 31, 2012
Accounts payable for purchase of materials and equipment, etc.	61,076,035,671.86	47,809,876,107.19

(2) There were no accounts payable due to shareholders holding more than 5% (inclusive) of the Company's voting rights.

(3) Accounts payable due to related parties are set out in Note(VII)6(7).

31. Receipts in advance

(1) Details of receipts in advance are as follows:

Unit: RMB

Item	December 31, 2013	December 31, 2012
Receipt in advance arising from sales of vehicles, materials, parts, etc.	27,031,992,611.61	21,911,629,511.49

(2) Receipts in advance from shareholders holding more than 5% (inclusive) of the Company's voting rights are set out in Note(VII)6(8).

(3) Receipts in advance from other related parties are set out in Note(VII)6(8).

32. Employee benefits payable

Unit: RMB

Item	December 31, 2013	December 31, 2012
Payroll, bonus, allowance and compensation	3,765,095,540.54	2,628,701,675.97
Staff incentive and welfare fund	1,152,880,316.32	837,212,987.15
Social security contributions	128,958,246.28	121,311,186.64
Housing funds	55,882,374.89	59,424,256.56
Trade union fund and employee education fund	340,251,116.24	320,104,107.05
Termination benefits	332,982,087.43	283,955,444.15
Others	161,920,835.44	187,158,279.45
Total	5,937,970,517.14	4,437,867,936.97

There were no overdue employee benefits payables at the year-end.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**33. Taxes payable**

Unit: RMB

Item	December 31, 2013	December 31, 2012
Enterprise income tax	4,364,239,278.59	5,452,003,879.16
Consumption tax	242,039,546.90	179,976,277.38
Individual income tax	67,435,833.71	62,819,315.02
Land use tax	6,965,996.81	16,987,499.64
Business tax	85,753,964.46	40,427,203.98
Value added tax	(1,606,972,965.74)	(1,089,827,062.49)
City construction and maintenance tax	44,069,728.10	38,951,851.80
Education surcharge	36,078,193.61	58,638,519.70
Others	169,807,085.39	155,655,094.53
Total	3,409,416,661.83	4,915,632,578.72

34. Dividends payable

Unit: RMB

Item	December 31, 2013	December 31, 2012
Dividends payable of subsidiaries due to minority investors	65,411,503.89	1,098,745,971.80

35. Other payables

(1) Details of other payables are as follows:

Unit: RMB

Item	December 31, 2013	December 31, 2012
Sales commission and discount	20,184,194,558.93	16,102,864,836.35
Dealers' deposits and other deposits	3,281,089,187.34	2,485,808,679.51
Others	5,196,636,520.51	4,153,596,085.72
Total	28,661,920,266.78	22,742,269,601.58

(2) Other payables due to shareholders holding more than 5% (inclusive) of the Company's voting rights are set out in Note(VII)6(9).

(3) Other payables due to other related parties are set out in Note(VII)6(9).

36. Non-current liabilities due within one year

Details of non-current liabilities due within one year are as follows:

Unit: RMB

Item	December 31, 2013	December 31, 2012
Provisions due within one year (Note (VI)40)	5,199,582,235.67	4,257,114,989.67
Long-term borrowings due within one year (Note (VI)38)	769,008,795.87	1,843,945,642.22
Other non-current liabilities due within one year (Note (VI)42)	9,819,612.25	9,474,483.88
Bonds payable due within one year (Note (VI)39)	-	6,031,722,400.31
Total	5,978,410,643.79	12,142,257,516.08

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

36. Non-current liabilities due within one year - continued

(1) Provisions due within one year

Unit: RMB

Item	December 31, 2013	December 31, 2012
Products quality warranty	3,740,353,815.29	3,277,356,627.68
Others	1,459,228,420.38	979,758,361.99
Total	5,199,582,235.67	4,257,114,989.67

(2) Long-term borrowings due within one year

Unit: RMB

Item	December 31, 2013	December 31, 2012
Credit loans	208,165,306.52	1,451,276,336.97
Pledge loans	505,693,489.35	343,169,305.25
Mortgage loans	55,150,000.00	49,500,000.00
Total	769,008,795.87	1,843,945,642.22

(3) Non-current liabilities due within one year

Unit: RMB

Item	December 31, 2013	December 31, 2012
Deferred income - Government grants	9,819,612.25	9,474,483.88

37. Other current liabilities

Unit: RMB

Item	December 31, 2013	December 31, 2012
Accrued expenses	109,477,605.53	105,494,245.61
Deferred income - Government grants (Note)	42,280,000.00	41,500,000.00
Deferred income - Interest received in advance of SFC	1,127,646,806.92	145,608,372.90
Deferred income - Others	295,273,490.02	204,346,778.34
Total	1,574,677,902.47	496,949,396.85

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

Unit: RMB

Item	December 31, 2012	Increase of government grants	Amount recognized in non-operating income	December 31, 2013	Related to assets/income
Subsidies for project development	41,500,000.00	25,805,000.00	25,025,000.00	42,280,000.00	Income

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

38. Long-term borrowings

Unit: RMB

Item	December 31, 2013	December 31, 2012
Credit loans	1,165,177,806.49	2,078,278,009.98
Pledge loans (Note 1)	1,802,692,280.53	598,546,560.44
Mortgage loans (Note 2)	231,360,000.00	113,900,000.00
Sub-total	3,199,230,087.02	2,790,724,570.42
Less: Long-term borrowings due within one year (Note(VI)36)	769,008,795.87	1,843,945,642.22
Long-term borrowings due after one year	2,430,221,291.15	946,778,928.20

Note1: At the year-end, financial leases receivables of RMB2,197,283,372.61 were pledged to secure pledge loans of RMB 1,010,095,280.53 (see Note(VI)14); At the year-end, 50% equity interest of Yanfeng Visteon Trim, HASCO's subsidiary, was set as pledge for RMB 792,597,000.00 of pledge loans and RMB 731,628,000.00 of short-term borrowings (see Note(VI)26).

Note2: At the year-end, the Company mortgaged fixed assets - buildings with net book value of RMB 78,783,306.56 to secure mortgage loans of RMB 105,600,000.00 (see Note(VI)18), mortgaged fixed assets - buildings with net book value of RMB 14,555,068.98, investment properties - buildings with net book value of RMB 12,621,053.60 and intangible assets - land use rights with net book value of RMB 12,354,798.07 to secure mortgage loans of RMB 19,600,000.00 (see Note (VI)17, 18 and 20), mortgaged investment properties - buildings with net book value of RMB 50,737,245.63 and intangible assets - land use rights with net book value of RMB 25,078,373.48 to secure mortgage loans of RMB 22,800,000.00 (see Note(VI)17 and 20), mortgaged investment properties - buildings with net book value of RMB 17,741,660.15 to secure mortgage loans of RMB 1,700,000.00 (see Note(VI)17), mortgaged construction in progress with net book value of RMB 162,943,831.23 to secure mortgage loans of RMB 32,010,000.00 (see Note(VI)19) and mortgaged assets rented out through finance lease - ships, etc to secure mortgage loans of RMB 49,650,000.00.

39. Bonds payable

Unit: RMB

Category	Face value	December 31, 2012	Increase	Interest accrual for the year	Interest and the principle paid during the year	December 31, 2013
Bonds with attached warrants (Note 1)	6,300,000,000.00	6,031,722,400.31	-	318,677,599.69	6,350,400,000.00	-
Corporate bonds of HASCO (Note 2)	4,000,000,000.00	-	3,833,983,000.00	-	-	3,833,983,000.00
Sub-total	10,300,000,000.00	6,031,722,400.31	3,833,983,000.00	318,677,599.69	6,350,400,000.00	3,833,983,000.00
Less: Bonds payable due within one year(Note (VI) 36)		6,031,722,400.31				-
Bonds payable due after one year		-				3,833,983,000.00

Note1: As approved by China Securities Regulatory Commission Zheng Jian Fa Xing Zi [2007] No. 459, the Company issued bonds with attached warrants of RMB 6,300,000,000 on December 19, 2007 at par value of RMB 100 with 3.6 shares of warrants for each bond. Total shares of warrants issued were 226,800,000. The expiration date of the bonds with attached warrants would be December 18, 2013. The nominal annual interest rate of the bonds would be 0.80%, and the real annual interest rate would be 5.46%. Bonds with attached warrants were guaranteed by SAIC. The Company repaid the bonds with attached warrants in the current year.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

39. Bonds payable - continued

Note 1: - continued

Initial recognition of bonds with warrants is as follows:

Unit: RMB

Item	Liabilities component	Equity component	Total
Initial recognized amount	4,874,744,332.84	1,425,255,667.16	6,300,000,000.00
Less: Transaction costs	43,872,699.00	12,827,301.00	56,700,000.00
Book value at issuing date	4,830,871,633.84	1,412,428,366.16	6,243,300,000.00

Movement of bonds with warrants during the year is as follows:

Unit: RMB

	December 31, 2012	Interest accrued	Interest paid	December 31, 2013
Book value	6,300,000,000.00	-	6,300,000,000.00	-
Adjustment of interest	(269,957,599.69)	269,957,599.69	-	-
Accrued interest	1,680,000.00	48,720,000.00	50,400,000.00	-
Total	6,031,722,400.31	318,677,599.69	6,350,400,000.00	-

Note2: "Approval of HUAYU Automotive Systems Co., Ltd. Public Issue of Corporate Bonds" was approved by China Securities Regulatory Commission by Zheng Jian Xu Ke [2013] No 1380, HASCO, a subsidiary of the Company publicly issued corporate bonds of RMB 4,000,000,000 on November 21, 2013. The bonds were issued at par value RMB 100. The bonds were classified as type I, two-year bonds, and type II, five-year bonds with the option of issuer to raise nominal interest rate and the option of bondholder of early redemption at the third anniversary. HASCO issued type I bonds of RMB 1,200,000,000 at interest rate was 5.60% per annum and issued type II bonds of RMB 2,800,000,000 at interest rate of 5.72% per annum. Interest is payable on annual basis and the principal is payable at maturity. The corporate bonds have no guarantees.

After elimination of the bonds of RMB 166,017,000 held by SFC, a subsidiary of the Company,, the closing balance of the Group's bonds payable is RMB 3,833,983,000.

40.Provisions

Unit: RMB

Item	December 31, 2013	December 31, 2012
Products quality warranty	8,499,429,995.92	6,491,843,790.10
Expected indemnity expenditure	371,269,579.87	395,442,899.07
Others	1,624,961,531.11	1,223,561,830.06
Sub-total	10,495,661,106.90	8,110,848,519.23
Less: Provisions due within one year (Note(VI)36)	5,199,582,235.67	4,257,114,989.67
Provisions due after one year	5,296,078,871.23	3,853,733,529.56

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

41. Special payables

Unit: RMB

Item	December 31, 2013	December 31, 2012
Compensation for relocation (Note 1)	1,141,687,080.17	1,677,296,663.82
Special reward fund (Note 2)	939,884,119.00	972,655,000.00
Total	2,081,571,199.17	2,649,951,663.82

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. Other non-current liabilities

Unit: RMB

Item	December 31, 2013	December 31, 2012
Compensation and retirement benefits (Note 1)	6,016,299,283.45	6,000,944,913.22
Deferred income - Government grants (Note 2)	4,553,913,157.81	1,030,536,784.98
Deferred income - Others	217,350,743.22	135,350,388.58
Others	178,828,954.62	198,005,847.86
Sub-total	10,966,392,139.10	7,364,837,934.64
Less: Other non-current liabilities due within one year (Note(VI)36)	9,819,612.25	9,474,483.88
Other non-current liabilities due after one year	10,956,572,526.85	7,355,363,450.76

Note 1: Balances of compensations and retirement benefits of the Company are mainly calculated using actuarial techniques based on assumptions of discount rates, inflation and other factors. Management of the Group believes that the assumptions are reasonable, but actual results might differ from these assumptions, which might affect the disbursement and liabilities relating to the welfare.

