长城汽车
专注 专业 专家

HAVAL
SUV领导者

長城汽車股份有限公司

GREAT WALL MOTOR COMPANY LIMITED*

(a joint stock company incorporated in the People's Republic of China with limited liability)

H Share Stock Code: 2333
A Share Stock Code: 601633

Interim Report 2016



* For identification purpose only

IMPORTANT NOTICE

I. The Board, the Supervisory Committee and the directors, supervisors and senior management of the Company warrant that the information in this interim report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and jointly and severally take responsibility for its contents.

II. All the directors of the Company attended the Board meeting.

III. This interim report of the Company has not been audited.

The financial information in this interim report was prepared in accordance with China Accounting Standards for Business Enterprises and the relevant laws and regulations.

IV. Wei Jian Jun, person-in-charge of the Company, Li Feng Zhen, person-in-charge of the accounting affairs and Lu Cai Juan, person-in-charge of the accounting department (head of the accounting department), declare that they warrant the truthfulness, accuracy and completeness of the financial report in this interim report.

V. Proposal of profit distribution or capitalization of capital reserve during the Reporting Period approved by the Board

None

VI. Risks relating to forward-looking statements

Forward-looking statements such as plans for the future described in this interim report do not constitute an actual commitment of the Company to investors. Investors should be aware of the relevant investment risks.

VII. Was there any non-operational appropriation of the Company's funds by its controlling shareholders and related parties?

No

VIII. Was there any provision of guarantee to external parties in violation of the stipulated decision-making procedures?

No







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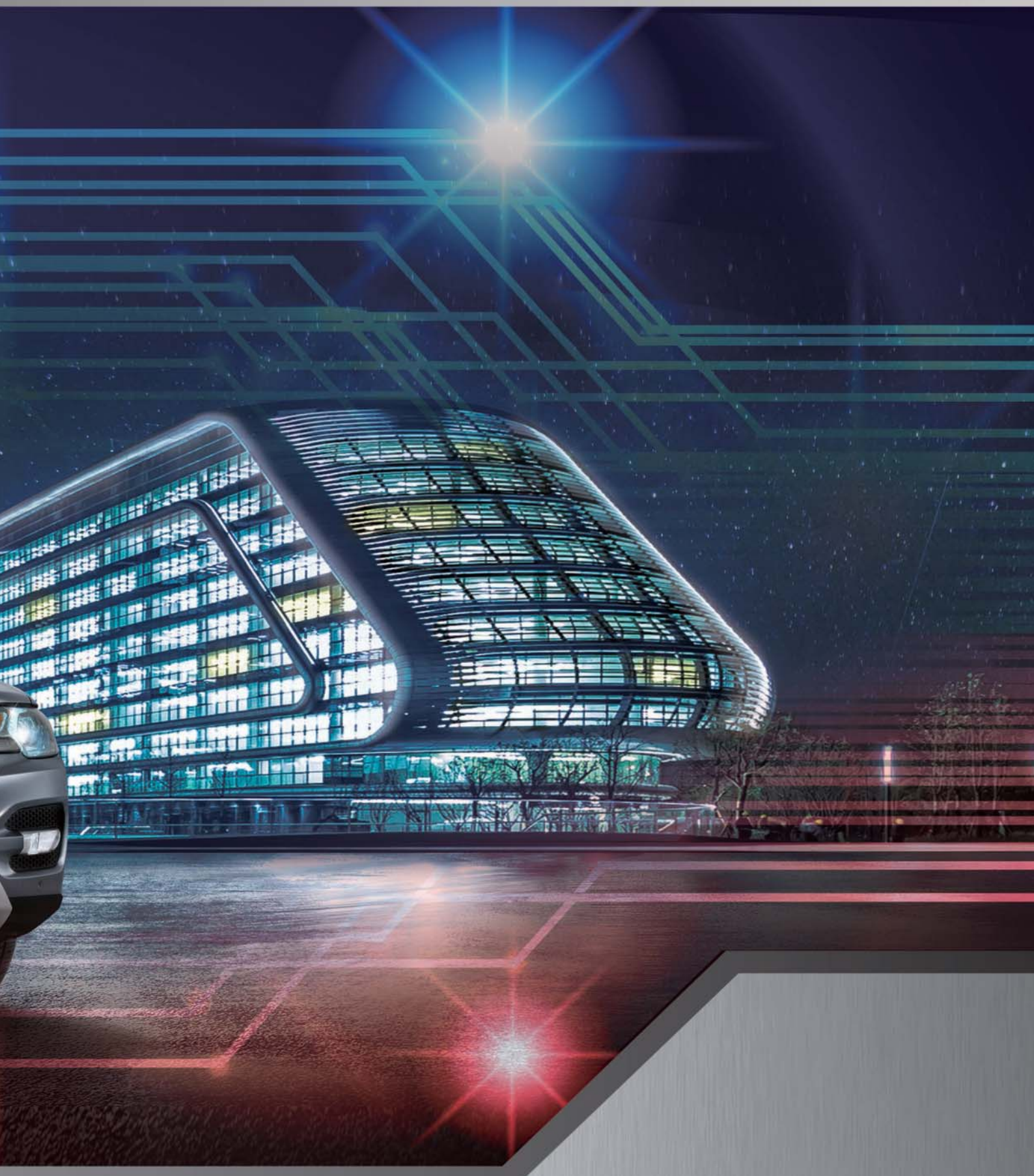
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Section 1 Definitions

In this report, the following expressions shall, unless the context otherwise requires, have the following meanings:

Definitions for commonly used terms

"A Shares"	domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange and traded in Renminbi (Stock Code: 601633);
"A Shareholder(s)"	holders of A Share(s);
"Articles of Association"	articles of association of the Company, as amended, modified or otherwise supplemented from time to time;
"Board"	the board of directors of the Company;
"Company" or "Great Wall Motor"	Great Wall Motor Company Limited (長城汽車股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
"Company Law"	Company Law of the PRC;
"Competing Business"	a business that is identical with or similar to the principal business and other businesses of Great Wall Motor Company Limited;
"CSRC"	China Securities Regulatory Commission;
"Group"	Great Wall Motor Company Limited and its subsidiaries;
"H Shares"	the overseas-listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars (Stock Code: 2333);
"H Shareholder(s)"	holders of H Share(s);
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules;
"Non-Public Issuance"	the proposed issuance of not more than 833,912,400 A Shares by the Company to not more than ten target investors and the proceeds from the issuance of A Share is expected to be not more than RMB12.0 billion;
"PRC"	the People's Republic of China;
"Reporting Period" or "Period"	six months ended 30 June 2016;
"SFC"	The Securities and Futures Commission in Hong Kong;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time; and
"Shanghai Stock Exchange"	Shanghai Stock Exchange in the PRC.

Section 2 Corporate Profile

I. CORPORATE INFORMATION

Chinese name of the Company	長城汽車股份有限公司
Abbreviation of Chinese name of the Company	長城汽車
English name of the Company	Great Wall Motor Company Limited
Abbreviation of English name of the Company	Great Wall Motor
Legal representative	Wei Jian Jun

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of Securities Affairs
Name	Xu Hui (Company Secretary)	Chen Yong Jun
Address	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Telephone	86(312)-2197813	86(312)-2197813
Fax	86(312)-2197812	86(312)-2197812
E-mail address	zqb@gwm.com.cn	zqb@gwm.com.cn

III. CHANGES IN BASIC INFORMATION

Registered address of the Company	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Postal code of the registered address of the Company	071000
Office address of the Company	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Postal code of the office address of the Company	071000
Company's website	www.gwm.com.cn
E-mail address	zqb@gwm.com.cn
Principal place of business in Hong Kong	13th Floor, One Pacific Place, 88 Queensway, Hong Kong

IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE OF DOCUMENT INSPECTION

Designated newspapers for information disclosure	China Securities Journal, Shanghai Securities News
Website designated by the CSRC for publishing this interim report	www.sse.com.cn
Place for inspection of this interim report	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Website designated by Hong Kong Stock Exchange for publishing this interim report	www.hkexnews.hk
The Company's website for publishing this interim report	www.gwm.com.cn

V. INFORMATION ON THE COMPANY'S SHARES

Stock classes	Stock exchanges for the listing of the Company's Shares	Stock abbreviation	Stock code	Previous stock abbreviation
A Shares	Shanghai Stock Exchange	Great Wall Motor	601633	—
H Shares	Hong Kong Stock Exchange	Great Wall Motor	2333	—

Stock Classes	Stock exchanges for the listing of the Company's Shares	Listing date	Number of issued shares	Board lot
A Shares	Shanghai Stock Exchange	28 September 2011	6,027,729,000 A Shares (Total shares: 9,127,269,000 shares, H Shares: 3,099,540,000 shares)	100
H Shares	Hong Kong Stock Exchange	15 December 2003	3,099,540,000 H Shares (Total shares: 9,127,269,000 shares, A Shares: 6,027,729,000 shares)	500

VI. CHANGES IN REGISTRATION DETAILS OF THE COMPANY DURING THE REPORTING PERIOD

In accordance with the requirements of Opinions of the General Office of the State Council on Accelerating the "Three in One" Registration System Reform (Guo Ban Fa [2015] No.50) (《國務院辦公廳關於加快推進"三證合一"登記制度改革的意見》(國辦發[2015]50號)) and Notice of the State Administration for Industry and Commerce and Other Five Departments on Implementing the Opinions of the General Office of the State Council on Accelerating the "Three in One" Registration System Reform (Gong Shang Qi Zhu Zi [2015] No.121) (《工商總局等六部門關於貫徹落實〈國務院辦公廳關於加速推進"三證合一"登記制度改革的意見〉的通知》(工商企註字[2015]121號)) and related documents, the Company has applied for, and completed, the renewal of its business license to Hebei Provincial Industry and Commerce Administration Bureau. The details are as follows:

The original business license (registered number: 130000400000628), the original organization code certificate (number: 10594183-5) and original tax registration certificate (number: 130604105941835) were combined in one certificate with the unified social credit code 91130000105941835E.

VII. OTHER RELEVANT INFORMATION

Accounting firm appointed by the Company	Deloitte Touche Tohmatsu Certified Public Accountants LLP (auditor of the Company)
Office address of the accounting firm appointed by the Company	30/F, 222 Yan An Road East, Shanghai
Legal Adviser to the Company (As to Hong Kong law)	Simmons & Simmons
Legal Adviser to the Company (As to PRC law)	Zhong Lun Law Firm
H Share Registrar and Transfer Office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
A Share Registrar and Transfer Office	Shanghai Branch of China Securities Depository and Clearing Corporation Limited 3/F, China Insurance Building, 166 Lujiazui East Road, New Pudong District, Shanghai, PRC
Investor and Media Relations Consultant (H Shares)	CorporateLink Limited 18/F, Shun Ho Tower, Nos 24–30 Ice House Street, Central, Hong Kong
Principal Bankers	Bank of China, Baoding Yuhua sub-branch The Industrial and Commercial Bank of China, Baoding Yonghua Road sub-branch China Construction Bank, Baoding Hengxiang South Street sub-branch China Everbright Bank, Shijiazhuang sub-branch China CITIC Bank, Baoding sub-branch
Authorised Representatives	Ms. Wang Feng Ying Mr. Xu Hui
Financial Year-end Date	31 December
Executive Directors	Mr. Wei Jian Jun (Chairman) Ms. Wang Feng Ying Ms. Yang Zhi Juan
Non-Executive Directors	Mr. He Ping Mr. Niu Jun (resigned on 28 January 2016)
Independent Non-Executive Directors	Mr. Wong Chi Hung, Stanley Mr. Lu Chuang Mr. Ma Li Hui Mr. Liang Shang Shang (resigned on 18 March 2016 with effect from 17 May 2016)