Note 2: Details of deferred income - government grants are as follows:

Unit: RMB

Item	December 31, 2012	Increase	Amount recognized in non-operating income	Changes due to changes in the scope of consolidation	December 31, 2013	Related to assets/income
Relocation compensation	74,218,546.80	3,215,209,227.74	497,217,347.00	-	2,792,210,427.54	Assets/Income
Subsidies for purchase of fixed assets	182,663,029.37	542,163,684.80	41,666,174.10	-	683,160,540.07	Assets
Technical improvement	316,558,171.89	47,355,250.00	14,007,360.44	-	349,906,061.45	Assets
Subsidies for project development	198,217,548.08	548,564,146.91	272,388,612.96	(11,158,000.00)	463,235,082.03	Income
Financial subsidies	258,879,488.84	34,870,325.54	28,348,767.66	-	265,401,046.72	Income
Total	1,030,536,784.98	4,388,162,634.99	853,628,262.16	(11,158,000.00)	4,553,913,157.81	

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

43. Share capital

Registered capital and paid-in capital of the Company are RMB 11,025,566,629.00, with a par value of RMB1.00 per share. Categories and composition of the shares are as follows:

Year 2013:	Shares at the beginning of the year	Changes (shares)	Shares at the end of the year	% of shares held at the end of the years
I. Restricted shares				
Shares held by domestic legal person				
-SAIC	1,520,834,217	(72,098,054)	1,448,736,163	13.14
-SAIC Ltd	334,408,775	-	334,408,775	3.03
Sub-total	1,855,242,992	(72,098,054)	1,783,144,938	16.17
II. Non-restricted shares				
Ordinary shares in RMB				
-SAIC	6,670,615,714	72,098,054	6,742,713,768	61.16
-Yuejin	413,919,141	-	413,919,141	3.75
-Others	2,085,788,782	-	2,085,788,782	18.92
Sub-total	9,170,323,637	72,098,054	9,242,421,691	83.83
III. Total	11,025,566,629	-	11,025,566,629	100.00

Note: In 2010, CSRC approved the Company's non-public issue of shares with "Approval of Non-public Issue of Shares of SAIC Motor Corporation Limited" (Zheng Jian Xu Ke [2010] No. 1717). Accordingly, the Company issued 720,980,533 A shares (with par value of RMB 1.00 per share) to 10 investors, including SAIC, the controlling shareholder. Of the 720,980,533 shares issued, 648,882,479 shares issued to other investors were restricted for 12 months after the issue (such shares were released for trading during 2011) and 72,098,054 shares issued to SAIC were restricted for 36 months after the issue (such shares were released for trading during 2013).

Year 2012:	Shares at the beginning of the year	Changes (shares)	Shares at the end of the year	% of shares held at the end of the years
I. Restricted shares				
Shares held by domestic legal person				
-SAIC	1,520,834,217	-	1,520,834,217	13.80
-SAIC Ltd	334,408,775	-	334,408,775	3.03
Sub-total	1,855,242,992	-	1,855,242,992	16.83
II. Non-restricted shares				
Ordinary shares in RMB				
-SAIC	6,670,615,714	-	6,670,615,714	60.50
-Yuejin	468,398,580	(54,479,439)	413,919,141	3.75
-Others	2,031,309,343	54,479,439	2,085,788,782	18.92
Sub-total	9,170,323,637	-	9,170,323,637	83.17
III. Total	11,025,566,629	-	11,025,566,629	100.00

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

44. Capital reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Year 2013:				
Share premium	37,585,509,986.24	11,155,140.69	1,691,259,915.21	35,905,405,211.72
Including: Capital contributed by investors (Note 1)	37,133,420,398.24	11,155,140.69	-	37,144,575,538.93
Differences arising from business combination involving enterprises under common control	361,806,720.80	-	-	361,806,720.80
Effect of changes of investment in subsidiaries (Note 2)	90,282,867.20	-	1,691,259,915.21	(1,600,977,048.01)
Other comprehensive income	6,591,135,362.73	-	839,442,748.09	5,751,692,614.64
Other capital reserves	689,506,755.54	2,033,061.27	-	691,539,816.81
Total	44,866,152,104.51	13,188,201.96	2,530,702,663.30	42,348,637,643.17
Year 2012:				
Share premium	37,529,611,841.43	56,086,824.06	188,679.25	37,585,509,986.24
Including: Capital contributed by investors (Note 3)	37,133,609,077.49	-	188,679.25	37,133,420,398.24
Differences arising from business combination involving enterprises under common control	361,806,720.80	-	-	361,806,720.80
Effect of increase of investment in subsidiaries	34,196,043.14	56,086,824.06	-	90,282,867.20
Other comprehensive income	4,124,550,064.91	2,466,585,297.82	-	6,591,135,362.73
Other capital reserves	518,333,514.40	171,173,241.14	-	689,506,755.54
Total	42,172,495,420.74	2,693,845,363.02	188,679.25	44,866,152,104.51

Note 1: In 2013, 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.

Note 2: In 2013, the decrease was resulted from the changes of proportion of equity interest in subsidiaries including Shanghai Diesel, Yanfeng Trim and etc.

The change of proportion of equity interest held by the Group in Shanghai Diesel is set out in Note (IV)1(3).

Yanfeng Trim was a subsidiary of the HASCO, which held 50% equity interest in Yanfeng Trim and controlled majority voting rights in its board of directors. Visteon International Corporation Limited ("Visteon") held the remaining 50% equity interest in Yanfeng Trim. By the end of 2013, HASCO completed the acquisition of 50% equity interest of Yanfeng Trim held by Visteon, and Yanfeng Trim has become a wholly owned subsidiary of HASCO. HASCO paid consideration of USD 928.4 million (equivalent in RMB 5,648,790,217.90). In accordance with CAS Interpretation No.2, the difference between the consideration and the book value of the corresponding net assets acquired is adjusted to capital reserve. HASCO reduced capital reserve of RMB 2,800,875,482.90. Accordingly, the Company reduced capital reserve of RMB 1,683,326,165.22 and minority interest of RMB 1,117,549,317.68, respectively, based on 60.1% equity interest of HASCO held by the Company.

Note 3: In 2012, the decrease of capital contributed by investors was the expenditures directly related to the 2011 Restructuring and it was deducted against capital reserve.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

45. Surplus reserve

Unit: RMB

Item	December 31, 2011	Appropriation	Increase due to changes in the consolidation scope during the year (Note)	December 31, 2012
Year 2013:				
Statutory surplus reserve	7,539,067,256.12	1,741,750,491.87	-	9,280,817,747.99
Discretionary surplus reserve	5,920,864,749.58	1,741,750,491.87	-	7,662,615,241.45
General risk reserve	844,919,712.17	-	-	844,919,712.17
Total	14,304,851,717.87	3,483,500,983.74	-	17,788,352,701.61
Year 2012:				
Statutory surplus reserve	5,711,125,555.70	1,702,687,529.88	125,254,170.54	7,539,067,256.12
Discretionary surplus reserve	4,092,923,049.16	1,702,687,529.88	125,254,170.54	5,920,864,749.58
General risk reserve	-	844,919,712.17	-	844,919,712.17
Total	9,804,048,604.86	4,250,294,771.93	250,508,341.08	14,304,851,717.87

Note: See Note(XI)1(3).

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

46. Retained earnings

Unit: RMB

Item	Amount
Year 2013:	
Balance at the beginning of year	51,978,504,734.84
Add: Net profit attributable to the shareholders of the Company	24,803,626,272.23
Less: Appropriation to statutory surplus reserve of the Company	1,741,750,491.87
Appropriation to discretionary surplus reserve of the Company	1,741,750,491.87
Dividends distribution (Note 1)	6,615,339,977.40
Appropriation to foreign capital reserve of SFC	2,033,061.27
Appropriation to staff incentive and welfare fund of subsidiaries	224,273,659.78
Balance at the end of year	66,456,983,324.88
Year 2012:	
Balance at the beginning of year	39,220,503,321.39
Add: Net profit attributable to the shareholders of the Company	20,751,763,307.97
Less: Appropriation to statutory surplus reserve of the Company	1,702,687,529.88
Appropriation to discretionary surplus reserve of the Company	1,702,687,529.88
Dividends distribution	3,307,669,988.70
Appropriation to foreign capital reserve of SFC	2,879,770.97
Appropriation to general provisions of risk of SFC	844,919,712.17
Appropriation to staff incentive and welfare fund of subsidiaries	178,091,168.21
Adjustments due to changes in the consolidation scope during the year	250,508,341.08
Adjustments due to acquisition of minority interests during the year	4,317,853.63
Balance at the end of year	51,978,504,734.84

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

46. Retained earnings - continued

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

According to resolution reached at 2012 annual general meeting of shareholders on May 30, 2013, the Company distributed cash dividends of RMB6.00 (inclusive of tax) per 10 shares, amounting to RMB6,615,339,977.40 based on total 11,025,566,629 shares.

Note 2: Profit distribution proposed after the balance sheet date

According to the proposals made at the 13th meeting of the 5th session of the Board of Directors, the Company planned to distribute cash dividends of RMB 12 (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.

47. Operating income/costs

(1) Operating income/costs

Unit: RMB

	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Primary operations	555,145,042,181.45	484,458,273,003.97	470,394,347,987.34	394,129,823,572.43
Other operations	8,200,630,184.33	6,530,209,072.10	8,038,228,355.49	6,433,773,121.15
Total	563,345,672,365.78	490,988,482,076.07	478,432,576,342.83	400,563,596,693.58

(2) Primary operations

Unit: RMB

	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Sales of vehicles	432,606,057,505.39	385,844,647,899.63	373,657,830,255.77	318,042,746,527.38
Sales of parts	107,853,711,372.36	86,069,384,830.23	81,439,636,823.62	62,565,114,689.73
Trading	9,166,191,780.85	8,750,931,954.31	10,895,851,370.55	10,432,567,162.14
Service and others	5,519,081,522.85	3,793,308,319.80	4,401,029,537.40	3,089,395,193.18
Total	555,145,042,181.45	484,458,273,003.97	470,394,347,987.34	394,129,823,572.43

(3) Other operations

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	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Sales of raw materials	5,962,796,606.37	5,200,660,543.13	6,081,264,174.82	5,421,653,704.54
Rendering services	626,739,273.09	483,297,159.72	484,372,283.44	309,271,606.50
Rental	461,334,271.74	198,668,572.37	424,657,550.67	134,621,554.86
Others	1,149,760,033.13	647,582,796.88	1,047,934,346.56	568,226,255.25
Total	8,200,630,184.33	6,530,209,072.10	8,038,228,355.49	6,433,773,121.15

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**47. Operating income/costs - continued**

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

Unit: RMB

Name	Operating income	Proportion to total operating income (%)
Company 1	33,550,268,813.11	5.95
Company 2	11,105,816,604.52	1.97
Company 3	5,571,665,651.13	0.99
Company 4	5,406,325,603.61	0.96
Company 5	3,089,208,207.19	0.55
Total	58,723,284,879.56	10.42

48. Interest income/expenses

Unit: RMB

	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Income	Expenses	Income	Expenses
Interest income/expenses of SFC	2,364,124,238.21	716,512,659.62	2,495,862,499.96	610,656,797.24

49. Fee and commission income/ expenses

Unit: RMB

	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Income	Expenses	Income	Expenses
Fee and commission income/expenses of SFC	97,214,975.83	6,580,329.31	51,232,811.94	13,810,913.47

50. Business taxes and levies

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Consumption tax	1,973,589,976.74	6,094,099,891.95
City construction and maintenance tax	507,934,972.94	682,366,385.99
Education surcharges	627,953,671.97	944,266,668.82
Business tax	263,190,389.20	199,438,101.91
Others	66,790,964.75	55,212,789.64
Total	3,439,459,975.60	7,975,383,838.31

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

51. Selling expenses

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Transportation expenses	9,504,059,895.15	8,207,978,001.12
Advertising expenses	8,402,066,316.07	6,788,821,825.89
After sales service expenses	4,464,656,551.10	2,888,752,915.26
Others	12,359,718,312.15	9,322,602,360.72
Total	34,730,501,074.47	27,208,155,102.99

52. Administrative expenses

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Salaries	6,131,137,834.89	5,436,977,176.06
Depreciation and amortization	1,199,239,389.61	1,629,961,924.83
Research and development expenditures	5,890,265,313.47	5,311,774,321.86
Royalties	107,310,410.02	1,153,891,296.53
Others	5,016,661,804.00	5,002,033,804.89
Total	18,344,614,751.99	18,534,638,524.17

53. Financial expenses

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Interest expenses	665,714,797.25	769,121,620.49
Less: Capitalized expenses (Note(VI)19)	9,610,426.95	7,469,414.17
Less: Interest income	922,450,732.25	943,528,475.02
Exchange (gain) loss	(23,490,730.47)	24,178,802.13
Others	35,121,693.92	42,477,684.27
Total	(254,715,398.50)	(115,219,782.30)

54. Impairment losses on assets

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Impairment of fixed assets	1,140,767,738.52	361,125,299.54
Impairment of intangible assets	631,708,714.31	43,957,187.25
Decline in value of inventories	629,606,420.62	573,442,654.25
Impairment of loans	263,563,882.68	185,077,003.10
Bad debt loss	394,491,015.33	220,089,193.44
Impairment of long-term investments	30,325,460.00	7,680,080.68
Impairment of available-for-sale financial assets	23,347,620.00	652,323,606.66
Impairment of construction in process	222,747.30	7,130,226.57
Impairment of other non-current assets	-	245,849,421.55
Total	3,114,033,598.76	2,296,674,673.04

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

55. Gain (loss) from changes in fair values

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Gain (loss) resulting from:		
Held-for-trading financial assets	3,939,821.80	2,877,677.77
Held-for-trading financial liabilities	(7,155,000.00)	4,263,656.99
Total	(3,215,178.20)	7,141,334.76

56. Investment income

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Dividends received from investments under cost method	9,251,498.90	2,801,321.69
Long-term equity investment income under equity method	23,012,745,050.58	15,545,446,804.31
Amortization of long-term equity investment difference	(827,623.32)	(827,623.32)
Effect of loss of control over subsidiaries due to partial disposal (Note)	265,249,246.00	1,480,720.50
Gain (loss) on disposal of long-term equity investments	136,910,686.20	15,937,619.84
Unrealized profit elimination under equity method	(741,990,183.81)	(826,568,895.15)
Gain (loss) from held-for-trading financial assets/liabilities	8,161,094.49	22,139,785.57
Gain from available-for-sale financial assets	2,626,499,230.42	548,839,921.06
Gain from financial assets purchased under resale agreements	68,822,913.80	47,028,635.14
Others	71,594,914.09	73,062,914.55
Total	25,456,416,827.35	15,429,341,204.19

Note: See Note(XI)1(2).

57. Non-operating income

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

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Government grants	1,390,054,367.76	761,484,342.38
Gain on disposal of non-current assets	357,478,296.91	178,241,074.39
Payables waived by creditors	60,026,975.27	55,607,670.45
Acquisition discounts from business combination not involving enterprises under common control (Note)	8,484,365.00	693,657.36
Debt restructuring gain	4,793,600.54	561,733.55
Others	237,112,338.45	100,677,380.89
Total	2,057,949,943.93	1,097,265,859.02

Note: See Note(XI)1(1).

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

57. Non-operating income - continued

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

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012	Related To Assets/Income
Relocation compensation	566,964,239.07	19,959,938.35	Assets/Income
Subsidies for purchase of fixed assets	41,666,174.10	261,041.62	Assets
Technical improvement	14,007,360.44	538,998.42	Assets
Subsidies for project development	326,306,103.96	308,305,385.16	Income
Financial subsidies	280,074,168.21	268,465,501.00	Income
Tax refund	161,036,321.98	163,953,477.83	Income
Total	1,390,054,367.76	761,484,342.38	

58. Non-operating expenses

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Loss on disposal of non-current assets	493,815,504.18	37,098,464.69
Relocation	87,267,549.29	61,331,154.98
Donations	20,694,065.07	11,425,145.11
Others	142,290,003.35	170,635,901.38
Total	744,067,121.89	280,490,666.16

59. Income tax expenses

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Current income tax expenses	9,044,728,434.68	10,169,817,145.27
Deferred income tax expenses	(3,135,672,269.73)	(3,541,705,901.84)
Total	5,909,056,164.95	6,628,111,243.43

Reconciliation of income tax and accounting profit is as follows:

Unit: RMB

	Year Ended December 31, 2013	Year Ended December 31, 2012
Accounting profit	41,492,997,677.48	40,156,364,971.19
Income tax expenses calculated at 15% (Year 2012: 15%)	6,223,949,651.62	6,023,454,745.68
Effect of expenses that are not deductible for tax purposes	147,376,154.71	176,184,557.32
Effect of unrecognized deductible losses and deductible temporary differences for tax purposes	1,588,856,975.11	1,144,999,928.25
Effect of using previously unrecognized deductible losses and deductible temporary differences for tax purposes	(384,821,362.18)	(171,193,696.24)
Adjustment on prior year's income tax according to final settlement	(67,893,883.85)	(43,895,861.08)
Effect of non-taxable revenue	(3,514,541,524.60)	(2,377,134,081.06)
Effect of super tax deduction for research and development expenditures	(207,956,522.23)	(348,165,983.68)
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,124,086,676.37	2,223,861,634.24
Total	5,909,056,164.95	6,628,111,243.43

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

60. Calculation process of basic earnings per share and diluted earnings per share

(1) For the purpose of calculating basic earnings per share, net profit for the current year attributable to ordinary shareholders is as follows:

Unit: RMB

	Year Ended December 31, 2013	Year Ended December 31, 2012
Net profit for the current year attributable to ordinary shareholders	24,803,626,272.23	20,751,763,307.97
Including: Net profit from continuing operations	24,803,626,272.23	20,751,763,307.97

(2) For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

	Year Ended December 31, 2013	Year Ended December 31, 2012
Number of ordinary shares outstanding at the beginning of year	11,025,566,629	11,025,566,629
Add: Weighted average number of ordinary shares issued during the year	-	-
Number of ordinary shares outstanding at the end of year	11,025,566,629	11,025,566,629

(3) Diluted earnings per share

At the end and the beginning of the year, there were no events of dilution.

(4) Earnings per share

	Year Ended December 31, 2013	Year Ended December 31, 2012
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	2.250	1.882
Diluted earnings per share	Not applicable	Not applicable
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	2.250	1.882
Diluted earnings per share	Not applicable	Not applicable

61. Other comprehensive income (loss)

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
1. Gain (loss) arising from available-for-sale financial assets	(1,047,844,375.63)	2,114,000,759.86
less: Tax effects arising from available-for-sale financial assets	(121,881,317.66)	277,410,320.28
Net amount included in other comprehensive income in the prior periods that is transferred to profit or loss of the current period	(16,247,973.61)	(651,212,556.66)
Sub-total	(909,715,084.36)	2,487,802,996.24
2. Share of other comprehensive income (loss) of the investee accounted for using equity method	906,852.72	182,382,420.98
3. Translation differences of financial statements denominated in foreign currencies	(80,777,148.08)	(24,214,046.58)
4. Others	(989,585,379.72)	2,645,971,370.64

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**62. Entrusted business of SFC**

Unit: RMB

	Year Ended December 31, 2013	Year Ended December 31, 2012
Entrusted deposits	1,366,773,562.54	1,286,736,909.74
Entrusted loans	1,206,000,000.00	1,126,000,000.00
Entrusted investments	160,773,562.54	160,736,909.74
Total	1,366,773,562.54	1,286,736,909.74

63. Note of cash flow statement

Other cash receipts relating to financing activities

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Decrease of restricted cash (including pledge of bank acceptances, etc.)	-	654,800,570.44

Other cash payments relating to financing activities

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Increase of restricted cash (including pledge of bank acceptances, etc.)	506,267,257.12	-
Payment of the transaction costs of 2011 Restructuring	-	188,679.25
Total	506,267,257.12	188,679.25

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

64. Supplementary information to the cash flow statements

(1) Supplementary information to the cash flow statements

Unit: RMB

Supplementary information	Year Ended December 31, 2013	Year Ended December 31, 2012
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	35,583,941,512.53	33,528,253,727.76
Add: Provision for impairment loss of assets	3,114,033,598.76	2,296,674,673.04
Depreciation of fixed assets	3,831,627,123.55	5,278,130,681.99
Amortization of intangible assets	902,920,396.76	1,107,415,238.63
Depreciation and amortization of investment properties	123,185,295.51	115,694,037.95
Amortization of long-term prepaid expenses	215,095,419.73	227,346,573.64
Losses on disposal of fixed assets, intangible assets and other long-term assets (less gains)	223,604,756.56	(116,909,919.41)
Losses on changes in fair values (less gains)	3,215,178.20	(7,141,334.76)
Financial expenses	656,104,370.30	761,652,206.32
Losses arising from investments (less gains)	(25,456,416,827.35)	(15,429,341,204.19)
Decrease in deferred tax assets (less increase)	(3,169,367,578.73)	(3,432,148,851.20)
Increase in deferred tax liabilities (less decrease)	33,695,309.00	(109,557,050.64)
Decrease in inventories (less increase)	(7,412,804,737.24)	(3,885,329,868.37)
Decrease in financial assets purchased under resell agreements (less increase)	(146,040,000.00)	-
Increase in financial assets sold under repurchase agreements (less decrease)	-	(1,164,995,527.20)
Increase in taking from banks and other financial institutions (less decrease)	-	(3,000,000,000.00)
Decrease in operating receivables (less increase)	(25,570,843,645.93)	(6,113,661,355.64)
Increase in operating payables (less decrease)	37,670,561,437.16	9,535,045,596.63
Net cash flow from operating activities	20,602,511,608.81	19,591,127,624.55
2. Net movement of cash and cash equivalents:		
Balance at the end of the year	74,277,677,348.07	46,797,863,907.34
Less: Balance at the beginning of the year	46,797,863,907.34	59,527,277,873.78
Net increase (decrease) in cash and cash equivalents	27,479,813,440.73	(12,729,413,966.44)

(2) Cash and cash equivalents

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Cash	6,721,102.22	8,232,246.94
Bank deposit	74,083,108,842.93	44,683,420,836.39
Other currencies	187,847,402.92	2,106,210,824.01
Closing balance of cash and cash equivalents	74,277,677,348.07	46,797,863,907.34

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**1. Parent of the Company**

Unit: RMB

Name of the parent company	Type of the entity	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	In-directly	Directly	In-directly
SAIC	State-owned enterprise	Shanghai, China	Mr. Hu Mao Yuan	Manufacturing, sales, development and investment of automobiles, tractors and motorcycles; operation and management of state-owned assets within the scope of authority; consulting service for domestic trading (except for specific regulations), advisory services.	21,599,175,737.24	74.30	3.03	74.30	3.03

SAIC holds 77.33% shares, directly and indirectly, of the Company.

2. Main subsidiaries of the Group

See Note(IV).

3. Main JCEs and associates of the Group

See Note(VI) 15 and 16.

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
SAIC Construction Engineering Technical Consulting Services Co., Ltd. (Note)	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 Internal Combustion Engine Testing Institute of Mechanical Industry	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
SAIC Building Engineering 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

Note: During the year, this company finished de-registration.

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions**

The following amounts are transactions and balances in the consolidated financial statements.

(1) Sales and purchases

(a) Sales of goods

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	59,891,755,213.87	37,454,823,897.38
Associates	3,638,881,741.17	3,287,384,130.77
Subsidiaries of SAIC	2,221,266.44	16,444,712.52
Total	63,532,858,221.48	40,758,652,740.67

(b) Sales of materials

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	273,153,274.32	148,452,142.90
Associates	-	11,664,852.41
Subsidiaries of SAIC	4,917,396.90	842,100.66
Total	278,070,671.22	160,959,095.97

(c) Trading

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	1,096,739,019.18	1,045,462,084.29
Associates	38,359,268.22	6,710,507.84
Subsidiaries of SAIC	-	2,012.00
Associates of SAIC	-	3,547.01
Total	1,135,098,287.40	1,052,178,151.14

(d) Purchase of goods and materials

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	330,225,433,854.91	222,244,584,358.03
Associates	2,815,921,995.34	3,901,480,199.94
Subsidiaries of SAIC	20,534,952.71	37,056,192.91
Associates of SAIC	23,400,396.06	98,030,503.51
Total	333,085,291,199.02	226,281,151,254.39

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(1) Sales and purchases - continued

(e) Purchase of long-term assets

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	48,562,241.10	79,531,543.66
Associates	896,334.33	5,619,368.01
SAIC	668,572,000.00	148,847,990.00
Subsidiaries of SAIC	3,267,966.55	42,734.96
Associates of SAIC	3,549,709.47	12,556,195.83
Total	724,848,251.45	246,597,832.46

(f) Acceptance of services - R&D expenditures

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	201,948,848.58	1,194,603,499.22
Associates	13,136,934.41	10,770,605.30
Subsidiaries of SAIC	67,123,297.43	19,133,735.31
Associates of SAIC	500,000.00	-
Total	282,709,080.42	1,224,507,839.83

(2) Rendering of services

(a) Rendering of services

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	1,194,365,970.87	1,258,576,191.35
Associates	90,622,715.14	60,212,198.28
SAIC	197,272,792.68	81,466,451.10
Subsidiaries of SAIC	117,826,554.05	167,684,417.06
Total	1,600,088,032.74	1,567,939,257.79

(b) Rental income

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	240,405,719.51	234,023,669.26
Associates	49,871,741.58	38,316,960.67
Total	290,277,461.09	272,340,629.93

(c) Guarantee income

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	1,400,001.99	1,403,835.61

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(3) Other expenses

(a) Logistics service expenses, royalties and others

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	566,137,412.26	310,679,157.23
Associates	26,516,993.58	6,594,476.71
Subsidiaries of SAIC	1,786,597.64	4,096,800.53
Associates of SAIC	144,000.00	-
Total	594,585,003.48	321,370,434.47

(b) Rental expenses

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	31,525,822.15	2,296,085.00
Associates	177,666.71	-
SAIC	8,635,391.02	16,269,460.36
Subsidiaries of SAIC	-	3,191,064.44
Total	40,338,879.88	21,756,609.80

(c) Taking-over of balance of provision for product warranty from:

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	-	3,397,188,091.87

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, 2012	931,912,275.78	629,942,727.79	1,561,855,003.57
Loans offered	1,952,247,926.13	32,864,083.50	1,985,112,009.63
Repayment collected	(2,343,803,601.91)	(133,142,727.79)	(2,476,946,329.70)
December 31, 2013	540,356,600.00	529,664,083.50	1,070,020,683.50

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(4) Financing - continued

(a) Loans offered by SFC to related parties - continued

② Balances of loans offered by SFC to related parties were as follows:

Unit: RMB

	December 31, 2013	December 31, 2012
JCEs - Short-term loans and discounts	540,356,600.00	931,912,275.78
Associates - Short-term loans and discounts	29,664,083.50	29,942,727.79
Associates - Long-term loans	500,000,000.00	600,000,000.00
Total	1,070,020,683.50	1,561,855,003.57

③ Loan interests received by SFC from related parties are as follows:

Unit: RMB

	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	51,377,460.68	35,961,872.25
Associates	36,182,156.73	37,978,322.89
Total	87,559,617.41	73,940,195.14

Interest rates for loans offered to related parties are determined according to interest rates specified by the People's Bank of China.