Employee Representative Supervisor	Mr. Chen Biao
Independent Supervisors	Ms. Zong Yi Xiang Ms. Luo Jin Li
Audit Committee	Mr. Wong Chi Hung, Stanley Mr. He Ping Mr. Lu Chuang Mr. Ma Li Hui Mr. Liang Shang Shang (resigned on 18 March 2016 with effect from 17 May 2016)
Remuneration Committee	Mr. Wei Jian Jun Mr. Lu Chuang Mr. Liang Shang Shang (resigned on 18 March 2016 with effect from 17 May 2016) Mr. Ma Li Hui (appointed on 17 May 2016)
Nomination Committee	Mr. Wei Jian Jun Mr. Liang Shang Shang (resigned on 18 March 2016 with effect from 17 May 2016) Mr. Wong Chi Hung, Stanley (appointed on 17 May 2016) Mr. Ma Li Hui
Strategy Committee	Mr. Wei Jian Jun Ms. Wang Feng Ying Mr. He Ping Mr. Lu Chuang Mr. Ma Li Hui

Section 3 Highlights of Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key accounting data

Unit: RMB Currency: RMB

Key accounting data	Reporting Period (January–June)	Corresponding period of last year	Increase/ decrease for the Reporting Period over the corresponding period of last year (%)
Total operating revenue	**41,672,184,888.84**	37,144,776,238.53	12.19
Operating revenue	**41,600,921,174.31**	37,115,346,196.30	12.09
Net profit attributable to shareholders of the Company	**4,925,601,514.99**	4,717,052,784.60	4.42
Net profit attributable to shareholders of the Company after extraordinary gains/losses	**4,824,833,842.08**	4,601,476,285.91	4.85
Net cash flow from operating activities	**4,375,700,213.91**	7,277,045,371.22	-39.87

	As at the end of the Reporting Period	As at the end of last year	Increase/ decrease for the Reporting Period over the end of last year (%)
Net assets attributable to shareholders of the Company	**41,600,133,444.19**	38,330,869,377.55	8.53
Total assets	**71,709,123,104.32**	71,910,626,770.84	-0.28

(II) Key financial indicators

Key financial indicators	Reporting Period (January–June)	Corresponding period of last year	Increase/ decrease for the Reporting Period over the corresponding period of last year (%)
Basic earnings per share (RMB/share)	**0.53966**	0.51681	4.42
Diluted earnings per share (RMB/share)	**N/A**	N/A	N/A
Basic earnings per share after extraordinary gains/losses (RMB/share)	**0.52862**	0.50415	4.85
Weighted average return on net assets (%)	**12.15**	13.32	Decrease by 1.17 percentage points
Weighted average return on net assets after extraordinary gains/losses (%)	**11.90**	13.00	Decrease by 1.10 percentage points

Explanation on key accounting data and financial indicators

By optimizing the product mix, focusing on SUV category and manufacturing high price-performance products, the Group was committed to gaining the satisfaction of customers. During the Reporting Period, the increase in sales volume of automobiles and SUVs facilitated a growth in operating revenue of the Company, leading to a stable growth in the net profit attributable to shareholders of the Company and earnings per share as compared with the corresponding period of last year.