(b) Related parties' deposits at SFC

① Movements of related parties' deposits at SFC are as follows:

Unit: RMB

	JCEs	Associates	SAIC	Subsidiaries of SAIC	Associates of SAIC	Total
December 31, 2012	26,246,551,768.24	843,832,854.62	1,759,677,129.23	101,063,040.02	5,277,945.42	28,956,402,737.53
Receipts/Repayment	6,119,984,991.52	645,198,140.22	3,274,177,221.92	161,236,276.35	(2,709,378.18)	10,197,887,251.83
December 31, 2013	32,366,536,759.76	1,489,030,994.84	5,033,854,351.15	262,299,316.37	2,568,567.24	39,154,289,989.36

② Interest paid by SFC to related parties were as follows:

Unit: RMB

	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	612,322,896.51	521,449,458.69
Associates	20,971,994.31	20,436,337.89
SAIC	43,300,957.17	20,403,039.27
Subsidiaries of SAIC	2,091,935.92	3,178,404.28
Associates of SAIC	32,156.39	26,988.87
Total	678,719,940.30	565,494,229.00

Interest rates for deposits from related parties are determined according to interest rates specified by the People's Bank of China.

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(4) Financing - continued

(c) The Group's deposits at related parties

① Movement of the Group's deposits at related parties are as follows:

Unit: RMB

	JCEs
December 31, 2013 and December 31, 2012	2,380,000,000.00

② Deposit interests received by the Group from related parties are as follows:

Unit: RMB

	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	71,531,632.23	78,813,549.08

Interest rates for deposits at related parties are determined according to interest rates specified by the People's Bank of China.

(d) Entrust loans provided by the Group (except SFC) to related parties

① Balances of entrusted loans provide by the Group to related parties are as follows:

Unit: RMB

	JCEs	Associates	Total
December 31, 2012	510,000,000.00	83,200,000.00	593,200,000.00
Loans offered	955,200,000.00	254,100,000.00	1,209,300,000.00
Increase due to changes in the consolidation scope during the year	-	90,000,000.00	90,000,000.00
Repayments collected	(1,020,000,000.00)	(269,700,000.00)	(1,289,700,000.00)
December 31, 2013	445,200,000.00	157,600,000.00	602,800,000.00

② Interests received by the Group from related parties are as follows:

Unit: RMB

	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	18,446,388.88	14,103,477.77
Associates	2,392,817.98	1,876,217.50
Total	20,839,206.86	15,979,695.27

Interest rates for entrusted loans to related parties from the Group are determined according to contract agreements.

③ Loans provided by the Group to related parties directly

Unit: RMB

	December 31, 2013 and December 31, 2012
JCEs	220,849,689.64

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(4) Financing - continued

(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, 2013	December 31, 2012
JCEs	217,012,840.46	248,761,927.92

② Interests paid by the Group to related parties are as follows:

Unit: RMB

	Year Ended December 31,	Year Ended December 31,
JCEs	255,441.82	898,851.05

(f) Entrusted business of SFC

① Entrust business between SFC and related parties (see Note(VI)62) 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, 2013	Year Ended December 31, 2012
JCEs	587,176.67	476,140.02
Associates	605,858.85	373,262.50
Subsidiaries of SAIC	574,833.32	337,966.66
Associates of SAIC	-	9,866.67
Total	1,767,868.84	1,197,235.85

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, 2013	Targets	Entrusted loans December 31, 2013
JCEs	582,000,000.00	JCEs	82,000,000.00
		Associates	500,000,000.00
		Sub-total	582,000,000.00
Associates	70,000,000.00	Associates	70,000,000.00
SAIC	510,000,000.00	Subsidiaries of SAIC	490,000,000.00
		Third parties	20,000,000.00
		Sub-total	510,000,000.00
Third parties	29,000,000.00	Associates	29,000,000.00
Total	1,191,000,000.00	Total	1,191,000,000.00

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(4) Financing - continued

(f) Entrusted business of SFC - continued

② At the end and the beginning of the year, balance of entrusted business between SFC and related parties are as follows: - continued

Unit: RMB

Entrusting parties	Entrusted deposit December 31, 2012	Targets	Entrusted loans December 31, 2012
JCEs	540,000,000.00	JCEs	40,000,000.00
		Associates	500,000,000.00
		Sub-total	540,000,000.00
Associates	37,000,000.00	Associates	37,000,000.00
SAIC	490,000,000.00	Subsidiaries of SAIC	460,000,000.00
		Associates of SAIC	10,000,000.00
		Third parties	20,000,000.00
		Sub-total	490,000,000.00
Third parties	29,000,000.00	JCEs	29,000,000.00
Total	1,096,000,000.00	Total	1,096,000,000.00

(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, 2013	Year Ended December 31, 2012
JCEs	749,410,810.45	756,707,189.56

Financing charges are paid to related parties based on agreements.

(5) Guarantees

See Note(VIII) for guarantees provided by the Group to related parties.

(6) Remuneration for key management personnel

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Remuneration for key management personnel	24,770,000.00	17,276,500.00

(7) Others

See Note(VI)24 Note 5.

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**6. Amounts due from/to related parties**

(1) Notes receivable

Unit: RMB

Related party	December 31, 2013	December 31, 2012
JCEs	335,176,332.56	66,310,531.00

(2) Accounts receivable

Unit: RMB

Related party	December 31, 2013	December 31, 2012
JCEs	7,336,499,906.98	5,809,663,375.91
Associates	1,164,368,611.35	964,798,444.32
SAIC	2,500,000.00	2,300,000.00
Subsidiaries of SAIC	204,343,679.90	106,554,564.37
Total	8,707,712,198.23	6,883,316,384.60

(3) Prepayments

Unit: RMB

Related party	December 31, 2013	December 31, 2012
JCEs	27,786,956,238.32	15,859,164,685.77
Associates	30,749,484.37	30,523,043.34
Total	27,817,705,722.69	15,889,687,729.11

(4) Dividends receivable

Unit: RMB

Related party	December 31, 2013	December 31, 2012
JCEs	743,763,683.25	5,975,688,057.92
Associates	73,874,928.10	10,689,191.23
Total	817,638,611.35	5,986,377,249.15

(5) Other receivables

Unit: RMB

Related party	December 31, 2013	December 31, 2012
JCEs	17,078,987.80	2,163,721,254.35
Associates	18,154,282.84	26,245,385.39
Subsidiaries of SAIC	330,421.08	4,572,302.60
Total	35,563,691.72	2,194,538,942.34

(6) Notes Payable

Unit: RMB

Related party	December 31, 2013	December 31, 2012
JCEs	247,316,645.44	85,374,207.84
Associates	45,230,000.00	860,686.00
Total	292,546,645.44	86,234,893.84

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**6. Amounts due from/to related parties - continued**

(7) Accounts payable

Unit: RMB

Related party	December 31, 2013	December 31, 2012
JCEs	2,301,860,058.25	2,647,808,952.65
Associates	683,026,791.74	441,550,576.66
Subsidiaries of SAIC	1,968,348.07	8,566,749.64
Associates of SAIC	1,600,041.70	7,450,313.52
Total	2,988,455,239.76	3,105,376,592.47

(8) Receipts in advance

Unit: RMB

Related party	December 31, 2013	December 31, 2012
JCEs	424,091,232.86	204,383,406.10
Associates	43,861.19	3,717,048.62
SAIC	508,571,593.14	94,114,274.51
Total	932,706,687.19	302,214,729.23

(9) Other payables

Unit: RMB

Related party	December 31, 2013	December 31, 2012
JCEs	5,583,028.75	36,963,340.77
Associates	32,064.00	44,081.34
SAIC	-	32,799,240.00
Subsidiaries of SAIC	35,400.00	7,021,345.00
Associates of SAIC	32,600.00	32,000.00
Total	5,683,092.75	76,860,007.11

VIII. 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	GMAC-SAIC Automotive Finance Co., Ltd.	JCE	Ceiling guarantee	RMB	350,000,000.00	350,000,000.00
Donghua (Note 1)	Nanjing Dongwei Metal Products Co., Ltd. ("Dongwei")	JCE	Joint guarantee	RMB	15,500,000.00	5,000,000.00
HASCO, Donghua (Note 2)	Hua Dong Teksid Automotive Foundry Co., Ltd.	JCE	Ceiling guarantee	USD	5,775,000.00	3,113,842.30

Note 1: According to relating guarantee contracts, investors of Dongwei undertook loan guarantee obligation jointly based on their capital contribution. The amounts stated in the above table represent the amount of guarantee obligation undertaken by Donghua at the ratios of 50%.

Note 2: These loans were guaranteed by HASCO and Donghua jointly and severally.

IX. COMMITMENTS**1. Capital commitments**

Unit: RMB'000

	Consolidated	
	December 31, 2013	December 31, 2012
Capital commitments that have been signed but have not been recognized in the financial statements:		
- Commitment for acquisition of long-term assets	6,947,071	6,831,154
- External investment commitment (Note)	643,387	1,573,797
Capital commitments that have been approved by the board of directors but have not been signed:		
- Commitment for acquisition of long-term assets	184,887	304,111
Total	7,775,345	8,709,062

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, 2013	December 31, 2012
Minimum lease payments under non-cancellable operating lease:		
1st year subsequent to the balance sheet date	250,465	253,668
2nd year subsequent to the balance sheet date	189,781	202,783
3rd year subsequent to the balance sheet date	165,745	153,395
Subsequent years	1,279,025	965,849
Total	1,885,016	1,575,695

X. EVENTS AFTER THE BALANCE SHEET DATE**1. Profit appropriation after the balance sheet date**

See Note(VI)46.

XI. OTHER SIGNIFICANT EVENTS**1. Change of the scope of consolidation**

(1) Business combination not involving enterprises under common control in current year

On June 17, 2013, Johnson Seating, a subsidiary of HASCO, signed share transfer agreement with CRH Automotive GmbH, 100% of shares of Johnson Controls Kunshan held by CRH Automotive GmbH were transferred to Johnson Seating at consideration of USD 70,000,000. The acquisition date is July 2, 2013. From the acquisition date, Johnson Controls Kunshan has been included in the scope of the consolidated financial statements of Johnson Seating. Main financial information of Johnson Controls Kunshan is as follows:

	Acquisition date		December 31, 2012
	Book value	Fair value (Note)	Book value
Identifiable assets:			
Current assets	441,830,407.00	441,830,407.00	294,236,282.00
Non-current assets	39,393,801.00	335,155,101.00	61,491,414.00
Total assets	481,224,208.00	776,985,508.00	355,727,696.00
Identifiable liabilities:			
Current liabilities	466,874,638.00	466,874,638.00	288,567,252.00
Non-current liabilities	-	73,940,325.00	-
Total liabilities	466,874,638.00	540,814,963.00	288,567,252.00
Total net assets	14,349,570.00	236,170,545.00	67,160,444.00
The Group's share of net assets		236,170,545.00	
Consideration:		428,959,524.00	
Including: Agreement price		428,959,524.00	
Declared but not paid dividends at acquisition date		(201,273,344.00)	
Acquisition discount - non-operating income		8,484,365.00	

Note: Fair value of identifiable assets and liabilities was determined based on the appraisal report.

Net cash outflow of the Group for acquisition of subsidiary:

	Unit: RMB
	Amount
Cash and cash equivalent held by the acquired subsidiary on acquisition date	16,424,889.00
Less: Cash consideration	428,959,524.00
Net cash outflow for acquisition of subsidiary	(412,534,635.00)

The operating results and net cash flow of the acquired subsidiary for the period from acquisition date to the year-end are as follows:

	Unit: RMB
	From acquisition date to December 31, 2013
Operating income	411,370,607.00
Total profit	2,313,899.87
Net profit	(2,287,131.13)
Net cash flow of operating activities	(50,582,814.00)
Net increase in cash and cash equivalents	9,917,186.00

XI. OTHER SIGNIFICANT EVENTS - continued**1. Change of the scope of consolidation - continued**

(2) Disposal of subsidiaries due to loss of control in the current year

Yanfeng Visteon Electronics was originally a subsidiary of Yanfeng Trim, whereas Yanfeng Trim, a subsidiary of HASCO, held 60% of equity interest of Yanfeng Visteon Electronics, and the other 40% of equity interest was held by Visteon. On November 1, 2013, Visteon made additional capital contribution to Yanfeng Visteon Electronics. After the capital contribution, Visteon's proportion of shareholding was increased to 51%, and Yanfeng Trim's proportion of shareholding was decreased to 49%. On the basis of the revised articles of association of Yanfeng Visteon Electronics, since November 1, 2013, Yanfeng Trim has lost control over Yanfeng Visteon Electronics, and it was no longer included in scope of consolidated financial statements. According to signed equity transfer agreement, Yanfeng Visteon will dispose of the remaining equity interest held in 2014, therefore such investment is classified as other current assets. Main financial information of Yanfeng Visteon Electronics is as follows:

	Unit: RMB	
	Disposal date	December 31, 2012
	Book value	Book value
Assets:		
Current assets	1,492,014,103.00	1,769,871,051.30
Non-current assets	585,633,412.00	573,511,779.80
Total assets	2,077,647,515.00	2,343,382,831.10
Liabilities:		
Current liabilities	1,437,200,367.67	1,617,995,388.44
Non-current liabilities	11,158,000.00	24,845,080.00
Total liabilities	1,448,358,367.67	1,642,840,468.44
Minority interests	(3,628,776.00)	82,038,768.23
Net assets attributable to shareholders of the Company	632,917,923.33	618,503,594.43
Amount of original subsidiary's share of net assets calculated by original proportion of shareholdings since acquisition date	379,750,754.00	-
Fair value of residual equity investment at disposal date (note)	645,000,000.00	-
Disposal proceeds	265,249,246.00	-

Note: Fair value of residual equity investment above was determined based on the appraisal report.