II. DIFFERENCES IN ACCOUNTING DATA PREPARED UNDER DIFFERENT GAAP

☐ Applicable √ Not applicable

III. ITEMS AND AMOUNT OF EXTRAORDINARY GAINS/LOSSES

√ Applicable ☐ Not applicable

Unit: RMB Currency: RMB

Item of extraordinary gains/losses	Amount
Profit or loss from disposal of non-current assets	**-11,539,800.09**
Government grants accounted for in profit and loss account of the current period except for government grants closely related to the corporate business and in compliance with the State policies that were given at a fixed standard amount or quantity as stipulated by the State	**64,038,766.03**
Non-operating gains and losses other than the above items	**53,666,288.02**
Investment gains from the disposal of long-term equity investments and investment gains from the disposal of wealth management products	**14,146,857.49**
Gains from the equity in acquiree already held before the date of acquisition and measured at fair value	**684,042.36**
Effect of minority interests	**-8,069.32**
Effect of income tax	**-20,220,411.58**
Total	**100,767,672.91**

Section 4 Management Discussion and Analysis

OPERATING ENVIRONMENT

During the first half of 2016, the national economy remained stable, while making progress and improvement. According to the data from the National Bureau of Statistics, the gross domestic product maintained its stable growth during the first half of 2016 and recorded a year-on-year increase of 6.7%. As one of the important pillars of the national economy, the automobile industry has made considerable contribution to economic growth. According to the statistics from China Association of Automobile Manufacturers, the production and sales volume of automobiles in the PRC in the first half of 2016 amounted to 12,892,000 units and 12,830,000 units, respectively, representing a year-on-year increase of 6.5% and 8.1%, respectively.

In the first half of 2016, production and sales volume of passenger vehicles amounted to 11,099,000 units and 11,042,000 units, respectively, representing a year-on-year increase of 7.3% and 9.2%, respectively. SUV segment continued to achieve rapid growth, with production and sales volume reaching 3,903,000 units and 3,850,000 units, respectively, representing a year-on-year increase of 42.7% and 44.3%, respectively, thus attaining the highest growth rate in the automobile industry.

During the first half of 2016, due to effects from factors such as volatility in international oil price, changes in political landscapes and fluctuations in foreign exchange rates on the overseas market, the PRC's automobile export sales volume continued to shrink. According to the export data of automobile enterprises compiled by China Association of Automobile Manufacturers, automobile export volume in the first half of 2016 amounted to approximately 314,000 units in total, representing a year-on-year decrease of 18.5%, among which the export volume of passenger vehicles amounted to 200,000 units, representing a year-on-year decrease of 6.5%. The PRC automobile export still faced severe challenges.

FINANCIAL REVIEW

Currency: RMB Unit: RMB

	From 1 January 2016 to 30 June 2016 (Unaudited)	From 1 January 2015 to 30 June 2015 (Audited)	Changes %
Total operating revenue	**41,672,184,888.84**	37,144,776,238.53	12.19
Operating revenue	**41,600,921,174.31**	37,115,346,196.30	12.09
Revenue from sale of automobiles (Note 1)	**39,957,518,748.58**	35,541,870,686.77	12.42
Revenue generated from the sale of automotive parts and components and others	**1,643,402,425.73**	1,573,475,509.53	4.44
Interest income (Note 2)	**70,584,009.91**	29,414,897.72	139.96
Selling expenses	**1,402,248,359.96**	1,192,682,249.41	17.57
Administrative expenses	**1,906,805,985.58**	1,656,766,890.66	15.09
Financial expenses (Note 3)	**24,487,468.49**	218,530,709.96	-88.79
Gross profit	**10,764,157,255.10**	10,015,786,114.75	7.47
Income tax	**992,070,644.57**	1,000,208,287.03	-0.81
Net profit attributable to shareholders of the Company (Note 4)	**4,925,601,514.99**	4,717,052,784.60	4.42
Basic earnings per share	**0.54**	0.52	4.42
Gross profit margin (%)	**25.83%**	26.96%	Decreased by 1.13 percentage points
Percentage of selling expenses to operating revenue (%)	**3.37%**	3.21%	Increased by 0.16 percentage point
Percentage of administrative expenses to operating revenue (%)	**4.58%**	4.46%	Increased by 0.12 percentage point

(Note 1) The increase in revenue from sale of automobiles was mainly due to the increase in sales volume of automobiles of the Group and the increase in sales volume of SUVs which had higher selling price.