Net cash outflow of the Group for disposal of subsidiary:

	Unit: RMB
	Amount
Cash consideration	-
Less: Cash and cash equivalents held by the disposed subsidiary on disposal date	237,907,376.00
Net cash outflow for disposal of subsidiary	(237,907,376.00)

The operating results and net cash flow of the subsidiary which was disposed from the beginning of the year to disposal date are as follows:

	Unit: RMB
	From January 1, 2013 to disposal date
Operating income	3,682,475,649.00
Total profit	136,336,312.00
Net assets attributable to shareholders of the Company	104,397,299.00
Net cash flow of operating activities	363,991,471.72
Net increase in cash and cash equivalents	76,941,260.83

XI. OTHER SIGNIFICANT EVENTS - continued**1. Change of the scope of consolidation - continued**

- (3) SGM and its subsidiaries are no longer included in the scope of consolidation after the Group's partial disposal of last year

SGM was a subsidiary of the Group, whereas the Company held 50% of SGM's equity interest directly and 1% through SAIC HK indirectly, totally 51%. The Group had control over SGM. SGM has three subsidiaries, i.e. Shanghai GM Dong Yue Motors Co., Ltd, Shanghai GM Dong Yue Powertrain Co., Ltd. and Shanghai GM (Shenyang) Norsom Motors Co., Ltd. SGM and its subsidiaries were included in the scope of the consolidated financial statements.

In the year of 2012, the Company disposed 1% of SGM's equity interest. After the transaction was completed, the Company no longer included SGM and its subsidiaries in the scope of the consolidated financial statements.

After the disposal date, the Company accounted for the long-term equity investment in SGM and its subsidiaries using equity method. In the Company's financial statements, the long-term equity investment in SGM and its subsidiaries was originally accounted for using cost method. After the disposal date, the long-term investment in SGM and its subsidiaries were accounted for using equity method. For the Company's share of net profit or loss of SGM and its subsidiaries from acquisition date of the original investments to beginning of the period of disposal (January 1, 2012), adjusting retained earnings, and for the Company's share of net profit or loss of SGM and its subsidiaries from the beginning of the period of disposal date to disposal date, adjusting the profit or loss of the year of 2012.

2. Assets and liabilities measured at fair value

Unit: RMB

Item	December 31, 2012	Purchase/(disposal)	Change of fair value recognized in profit or loss	Changes of fair value recognized in equity	Provision for impairment for the year	December 31, 2013
Financial assets						
1.Held-for-trading financial assets	42,839,755.99	(28,873,086.59)	3,939,821.80	-	-	17,906,491.20
2.Available-for-sale financial assets	20,907,581,748.67	(5,787,523,081.14)	-	(1,028,295,269.52)	(23,347,620.00)	14,068,415,778.01
Total financial assets	20,950,421,504.66	(5,816,396,167.73)	3,939,821.80	(1,028,295,269.52)	(23,347,620.00)	14,086,322,269.21
Financial liabilities						
1.Held-for-trading financial liabilities	-	-	7,155,000.00	-	-	7,155,000.00
Total financial liabilities	-	-	7,155,000.00	-	-	7,155,000.00

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

XI. OTHER SIGNIFICANT EVENTS - continued

3.Segment report

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		Financing		Elimination		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Total operating income								
External revenue	563,345,672,365.78	478,432,576,342.83	2,461,339,214.04	2,547,095,311.90	-	-	565,807,011,579.82	480,979,671,654.73
Inter-segment revenue	-	-	496,354,252.18	428,148,457.32	(496,354,252.18)	(428,148,457.32)	-	-
Total segment operating income	563,345,672,365.78	478,432,576,342.83	2,957,693,466.22	2,975,243,769.22	(496,354,252.18)	(428,148,457.32)	565,807,011,579.82	480,979,671,654.73
Operating costs and expenses	548,842,609,847.10	455,732,276,444.55	2,695,871,497.98	2,021,686,566.57	(453,012,277.76)	(666,266,250.62)	551,085,469,067.32	457,087,696,760.50
Add:Gain(loss)from changes in fair value	(3,147,567.13)	3,467,505.78	(67,611.07)	3,673,828.98	-	-	(3,215,178.20)	7,141,334.76
Investment income	24,138,009,444.49	14,795,823,668.40	2,197,706,726.00	1,035,915,400.87	(879,299,343.14)	(402,397,865.08)	25,456,416,827.35	15,429,341,204.19
Exchange gain(loss)	-	-	4,370,693.79	11,132,345.15	-	-	4,370,693.79	11,132,345.15
Profit (loss)	38,637,924,396.04	37,499,591,072.46	2,463,831,776.96	2,004,278,777.65	(922,641,317.56)	(164,280,071.78)	40,179,114,855.44	39,339,589,778.33
Add: Non-operating income	2,005,538,912.85	1,052,933,178.44	52,411,031.08	44,332,680.58	-	-	2,057,949,943.93	1,097,265,859.02
Less: Non-operating expense	743,982,699.25	280,406,484.82	84,422.64	84,181.34	-	-	744,067,121.89	280,490,666.16
Total profit	39,899,480,609.64	38,272,117,766.08	2,516,158,385.40	2,048,527,276.89	(922,641,317.56)	(164,280,071.78)	41,492,997,677.48	40,156,364,971.19
Less: Income tax expense	5,351,364,958.01	6,314,363,275.30	557,691,206.94	313,747,968.13	-	-	5,909,056,164.95	6,628,111,243.43
Net profit	34,548,115,651.63	31,957,754,490.78	1,958,467,178.46	1,734,779,308.76	(922,641,317.56)	(164,280,071.78)	35,583,941,512.53	33,528,253,727.76

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

XI. OTHER SIGNIFICANT EVENTS - continued

3. Segment report - continued

(1) Segment information - continued

	Vehicles and parts		Financing		Elimination		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Total assets by segment	332,976,417,654.03	287,108,319,078.61	91,045,213,514.06	77,245,425,812.81	(50,380,890,366.15)	(47,150,745,923.31)	373,640,740,801.94	317,202,998,968.11
Total liabilities by segment	175,223,659,066.31	145,091,463,649.28	83,550,711,271.25	70,919,404,291.05	(46,865,720,646.66)	(43,814,225,522.81)	211,908,649,690.90	172,196,642,417.52
Additional information:								-
Depreciation and amortization	5,066,125,152.41	6,724,027,847.86	6,703,083.14	4,558,684.35	-	-	5,072,828,235.55	6,728,586,532.21
Impairment loss recognized in current year	2,850,469,716.08	2,158,597,938.03	356,631,227.25	141,778,608.01	(93,067,344.57)	(3,701,873.00)	3,114,033,598.76	2,296,674,673.04
Capital expenditure	15,655,611,642.26	15,999,748,504.32	3,833,245.00	8,786,576.28	-	-	15,659,444,887.26	16,008,535,080.60
Including: Expenditure used in construction in progress	13,667,412,478.94	14,415,566,892.37	6,000.00	3,927,050.00	-	-	13,667,418,478.94	14,419,493,942.37
Expenditure used in purchase of fixed assets	686,446,057.42	577,965,229.86	2,656,605.00	4,276,136.90	-	-	689,102,662.42	582,241,366.76
Expenditure used in purchase of intangible assets	1,122,642,075.02	432,732,920.99	1,170,640.00	583,389.38	-	-	1,123,812,715.02	433,316,310.37
Development costs	-	444,643,650.77	-	-	-	-	-	444,643,650.77
Expenditure used in long-term deferred expenses	176,358,064.20	126,892,490.86	-	-	-	-	176,358,064.20	126,892,490.86
Expenditure used in investment properties	2,752,966.68	1,947,319.47	-	-	-	-	2,752,966.68	1,947,319.47

(2) Almost all of the Group's revenue was derived from China and almost all of the Group's assets are located in China.

XI. OTHER SIGNIFICANT EVENTS - continued

4. Financial instrument and risk management

The Group's major financial instruments include cash and bank balances, held-for-trading financial assets, notes receivable, accounts receivable, financial assets purchased under resell agreements, loans and advances, available-for-sale financial assets, long-term receivables, borrowings, held-for-trading financial liabilities, notes payable, financial assets sold under repurchase agreements 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.

(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. However, since the majority of the Group's transactions took place inside China and most assets and liabilities are dominated in RMB, the management of the Group considers there is no significant currency risk affecting the financial statements.

(1) 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 5,247,418,000. For floating rate borrowings, if the interest rates had been 25 base points higher/lower and other variables were held constant, profit before tax would decrease/increase by RMB13,119,000 (minority interest is not deducted).

(1) 1.3 Other price risk

The Group's available-for-sale financial assets and held-for-trading financial assets are measured at fair value at each balance sheet date. At the year-end, available-for-sale financial assets and held-for-trading financial assets held by the Group are mainly stocks, monetary funds, bond funds and bond investments, etc. Therefore, the Group is exposed to the risks of changes in the security prices. For security 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 RMB140,863,000 (effect of deferred tax is not considered).

XI. OTHER SIGNIFICANT EVENTS - continued

4. Financial instrument and risk management - continued

(1) Risk management objectives and policies- continued

(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 of the Group (see Note (VII)6), 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.

(2) Fair value

Fair values of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market bid prices and ask prices respectively;

The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined based on generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions;

The fair value of derivative instruments are determined with reference to quoted market prices in active markets. Where such quoted prices are not available, the fair value of a non-option-based derivative is estimated using discounted cash flow analysis and on the basis of the applicable yield curve. For an option-based derivative, the fair value is estimated using option pricing model.

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS**1. Notes receivable**

Unit: RMB

Item	December 31, 2013	December 31, 2012
Bank acceptances	1,178,693,053.10	1,230,917,683.00
Commercial acceptances	349,824,469.00	337,883,194.00
Total	1,528,517,522.10	1,568,800,877.00

2. Accounts receivable

(1) Aging analysis of accounts receivable is as follows:

Unit: RMB

Aging	December 31, 2013				December 31, 2012			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1 year	606,072,628.70	83.07	-	606,072,628.70	357,459,219.21	96.10	-	357,459,219.21
1-2 years	123,446,127.33	16.92	-	123,446,127.33	14,446,162.66	3.88	-	14,446,162.66
2-3 years	39,135.19	0.01	-	39,135.19	65,838.50	0.02	46,900.00	18,938.50
Total	729,557,891.22	100.00	-	729,557,891.22	371,971,220.37	100.00	46,900.00	371,924,320.37

(2) Disclosure of accounts receivable by categories:

Unit: RMB

Category	December 31, 2013				December 31, 2012			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Receivables for individually significant items and with individual provision for bad debts	-	-	-	-	-	-	-	-
Receivables with provision for bad debts on aging combination								
Within 1 year	606,072,628.70	83.07	-	-	357,459,219.21	96.10	-	-
1-2 years	123,446,127.33	16.92	-	-	14,446,162.66	3.88	-	-
2-3 years	39,135.19	0.01	-	-	65,838.50	0.02	46,900.00	100.00
Total	729,557,891.22	100.00	-	-	371,971,220.37	100.00	46,900.00	100.00

3. Other receivable

(1) Aging analysis for other receivables is as follows:

Unit: RMB

Aging	December 31, 2013				December 31, 2012			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1 year	416,142,887.36	56.84	-	416,142,887.36	706,049,840.44	59.95	-	706,049,840.44
1-2 years	301,494,210.40	41.18	-	301,494,210.40	13,610,787.24	1.16	-	13,610,787.24
2-3 years	7,804,505.24	1.07	-	7,804,505.24	457,207,498.72	38.82	-	457,207,498.72
Over 3 years	6,707,000.50	0.91	-	6,707,000.50	854,499.50	0.07	-	854,499.50
Total	732,148,603.50	100.00	-	732,148,603.50	1,177,722,625.90	100.00	-	1,177,722,625.90

(2) Disclosure of other receivables by categories:

Unit: RMB

Category	December 31, 2013				December 31, 2012			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Receivables for individually significant items and with individual provision for bad debts	-	-	-	-	-	-	-	-
Receivables with provision for bad debts on aging combination								
Within 1 year	416,142,887.36	56.84	-	-	706,049,840.44	59.95	-	-
1-2 years	301,494,210.40	41.18	-	-	13,610,787.24	1.16	-	-
2-3 years	7,804,505.24	1.07	-	-	457,207,498.72	38.82	-	-
Over 3 years	6,707,000.50	0.91	-	-	854,499.50	0.07	-	-
Total	732,148,603.50	100.00	-	-	1,177,722,625.90	100.00	-	-