(Note 2) The increase in interest income was mainly due to the increase in volume of lending business of Tianjin Great Wall Binyin Automotive Finance Company Ltd, a subsidiary of the Company.

(Note 3) Decrease in financial expenses was mainly due to the recognition of financial expenses in relation to discounted performance bond for land receivables aged more than 1 year during the corresponding period of last year.

(Note 4) The increase in net profit attributable to shareholders of the Company was mainly due to the increase in revenue from sale resulting from the increase in sales volume of automobiles of the Group and the decrease in cost of sale resulting from the decrease in unit fixed cost due to the increase of production capacity of Xushui factory.

Current assets and current liabilities

Currency: RMB Unit: RMB

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current Assets	**38,232,669,656.29**	40,389,996,353.27
including:		
Cash and bank balances	**3,545,290,222.63**	3,641,764,292.73
Bills receivable	**24,586,851,180.01**	28,161,748,218.41
Accounts receivable	**746,877,119.10**	675,922,020.83
Inventories	**5,276,209,170.13**	4,119,805,909.61
Prepayments	**1,254,691,375.35**	880,716,835.91
Other receivables	**140,850,422.56**	101,849,236.83
Current Liabilities	**28,329,766,669.57**	31,786,437,525.14
including:		
Payments received in advance	**3,268,986,457.09**	4,937,845,265.44
Salaries payable	**512,458,338.84**	1,534,598,723.77
Other payables	**1,773,967,797.25**	1,665,434,069.11
Tax payable	**712,579,023.49**	979,247,478.39
Bills payable	**5,062,643,312.34**	5,480,528,560.69
Account payable	**15,358,379,785.75**	15,603,253,561.15
Other current liabilities	**1,231,603,521.70**	1,195,842,038.07

Gearing ratio

Currency: RMB Unit: RMB

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Total liabilities	**30,050,289,449.81**	33,523,710,369.30
Total equity	**41,658,833,654.51**	38,386,916,401.54
Gearing ratio	**72.13%**	87.33%

Note: Gearing ratio refers to the proportion of total liabilities to total equity in the consolidated balance sheet.

Acquisition and disposal of assets

For details, please refer to "Asset acquisitions" in item III "Asset Transactions and Mergers" of Section 6 "Significant Events" of this interim report.

As the aforementioned acquisition does not constitute a connected transaction nor a notifiable transaction as defined under the Hong Kong Listing Rules, it is therefore not subject to announcement requirement pursuant to Chapters 14 and 14A of the Hong Kong Listing Rules.

Save as the aforementioned acquisition, the Company, its subsidiaries and associates did not have other material acquisitions or disposals of assets during the Reporting Period.

Capital structure

The Group generally finances its day-to-day operations with its internal cash flows. As at 30 June 2016, Tianjin Great Wall Binyin Automotive Finance Company Ltd, our subsidiary, borrowed a short-term loan of RMB300,000,000.00 and a long-term loan of RMB49,900,000.00 for lending loan. Such loans were guaranteed by the Company. For the details of interest rate of the borrowings, please refer to the descriptions of Note (VI) to the financial statements in this interim report.

Exposure to foreign exchange risk

All the Group's domestic sales were settled in RMB while sales to overseas customers accounted for 1.12% of total sales and were mainly settled in US dollars. The sales to overseas customers were mainly directly used in the import of facilities and automotive parts and components. As such, during the Reporting Period, the Group did not experience any material difficulties in or encounter any events which have material impacts on its operations or liquidity as a result of the fluctuations in currency exchange rates.

Employment, training and development

As at 30 June 2016, the Group employed a total of 66,198 employees (30 June 2015: 71,376 employees). Employees were remunerated by the Group based on their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. Total staff cost accounted for 6.93% of the Group's total operating revenue as at 30 June 2016 (30 June 2015: 6.89%).

Segment Information

The Group is mainly engaged in the manufacture and sale of automobiles and automotive parts and components in the PRC, and the majority of its assets are located in the PRC. The Group determined the reporting segments and disclosed the segment information according to No. 3 Interpretation of China Accounting Standards for Business Enterprises in 2009. The management determined the reporting segments according to the organization structure, management requirements and internal reporting system of the Group for the purposes of resource allocation and performance evaluation. As the resource allocation and performance evaluation of the Group are carried out based on the overall operation of the production and sales of automobiles and automotive parts and components, the Group has only one business segment for internal reporting purpose.

Operating revenue of the Group by geographical distribution of external customers is set out as follows:

	For the six months ended 30 June	
	2016 RMB (Unaudited)	2015 RMB (Audited)
China	**41,205,491,213.28**	36,403,367,713.15
Chile	**129,124,472.25**	116,693,971.16
Iraq	**48,087,841.39**	787,502.50
Russia	**34,850,328.42**	5,931,954.41
Peru	**32,536,533.58**	46,710,795.43
Ecuador	**29,967,010.58**	34,078,715.83
Other overseas countries	**192,127,489.34**	537,205,586.05
Total	**41,672,184,888.84**	37,144,776,238.53

The Group's major non-current assets for disclosure in the segment information (which consist of fixed assets, investment properties, construction in progress and investment in jointly controlled entities) are primarily situated in the PRC.

The Group is not dependent on one or a few major customers.

BUSINESS REVIEW

Sales volume of products

Unit: unit

		From 1 January 2016 to 30 June 2016	From 1 January 2015 to 30 June 2015	Changes %
Pick-up truck	Domestic sales	**50,438**	51,288	-1.66
	Export	**2,569**	3,857	-33.39
	Sub-total	**53,007**	55,145	-3.88
SUV	Domestic sales	**377,768**	331,162	14.07
	Export	**3,100**	5,305	-41.56
	Sub-total	**380,868**	336,467	13.20
Sedan	Domestic sales	**19,705**	23,133	-14.82
	Export	**1,081**	2,980	-63.72
	Sub-total	**20,786**	26,113	-20.40
Others	Domestic sales	**152**	150	1.33
	Export	**0**	0	0
	Sub-total	**152**	150	1.33
Total	Domestic sales	**448,063**	405,733	10.43
	Export	**6,750**	12,142	-44.41
	Sub-total	**454,813**	417,875	8.84

Other vehicles: including special vehicles, etc.

The Group's principal products are pick-up trucks, SUVs and sedans. The Group also engages in the production and sale of major automotive parts and components used in the production of pick-up trucks, SUVs and sedans.

During the Period, the increase in the Group's domestic sales volume of automobiles was mainly due to the Group's optimisation of product mix, continual focus on SUV category, manufacture of high price-performance products and commitment to gain the satisfaction of customers.

(1) Pick-up truck

According to the statistics from China Association of Automobile Manufacturers, Great Wall Motor's pick-up trucks continued to rank first in the PRC market in terms of sales volume for 18 consecutive years, entrenching its leading market position.

(2) SUV

During the Period, the Group achieved outstanding performance in the domestic SUV market and ranked top in the SUV market in term of sales volume. Driven by strong demand, the sales volume of the Group's flagship product, Haval H6, maintained a notable growth momentum and increased by 35.66% when compared to that of the corresponding period in 2015. Haval H6 Coupe, launched in 2015, was popular among consumers. A new version with a 1.5T engine was launched during the Period, driving up sales of Haval H6 Coupe. Haval H7, launched during the Period, was well received by the market, contributing to the increase in sales volume, while promoting the Company's brand.