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**4. Inventories**

(1) Categories of inventories

Unit: RMB

Categories of inventories	December 31, 2013			December 31, 2012		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Raw materials	272,760,152.18	39,788,927.62	232,971,224.56	320,997,164.16	39,788,927.62	281,208,236.54
Goods in process	9,777,135.05	-	9,777,135.05	10,170,404.95	-	10,170,404.95
Finished products	1,049,410,343.68	21,501,049.62	1,027,909,294.06	849,373,187.38	16,467,359.55	832,905,827.83
Total	1,331,947,630.91	61,289,977.24	1,270,657,653.67	1,180,540,756.49	56,256,287.17	1,124,284,469.32

(2) Provision for decline in value of inventories

Unit: RMB

Categories of inventories	December 31, 2012	Accrued	Write-off	December 31, 2013
Raw material	39,788,927.62	-	-	39,788,927.62
Finished goods	16,467,359.55	20,590,386.00	15,556,695.93	21,501,049.62
Total	56,256,287.17	20,590,386.00	15,556,695.93	61,289,977.24

(3) Provision for decline in value of inventories

Item	Basis of provision for decline in value of inventories	Reason for reversal of provision
Raw material	Lower of cost or net realizable value	Not applicable
Finished goods	Lower of cost or net realizable value	Not applicable

5. Available-for-sale financial assets

Unit: RMB

Item	December 31, 2013	December 31, 2012
Available-for-sale equity instruments	4,719,654,253.35	5,076,436,663.25

6. Long-term equity investments

Unit: RMB

	December 31, 2013	December 31, 2012
Long-term equity investments accounted for using equity method		
- Investments in JCEs and associates	38,761,239,466.49	30,820,016,842.49
Long-term equity investments accounted for using cost method		
-Investments in subsidiaries	36,051,510,810.59	34,834,934,687.19
-Investments in other enterprises	494,566,740.00	494,566,740.00
Total	75,307,317,017.08	66,149,518,269.68
Less: Impairment	494,566,740.00	494,566,740.00
Net book value	74,812,750,277.08	65,654,951,529.68

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**6. Long-term equity investments - continued**

Details of long-term equity investment are as follows:

							Unit: RMB
Invested companies	Accounting method	December 31, 2012	Increase/Decrease	December 31, 2013	Equity interest held by the Company at the year-end (%)	Impairment at the year-end	Provision for impairment for the year
Subsidiaries							
SAIC GM Wuling Co., Ltd.	Cost method	1,126,669,400.01	-	1,126,669,400.01	50.10	-	-
Shanghai Huizhong Automotive Manufacturing Co., Ltd.	Cost method	2,866,842,821.53	-	2,866,842,821.53	100.00	-	-
SAIC Motor Commercial Vehicle Co., Ltd. (Note 1)	Cost method	1,993,435,000.00	356,565,000.00	2,350,000,000.00	100.00	-	-
SAIC Finance Co., Ltd.	Cost method	3,584,176,933.09	-	3,584,176,933.09	98.59	-	-
SAIC-Volkswagen Sales Co., Ltd.	Cost method	225,339,303.84	-	225,339,303.84	50.00	-	-
Shanghai PengPu Machine Building Plant Co., Ltd. (Note 2)	Cost method	168,571,831.61	487,011,123.40	655,582,955.01	100.00	-	-
DIAS Automotive Electronic Systems Co., Ltd.	Cost method	90,000,000.00	-	90,000,000.00	60.00	-	-
SAIC Motor Transmission Co., Ltd.	Cost method	2,196,500,000.00	-	2,196,500,000.00	100.00	-	-
Nanjing Automobile (Group) Corporation	Cost method	2,723,861,978.39	-	2,723,861,978.39	100.00	-	-
Shanghai Diesel Engine Co., Ltd. (Note 3)	Cost method	1,173,419,996.46	-	1,173,419,996.46	48.05	-	-
SAIC HK Investment Co., Ltd.	Cost method	67,746,690.00	-	67,746,690.00	100.00	-	-
Jiangsu SAIC Roewe Automotive Sales & Service Co., Ltd. (Note 4)	Cost method	27,000,000.00	(27,000,000.00)	-	-	-	-
SAIC Motor UK Co., Ltd.	Cost method	46,468,800.00	-	46,468,800.00	100.00	-	-
SAIC Tangshan Bus Co., Ltd.	Cost method	86,700,000.00	-	86,700,000.00	51.00	-	-
SAIC Motor Equity Investment Co., Ltd.	Cost method	700,000,000.00	-	700,000,000.00	100.00	-	-
SAIC General Motors Sales Co., Ltd.	Cost method	158,319,147.00	-	158,319,147.00	51.00	-	-
HUAYU Automotive Systems Co., Ltd.	Cost method	9,956,431,904.22	-	9,956,431,904.22	60.10	-	-
SAIC Motor(Beijing) Co., Ltd.	Cost method	316,317,252.11	-	316,317,252.11	100.00	-	-
Shanghai Automobile Asset Management Co., Ltd.	Cost method	354,425,316.32	-	354,425,316.32	100.00	-	-
Shanghai International Auto Parts Sourcing Center Co., Ltd.	Cost method	35,103,538.99	-	35,103,538.99	80.00	-	-
SAIC Information Industrial Investment Co., Ltd.	Cost method	123,581,596.26	-	123,581,596.26	100.00	-	-
Shanghai Automobile Import & Export Co., Ltd.	Cost method	718,946,218.48	-	718,946,218.48	100.00	-	-
Shanghai Automotive Industry Sales Co., Ltd. (Note 5)	Cost method	1,763,264,296.95	400,000,000.00	2,163,264,296.95	100.00	-	-
SAIC HK Limited	Cost method	590,973,200.76	-	590,973,200.76	100.00	-	-
SAIC Motor North America Co., Ltd.	Cost method	172,336,204.50	-	172,336,204.50	100.00	-	-
Anji Automotive Logistics Co., Ltd.	Cost method	2,071,960,289.98	-	2,071,960,289.98	100.00	-	-
Donghua Automobile Industrial Co., Ltd.	Cost method	654,940,453.36	-	654,940,453.36	75.00	-	-
Nanjing Tooling Co., Ltd. (Note 8)	Cost method	218,356,599.36	-	218,356,599.36	70.00	-	-
Shanghai Shangyuan Investment Management Co., Ltd.	Cost method	115,167,221.39	-	115,167,221.39	100.00	-	-
China Automotive Industrial Development Co., Ltd.	Cost method	274,872,910.12	-	274,872,910.12	100.00	-	-
SAIC Motor Activity Center Co., Ltd. (Note 9)	Cost method	163,314,188.68	-	163,314,188.68	100.00	-	-
Shanghai Automotive News Press Co., Ltd.	Cost method	9,891,593.78	-	9,891,593.78	100.00	-	-
Shanghai Jineng Bus Drive System Co., Ltd. (Note 10)	Cost method	60,000,000.00	-	60,000,000.00	60.00	-	-
Sub-total		34,834,934,687.19	1,216,576,123.40	36,051,510,810.59		-	-

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**6. Long-term equity investments - continued**

Note 1: During the year, the Company made additional capital contribution of RMB 356,565,000.00 to SAIC Motor Commercial Vehicle Co., Ltd. by cash.

Note 2: During the year, the Company made additional capital contribution of RMB 487,011,123.40 to Shanghai PengPu Machine Building Plant Co., Ltd. by cash.

Note 3: As stated in Note (IV)1(3), in this year, the equity interest held by the Company increased from 47.92% to 48.05%. Besides, in Shanghai Diesel's non-public issue last year, the Company subscribed 18,573,551 shares, the shares subscribed by the Company are restricted for 36 months and are expected to be released for trading on March 23, 2015.

Note 4: During the year, Jiangsu SAIC Roewe Automotive Sales & Service Co., Ltd. finished deregistration.

Note 5: During the year, the Company made additional capital contribution of RMB 400,000,000.00 to Shanghai Automotive Industry Sales Co., Ltd. by cash.

Unit: RMB

Invested companies	Accounting method	December 31, 2012	Increase/Decrease	December 31, 2013	Equity interest held by the Company at the year-end (%)	Impairment at the year-end	Provision for impairment for the year
JCEs and Associates							
SAIC-Volkswagen automotive Co., Ltd.	Equity method	16,364,567,399.53	3,091,371,710.85	19,455,939,110.38	50.00	-	-
Shanghai General Motors Co., Ltd.	Equity method	8,772,901,890.41	4,535,147,794.46	13,308,049,684.87	50.00	-	-
Shanghai GM Dong Yue Motors Co., Ltd.	Equity method	761,477,807.97	(222,552,656.94)	538,925,151.03	25.00	-	-
Shanghai GM Dong Yue Automotive Powertrain Co., Ltd.	Equity method	1,537,345,934.91	16,207,211.70	1,553,553,146.61	25.00	-	-
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.	Equity method	986,470,096.63	65,374,667.85	1,051,844,764.48	25.00	-	-
Pan-Asia Technical Automotive Center	Equity method	405,323,275.68	38,977,308.58	444,300,584.26	50.00	-	-
Shanghai Sunwin Co., Ltd.	Equity method	165,934,636.29	2,060,164.93	167,994,801.22	50.00	-	-
SAIC Iveco Commercial Vehicle Investment Co., Ltd.	Equity method	234,340,771.09	215,667,875.40	450,008,646.49	50.00	-	-
Shanghai Jieneng Automotive Technology Co., Ltd.	Equity method	-	20,096,556.76	20,096,556.76	10.00	-	-
Shanghai Advanced Traction Battery Systems Co., Ltd.	Equity method	5,949,009.54	(5,949,009.54)	-	51.00	-	-
Volkswagen Automotive Powertrain Co., Ltd.	Equity method	1,307,053,630.27	150,466,724.43	1,457,520,354.70	40.00	-	-
Volkswagen Transmission (Shanghai) Co., Ltd.	Equity method	194,194,659.06	39,161,003.71	233,355,662.77	20.00	-	-
China Automobile Development United Investment Co., Ltd.	Equity method	40,022,013.84	(5,054,528.95)	34,967,484.89	20.74	-	-
Sunrise Power Co., Ltd.	Equity method	44,435,717.27	247,800.76	44,683,518.03	34.19	-	-
Sub-total		30,820,016,842.49	7,941,222,624.00	38,761,239,466.49			

Unit: RMB

Invested companies	Accounting method	December 31, 2012	Cancel after verification	December 31, 2013	Equity interest held by the Company at the year-end (%)	Impairment as of the year-end	Provision for impairment for the year
Other long-term equity investment							
GM Korea Company	Cost method	494,566,740.00	-	494,566,740.00	6.01	494,566,740.00	-
Sub-total		494,566,740.00	-	494,566,740.00		494,566,740.00	-
Total		66,149,518,269.68	9,157,798,747.40	75,307,317,017.08		494,566,740.00	-

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**7. Investment properties**

Movements of investment properties measured at cost are as follows:

Unit: RMB

Item	December 31, 2012	Increase	Decrease	December 31, 2013
I. Cost	438,584,811.39	-	-	438,584,811.39
1. Buildings	388,197,858.41	-	-	388,197,858.41
2. Land use right	50,386,952.98	-	-	50,386,952.98
II. Accumulated depreciation and amortization	79,388,400.70	11,853,806.99	-	91,242,207.69
1. Buildings	70,990,575.50	10,846,067.99	-	81,836,643.49
2. Land use right	8,397,825.20	1,007,739.00	-	9,405,564.20
III. Net book value	359,196,410.69			347,342,603.70
1. Buildings	317,207,282.91			306,361,214.92
2. Land use right	41,989,127.78			40,981,388.78

Note: The increase in accumulated depreciation and amortization is due to provision of depreciation and amortization.

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**8. Fixed assets**

(1) General

Unit: RMB

Item	December 31, 2012	Increase	Decrease	December 31, 2013
I. Cost	6,491,744,365.38	752,697,172.31	19,807,447.81	7,224,634,089.88
Including: Buildings	1,665,284,475.04	294,293,762.04	633,157.52	1,958,945,079.56
Machinery and equipment	2,713,465,742.56	250,058,022.16	1,541,631.82	2,961,982,132.90
Electronic equipment, furniture and fixtures	375,537,244.81	49,417,218.62	16,518,512.29	408,435,951.14
Transportation vehicles	57,357,829.98	12,248,597.09	1,114,146.18	68,492,280.89
Mold	1,680,099,072.99	146,679,572.40	-	1,826,778,645.39
II. Accumulated depreciation	1,973,908,509.22	514,801,825.61	17,982,948.26	2,470,727,386.57
Including: Buildings	322,496,343.67	88,290,392.74	32,417.67	410,754,318.74
Machinery and equipment	815,228,593.00	274,179,045.28	1,257,190.68	1,088,150,447.60
Electronic equipment, furniture and fixtures	239,513,903.50	48,636,521.99	15,634,901.06	272,515,524.43
Transportation vehicles	34,386,314.02	6,680,289.49	1,058,438.85	40,008,164.66
Mold	562,283,355.03	97,015,576.11	-	659,298,931.14
III. Closing balance	4,517,835,856.16			4,753,906,703.31
Including: Buildings	1,342,788,131.37			1,548,190,760.82
Machinery and equipment	1,898,237,149.56			1,873,831,685.30
Electronic equipment, furniture and fixtures	136,023,341.31			135,920,426.71
Transportation vehicles	22,971,515.96			28,484,116.23
Mold	1,117,815,717.96			1,167,479,714.25
IV. Impairment	405,291,802.05	463,342,293.95	43,934.00	868,590,162.00
Including: Buildings	-	-	-	-
Machinery and equipment	5,292,362.41	26,968,511.34	-	32,260,873.75
Electronic equipment, furniture and fixtures	25,620.00	-	-	25,620.00
Transportation vehicles	261,291.00	-	43,934.00	217,357.00
Mold	399,712,528.64	436,373,782.61	-	836,086,311.25
V. Net book value	4,112,544,054.11			3,885,316,541.31
Including: Buildings	1,342,788,131.37			1,548,190,760.82
Machinery and equipment	1,892,944,787.15			1,841,570,811.55
Electronic equipment, furniture and fixtures	135,997,721.31			135,894,806.71
Transportation vehicles	22,710,224.96			28,266,759.23
Mold	718,103,189.32			331,393,403.00

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**8. Fixed assets- continued**

(1) General- continued

Note: (1) Of the increase in cost, RMB 9,636,863.01 is due to purchase and RMB 743,060,309.30 is due to transfer from construction in progress.

(2) The decrease in cost is due to the decrease of disposals.

(3) The increase in accumulated depreciation is due to provision of depreciation. The decrease is due to the decrease of disposals.

(2) Fixed assets of which certificates of title were not obtained

Unit: RMB

Item	Net value	Reasons why certificates of title have not been obtained
Buildings	908,493,595.86	In progress

9. Construction in progress

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

Unit: RMB

	December 31, 2012	Increase during the year	Transfer to fixed assets upon completion	Transfer to intangible assets	December 31, 2013
Project of passenger vehicles of self-owned brands	220,176,649.55	840,725,497.36	348,821,406.46	15,013,912.80	697,066,827.65
Project of R&D center expansion	470,926,123.69	380,465,182.02	393,182,299.72	37,740,177.10	420,468,828.89
Others	21,285,660.07	62,546,048.53	1,056,603.12	1,190,941.68	81,584,163.80
Total	712,388,433.31	1,283,736,727.91	743,060,309.30	53,945,031.58	1,199,119,820.34
Less: Impairment	-	-	-	-	-
Net book value	712,388,433.31	-	-	-	1,199,119,820.34

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**10. Intangible assets and development expenditures**

(1) General

Unit: RMB

Item	December 31, 2012	Increase	Decrease	December 31, 2013
I. Cost	5,221,884,271.47	54,549,759.04	175,536.00	5,276,258,494.51
Land use right	1,494,715,319.54	-	-	1,494,715,319.54
Know-how	2,344,710,403.83	-	-	2,344,710,403.83
Software	354,396,296.05	54,549,759.04	175,536.00	408,770,519.09
Patent	1,025,962,252.05	-	-	1,025,962,252.05
Trademark right	2,100,000.00	-	-	2,100,000.00
II. Accumulated amortization	2,405,191,260.91	446,136,059.67	175,536.00	2,851,151,784.58
Land use right	111,890,708.24	29,812,908.51	-	141,703,616.75
Know-how	1,248,868,991.47	357,111,529.85	-	1,605,980,521.32
Software	141,919,113.91	39,283,677.19	175,536.00	181,027,255.10
Patent	902,053,664.21	19,688,579.04	-	921,742,243.25
Trademark right	458,783.08	239,365.08	-	698,148.16
III. Closing balance	2,816,693,010.56			2,425,106,709.93
Land use right	1,382,824,611.30			1,353,011,702.79
Know-how	1,095,841,412.36			738,729,882.51
Software	212,477,182.14			227,743,263.99
Patent	123,908,587.84			104,220,008.80
Trademark right	1,641,216.92			1,401,851.84
IV. Impairment	275,622,049.85	516,168,616.21	-	791,790,666.06
Know-how	194,372,049.85	516,168,616.21	-	710,540,666.06
Patent	81,250,000.00	-	-	81,250,000.00
V. Net book value	2,541,070,960.71			1,633,316,043.87
Land use right	1,382,824,611.30			1,353,011,702.79
Know-how	901,469,362.51			28,189,216.45
Software	212,477,182.14			227,743,263.99
Patent	42,658,587.84			22,970,008.80
Trademark right	1,641,216.92			1,401,851.84

Note: (1) Of the increase in cost, RMB 53,945,031.58 is due to transferred from construction in progress and RMB 604,727.46 is due to purchase. The decrease in cost is due to disposals.

(2) The increase in accumulated amortization is due to provision of amortization. The decrease in accumulated amortization is due to disposals.

(3) The increase in impairment is due to provision of impairment.

(4) At the year-end, certificates of title of land use right with net value of RMB 179,554,170.43 were not obtained.

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**10. Intangible assets and development expenditures - continued**

(2) Details of development expenditures

Unit: RMB

Item	December 31, 2012	Increase during the year	Decrease during the year		December 31, 2013
			Recognized in profit and loss	Transferred to intangible assets	
Research expenditures	-	1,250,041,439.92	1,250,041,439.92	-	-
Development expenditures	601,856,307.40	1,541,798,891.69	2,143,655,199.09	-	-
Total	601,856,307.40	2,791,840,331.61	3,393,696,639.01	-	-

Development expenditures accounts for 55.23% of total research and development expenditures (Year 2012: 54.52%).

11. Short-term borrowings

Unit: RMB

Item	December 31, 2013	December 31, 2012
Credit loans	1,200,000.00	64,508,000.00

12. Employee benefits payable

Unit: RMB

Item	December 31, 2013	December 31, 2012
Payroll, bonus, allowance and compensation	1,720,046,756.57	949,452,451.31
Housing funds	31,730.00	15,352.00
Trade union fund and employee education fund	226,324,512.68	219,372,805.86
Termination benefits	1,262,742.51	1,871,351.06
Total	1,947,665,741.76	1,170,711,960.23

13. Non-current liabilities due within one year

Unit: RMB

Item	December 31, 2013	December 31, 2012
Provisions due within one year (Note(XII)15)	240,280,081.30	224,334,064.69
Bonds payable due within one year (Note(VI)39)	-	6,031,722,400.31
Long-term borrowings due within one year (Note(XII)14)	-	129,800,000.00
Total	240,280,081.30	6,385,856,465.00

14. Long-term borrowings

Unit: RMB

Item	December 31, 2013	December 31, 2012
Credit loans	-	129,800,000.00
Sub-total	-	129,800,000.00
Less: Long-term borrowings due within one year (Note(XII)13)	-	129,800,000.00
Total	-	-

15. Provisions

Unit: RMB

Item	December 31, 2013	December 31, 2012
Products quality warranty	719,691,428.57	530,104,383.67
Others	67,943,693.00	7,520,000.00
Sub-total	787,635,121.57	537,624,383.67
Less: Provisions due within one year (Note(XII)13)	240,280,081.30	224,334,064.69
Provisions due after one year	547,355,040.27	313,290,318.98

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**16. Deferred tax liabilities**

(1) Recognized deferred tax liabilities

Unit: RMB

Item	December 31, 2013	December 31, 2012
Deferred tax liabilities		
Initial recognition and accumulated amortization of convertible bonds	-	31,988,639.94
Fair value changes of held-for-sale financial assets included in capital reserve	-	103,798,554.08
Total	-	135,787,194.02

(2) Deductible or taxable temporary differences associated with recognized deferred tax liabilities

Unit: RMB

Item	Temporary differences
December 31, 2013	
Taxable temporary differences:	
Initial recognition and accumulated amortization of convertible bonds	-
Fair value changes of held-for-sale financial assets included in capital reserve	-
Sub-total	-
December 31, 2012	
Taxable temporary differences:	
Fair value changes of held-for-sale financial assets included in capital reserve	213,257,599.69
Initial recognition and accumulated amortization of convertible bonds	691,990,360.52
Sub-total	905,247,960.21

17. Special payables

Unit: RMB

Item	December 31, 2013	December 31, 2012
Special reward fund	939,884,119.00	972,655,000.00

18. Other non-current liabilities

Unit: RMB

Item	December 31, 2013	December 31, 2012
Compensation and retirement benefits	4,166,550,565.68	4,210,691,722.07
Deferred income - Government grants	384,068,102.89	273,311,947.41
Total	4,550,618,668.57	4,484,003,669.48

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**19. Capital reserve**

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Year 2013:				
Share premium	50,156,589,642.29	11,155,140.69	-	50,167,744,782.98
Including: Capital contributed by investors	49,977,090,304.90	11,155,140.69	-	49,988,245,445.59
Differences arising from business combination involving enterprises under common control	179,499,337.39	-	-	179,499,337.39
Other comprehensive income	880,369,792.31	-	840,540,615.86	39,829,176.45
Other capital reserves	473,181,640.96	-	-	473,181,640.96
Total	51,510,141,075.56	11,155,140.69	840,540,615.86	50,680,755,600.39
Year 2012:				
Share premium	50,156,778,321.54	-	188,679.25	50,156,589,642.29
Including: Capital contributed by investors	49,977,278,984.15	-	188,679.25	49,977,090,304.90
Differences arising from business combination involving enterprises under common control	179,499,337.39	-	-	179,499,337.39
Other comprehensive income	121,664,436.82	758,705,355.49	-	880,369,792.31
Other capital reserves	473,181,640.96	-	-	473,181,640.96
Total	50,751,624,399.32	758,705,355.49	188,679.25	51,510,141,075.56

20. Operating income/costs

(1) Operating income/costs

Unit: RMB

Category	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Operating income	Operating costs	Operating income	Operating costs
Primary operations	17,541,378,682.13	16,110,590,024.52	16,840,697,450.65	15,268,813,444.49
Other operations	1,044,187,823.94	802,963,574.42	970,317,595.76	768,195,123.49
Total	18,585,566,506.07	16,913,553,598.94	17,811,015,046.41	16,037,008,567.98

(2) Primary operations

Unit: RMB

Category	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Operating income	Operating costs	Operating income	Operating costs
Sales of vehicles	16,012,262,663.61	14,832,612,289.54	15,673,885,322.81	14,305,309,967.82
Sales of parts	1,529,116,018.52	1,277,977,734.98	1,166,812,127.84	963,503,476.67
Total	17,541,378,682.13	16,110,590,024.52	16,840,697,450.65	15,268,813,444.49

(3) Other operations

Unit: RMB

	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Operating income	Operating costs	Operating income	Operating costs
Sales of raw materials	221,775,240.02	232,311,264.89	307,557,798.85	328,128,408.48
Rendering services	336,333,727.85	288,724,746.14	249,009,019.34	177,675,519.32
Rental	53,363,072.04	19,302,924.50	46,922,124.17	18,005,351.31
Royalties and transfer of technology	304,201,900.00	147,266,260.80	298,728,084.86	194,954,500.00
Others	128,513,884.03	115,358,378.09	68,100,568.54	49,431,344.38
Total	1,044,187,823.94	802,963,574.42	970,317,595.76	768,195,123.49

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**21. Impairment losses on assets**

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Bad debt losses	(46,900.00)	26,800.00
Decline in value of inventories	20,590,386.00	9,978,608.00
Impairment on fixed assets	463,342,293.95	133,468,184.06
Impairment on intangible assets	516,168,616.21	-
Total	1,000,054,396.16	143,473,592.06

22. Investment income

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
Dividends received from investments under cost method	4,906,974,830.76	3,812,920,980.38
Long-term equity investment income under equity method	18,780,112,307.27	16,723,970,320.24
Amortization of long-term equity investment difference	(827,623.32)	(827,623.32)
Entrust loans investment income	19,392,840.13	18,930,640.46
Gain from available-for-sale financial assets	232,783,930.93	155,382,110.57
Gain on disposal of long-term equity investments	292,487.00	3,801,294.71
Total	23,938,728,772.77	20,714,177,723.04

23. Other comprehensive income (loss)

Unit: RMB

Item	Year Ended December 31, 2013	Year Ended December 31, 2012
1. Gain (Loss) from available-for-sale financial assets	(847,970,415.46)	588,391,853.64
2. Share of other comprehensive income(loss) of the investee accounted for using the equity method	7,429,799.60	170,313,501.85
Total	(840,540,615.86)	758,705,355.49

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**24. Supplementary information to the cash flow statements**

Unit: RMB

Supplementary information	Year Ended December 31, 2013	Year Ended December 31, 2012
1. Reconciliation of net profits to cash flow from operating activities:		
Net profit	17,417,504,918.68	17,026,875,298.77
Add: Provision for impairment loss of assets	1,000,054,396.16	143,473,592.06
Depreciation of fixed assets	514,801,825.61	460,521,291.72
Amortization of intangible assets	446,136,059.67	521,110,477.70
Depreciation and amortization of investment properties	11,853,806.99	11,076,305.28
Amortization of long-term prepaid expenses	20,617,303.08	2,914,970.43
Losses on disposal of fixed assets, intangible assets and other long-term assets (less gains)	1,431,977.31	(116,705,277.43)
Amortization of deferred tax liabilities confirmed by bonds with warrants	(31,988,639.94)	(39,665,009.88)
Financial expenses	532,754,456.61	461,790,145.03
Losses arising from investments (less gains)	(23,938,728,772.77)	(20,714,177,723.04)
Decrease in inventories (less increase)	(166,963,570.35)	379,115,344.92
Decrease in operating receivables (less increase)	378,612,400.00	(589,488,803.58)
Increase in operating payables (less decrease)	2,400,648,948.75	1,364,643,332.24
Net cash flow from operating activities	(1,413,264,890.20)	(1,088,516,055.78)
2. Net movement of cash and cash equivalents:		
Balance at the end of the year	39,964,590,909.55	37,921,043,431.96
Less: Balance at the beginning of the year	37,921,043,431.96	27,755,933,364.63
Net increase in cash and cash equivalents	2,043,547,477.59	10,165,110,067.33

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**25. Related party relationships and transactions**

A. Major related parties which have significant transactions or balances with the Company

Name of related parties	Relationship with the Company
Shanghai Huizhong Automotive Manufacturing Co., Ltd.	Subsidiary
SAIC Motor Transmission Co., Ltd.	Subsidiary
Nanjing Automobile (Group) Corporation	Subsidiary
SAIC Motor Commercial Vehicle Co., Ltd.	Subsidiary
SAIC Motor UK Co., Ltd.	Subsidiary
DIAS Automotive Electronic Systems Co., Ltd.	Subsidiary
SAIC Finance Co., Ltd.	Subsidiary
Jiangsu SAIC Roewe Sales Co., Ltd. (Note)	Subsidiary
SAIC GM Wuling Co., Ltd.	Subsidiary
Nanjing Tooling Co., Ltd.	Subsidiary
SAIC Motor Activity Center Co., Ltd.	Subsidiary
Shanghai Automobile Import & Export Co., Ltd.	Subsidiary
SAIC Motor (Beijing) Co., Ltd.	Subsidiary
Anji Automotive Logistics Co., Ltd.	Subsidiary
SAIC Information Industrial Investment Co., Ltd.	Subsidiary
Shanghai Automotive Industry Sales Co., Ltd.	Subsidiary
HUAYU Automotive Systems Co., Ltd.	Subsidiary
Donghua Automobile Industrial Co., Ltd.	Subsidiary
SAIC General Motors Sales Co., Ltd.	Subsidiary
Shanghai General Motors Co., Ltd.	JCE
Shanghai GM Dong Yue Motors Co., Ltd.	JCE
Shanghai GM Dong Yue Automotive Powertrain Co., Ltd.	JCE
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.	JCE
Shanghai Sunwin Co., Ltd.	JCE
Shanghai Advanced Traction Battery Systems Co., Ltd.	JCE
Pan-Asia Technical Automotive Center	JCE
Shanghai Volkswagen Automotive Co., Ltd.	JCE
SAIC Iveco Commercial Vehicle Investment Co., Ltd.	JCE
Volkswagen Automotive Powertrain Co., Ltd.	Associate
Shanghai Jieneng Automotive Technology Co., Ltd.	Subsidiary of SAIC
Executive directors and other senior management of the Company	Key management personnel

Note: During the year, Jiangsu SAIC Roewe Automotive Sales & Service Co., Ltd. finished deregistration.

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**25. Related party relationships and transactions - continued**

B. Related party transactions

(1) Sales and purchases

(a) Sales of goods

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	1,063,255,369.96	950,143,730.66

(b) Sales of materials

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	118,332,147.41	175,720,564.27
Associates	28,016.64	144,313.12
Subsidiaries of SAIC	363,053.23	383,894.19
Total	118,723,217.28	176,248,771.58

(c) Sales of long-term assets

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	-	257,327,751.76

(d) Purchase of goods and materials

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	11,381,334,255.13	9,475,663,588.47
JCEs	833,037,348.82	912,591,812.72
Associates	351,192,271.52	395,572,344.55
Subsidiaries of SAIC	-	6,753,515.66
Associates of SAIC	23,019,208.56	15,752,301.14
Total	12,588,583,084.03	10,806,333,562.54

(e) Purchase of long-term assets

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	65,504,563.77	110,124,112.40
JCEs	39,574,273.42	57,041,114.54
Associates	896,334.33	5,607,464.01
Subsidiaries of SAIC	3,245,966.55	-
Associates of SAIC	3,549,709.47	2,955,299.83
Total	112,770,847.54	175,727,990.78

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**25. Related party relationships and transactions - continued**

B. Related party transactions - continued

(1) Sales and purchases - continued

(f) Acceptance of services - R&D expenditures

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	512,164,024.64	533,638,246.36
JCEs	158,320,797.44	132,752,344.35
Associates	13,136,934.41	10,770,605.30
Subsidiaries of SAIC	67,123,297.43	19,133,735.31
Associates of SAIC	500,000.00	-
Total	751,245,053.92	696,294,931.32

(2) Rendering of services

(a) Rendering of services

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	68,120,082.58	44,303,764.78
JCEs	1,713,501.85	9,961,914.54
Associates	148,240.00	-
SAIC	147,337,887.01	38,424,480.67
Subsidiaries of SAIC	106,842,660.28	155,281,012.25
Total	324,162,371.72	247,971,172.24

(b) Rental income

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	13,216,880.18	12,423,736.19
JCEs	28,408,242.04	27,933,944.33
Total	41,625,122.22	40,357,680.52

(c) Guarantee income

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
JCEs	1,400,001.99	1,403,835.61

(d) Royalties for technology

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	304,201,900.00	194,954,500.00

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**25. Related party relationships and transactions - continued**

B. Related party transactions - continued

(2) Rendering of services - continued

(e) Income from transfer of technology

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	-	103,773,584.86

(3) Other expenses

(a) Logistics service expenses, royalties and others

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	357,446,481.37	237,078,786.92
JCEs	105,123,780.96	63,677,147.95
Associates	23,006,865.50	193,645.42
Subsidiaries of SAIC	636,627.84	500,000.00
Associates of SAIC	144,000.00	-
Total	486,357,755.67	301,449,580.29

(b) Rental expenses

Unit: RMB

Related party	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	20,176,668.19	7,179,487.14

The prices of transactions in (1) to (3) were determined based on the contracts between both parties.

(4) Financing

(a) Loans to related parties

① Movement of entrusted loans to subsidiaries are as follows:

Unit: RMB

	Subsidiaries	JCEs	Total
December 31, 2012	7,752,035,000.00	-	7,752,035,000.00
Loans offered	9,369,460,000.00	10,200,000.00	9,379,660,000.00
Repayment collected	(6,676,800,000.00)	-	(6,676,800,000.00)
Effect of foreign exchange rate changes	(101,789,000.00)	-	(101,789,000.00)
December 31, 2013	10,342,906,000.00	10,200,000.00	10,353,106,000.00

② Balances of loans offered directly to subsidiaries are as follows:

Unit: RMB

	Subsidiaries
December 31, 2012	61,748,820.00
Effect of foreign exchange rate changes	(1,995,200.00)
December 31, 2013	59,753,620.00

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**25. Related party relationships and transactions - continued**

B. Related party transactions - continued

(4) Financing - continued

(a) Loans to related parties - continued

③ Loan interests received from subsidiaries are as follows:

	Unit: RMB	
	Year Ended December 31, 2013	Year Ended December 31, 2012
Subsidiaries	19,290,840.13	18,930,640.46
JCEs	102,000.00	-
Total	19,392,840.13	18,930,640.46

Interest rates for loans issued to related parties were determined according to the contracts.

(b) Deposits in SFC

① Movement of deposits at SFC is as follows:

	Unit: RMB		
	December 31, 2012	Increase	December 31, 2013
Cash and bank balances	26,921,161,241.32	1,000,885,924.24	27,922,047,165.56

② Interest receivable from SFC is as follows:

	December 31, 2013	December 31, 2012
Interest receivable	319,272,708.33	-

③ Interest received from SFC is as follows:

	Unit: RMB	
	Year Ended December 31, 2013	Year Ended December 31, 2012
Interest income	750,437,808.20	338,375,894.03

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

In order to obtain the circulating credits from SFC for the automobile dealers of the Company and allow SFC provide financial service to dealers with the credit limits, the Company pays financing charges to SFC as follows:

	Unit: RMB	
	Year Ended December 31, 2013	Year Ended December 31, 2012
SFC	92,827,513.03	83,535,812.63

Financing charges are paid to SFC based on the contracts between both parties.

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**25. Related party relationships and transactions - continued**

C. Amounts due from / to related parties

(1) Notes receivable

Unit: RMB

Related party	December 31, 2013	December 31, 2012
Subsidiaries	427,800,032.90	282,034,505.00

(2) Accounts receivable

Unit: RMB

Related party	December 31, 2013	December 31, 2012
Subsidiaries	274,255,962.99	98,836,004.85
JCEs	183,106.00	274,164.00
Associates	676,836.73	25,080.00
Subsidiaries of SAIC	195,090,286.31	92,967,293.55
Total	470,206,192.03	192,102,542.40

(3) Prepayments

Unit: RMB

Related party	December 31, 2013	December 31, 2012
Subsidiaries	153,903,373.92	233,092,959.13
JCEs	78,216,696.34	72,989,949.23
Associates	29,989,774.39	30,523,043.34
Total	262,109,844.65	336,605,951.70

(4) Dividends receivable

Unit: RMB

Related party	December 31, 2013	December 31, 2012
Subsidiaries	-	1,143,787,147.42
JCEs	607,849,893.05	5,727,066,369.27
Associates	10,360,804.10	10,360,804.10
Total	618,210,697.15	6,881,214,320.79

(5) Other receivables

Unit: RMB

Related party	December 31, 2013	December 31, 2012
Subsidiaries	622,471,566.26	1,108,430,785.81
JCEs	632,131.60	3,684,210.52
Subsidiaries of SAIC	-	93,302.85
Total	623,103,697.86	1,112,208,299.18

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**25. Related party relationships and transactions - continued**

C. Amounts due from / to related parties - continued

(6) Accounts payable

Unit: RMB

Related party	December 31, 2013	December 31, 2012
Subsidiaries	1,736,474,036.24	951,007,074.47
JCEs	379,754,026.79	397,639,739.15
Associates	110,896,832.06	110,961,696.20
Subsidiaries of SAIC	1,120,865.00	3,790,735.76
Associates of SAIC	396,041.70	3,368,456.71
Total	2,228,641,801.79	1,466,767,702.29

(7) Receipts in advance

Unit: RMB

Related party	December 31, 2013	December 31, 2012
Subsidiaries	42,732,025.41	30,021,426.40
SAIC	483,034,800.98	94,090,319.33
Total	525,766,826.39	124,111,745.73

(8) Other payables

Unit: RMB

Related party	December 31, 2013	December 31, 2012
Subsidiaries	142,451.99	7,634,500.00
JCEs	23,000.00	363,612.00
Associates	17,500.00	17,500.00
Subsidiaries of SAIC	35,416.00	6,976,300.00
Associates of SAIC	32,600.00	32,000.00
Total	250,967.99	15,023,912.00

XIII. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated and the Company's financial statements have been approved by the Board of Directors on March 26, 2014.

* * *THE END OF THE FINANCIAL STATEMENTS* * *

1. NON-RECURRING PROFIT OR LOSS

Item	Unit: RMB	
	Year Ended December 31, 2013	Year Ended December 31, 2012
Profit or loss on disposal of non-current assets	178,555,175.64	134,328,259.75
Government grants recognized in profit and loss	1,390,054,367.76	761,484,342.38
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	8,484,365.00	693,657.36
Profit or loss on debt restructuring	4,743,165.63	(2,029,385.04)
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	826,563,161.71	340,625,239.31
Available-for-sale financial assets impairment loss	(23,347,620.00)	(652,323,606.66)
Profit or loss on offering entrusted loans	23,782,326.94	-
Other non-operating income and expenses other than the above	134,226,042.86	(60,283,341.25)
Tax effects of non-recurring profit or loss	(269,773,373.57)	(234,839,548.71)
Minority interest (after tax)	(249,990,957.70)	(191,094,247.04)
Total	2,023,296,654.27	96,561,370.10

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.

Note: When calculating non-recurring profit or loss, profit or loss related to certain investments of SAIC Finance Co., Ltd. ("SFC") is treated as recurring profit or loss, including gain (loss) from changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities, investment income from held-for-trading financial assets, available-for-sale financial assets, wealth management products and receivables investment ("Related Investments") and disposal gain or loss of Related Investments. Comparative figures are restated accordingly. With the expansion of business scale, investment has become one of SFC's main businesses. Funds operation which becomes one of SFC's main businesses has taken a more prominent position in operating management of SFC, thus profit or loss of such investments has become recurring profit or loss. As the important subsidiary of the financial segment of the Group, SFC has been included in the development strategy of the Group's financial segment. Due to the reasons mentioned above, Related Investments have become the normal business of the Company, the scope of non-recurring profit or loss has been adjusted accordingly.

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	19.07	2.250	N/A
Calculated based on net profits attributable to shareholders of the Company after deducting non-recurring profit or loss	17.52	2.066	N/A