(3) Sedan

During the Period, the Group actively developed new-energy vehicle based on existing sedan models.

Domestic market

Benefitting from and stimulated by the PRC government's preferential policy launched in the fourth quarter of 2015 that halved the purchase tax on low-emission vehicles, as well as increase in national income and further improvement in infrastructure construction, the automobile market in the PRC saw a healthy growth. Sales volume of SUV, in particular, increased significantly. Automobile companies rolled out different SUV models, turning the once blue ocean of uncontested market space to a red ocean tainted by ferocious competition. In a highly competitive market, automobile companies should constantly improve product quality and product competitiveness in order to secure its share in the market. In the first half of 2016, the Group enhanced its competitive edge through adding new features and launching more models.

During the Period, revenue generated from the sale of automobiles in the domestic market amounted to RMB39,534,283,200.10, representing 95.03% of the Group's operating revenue.

In the first half of 2016, the Group's SUV segment maintained a rapid growth, thereby entrenching its leading position in the PRC's SUV market with the largest sales volume. Haval H6 remained as the best-selling SUV in the domestic market for 39 consecutive months. With its premium quality, Haval H6 ranked top among all automobile models in terms of sales volume in April 2016, making history for a SUV model to achieve the highest sales volume in the car industry of China.

Overseas market

During the Period, fluctuations in exchange rates and changes in political landscapes had exerted greater pressure on the PRC's automobile exports to overseas markets. During the Period, the Group expanded its overseas sales network for Haval, and actively launched Haval models in overseas markets to boost sales and brand image in overseas markets.

During the Period, revenue generated from export of automobiles amounted to RMB423,235,548.48, accounting for 1.02% of the Group's operating revenue.

The Group's export markets were located mainly in South America, Europe, Africa, Asia Pacific and Middle East, forming a solid international sales network.

Launch of new products

During the Period, the Group launched a new "Haval H6 Coupe" version with a 1.5T engine. This new car model boasts a coupe-like design with SUV capabilities. Our customers are entitled to a 50% reduction in vehicle purchase tax under the State's preferential policy, and they are also offered with more choices, thereby laying a foundation for the Group to lift its sales volume.

In April 2016, the Group launched "Haval H7", which has a 2.0T double current direct injection engine, with a wheelbase of 2.85 metres. Selling at a range between RMB149,800 and RMB169,800, and leveraging on its appearance, engine, spacious interiors, and configurations, this model is positioned to compete directly with vehicles of joint-venture brands. As Haval's first mid-sized SUV model, Haval H7 has gained wide recognition from consumers. It was even in short supply since its launch.

In addition, the Group launched new models of Haval H6 upgraded version and Haval H2 with new configurations in the first half of the year, further enriching the existing product lines.

In April 2016, the Group unveiled several of its SUV models at the "2016 Beijing International Automotive Exhibition", including nine mass production models, two models ready for mass production — "Haval H7" Red Label and "Haval H2" Blue Label, as well as two concept cars — "HR-02" and "HB-02", demonstrating the direction of the Group's future product research and development. During the exhibition period, the Group also displayed five powertrains and a chassis module for new-energy vehicle.

OUTLOOK

The Chinese automobile market has become the biggest automobile market in the world. Demand for new cars will continue to rise on the back of economic growth, while replacement demand will gradually increase in future, given the current tremendous number of car ownership.

In recent years, Internet companies have entered the automobile industry to grab a piece of the pie from the growing automobile industry. There will be huge changes in the development of automobile industry. It is expected that intellectualization and electrification will be the direction for automobile industry development in future.

The Group will put more resources in research and development to enhance product quality and meet the growing demand of customers. At the same time, the Group will actively develop new energy cars and smart vehicles.

New Products Launch Plan

The Group's strategy is to focus on the SUV segment and introduce more SUV models in future.

Pursuant to the red and blue label strategy of the Company, blue label models of "Haval H2" and "Haval H6 (sporty version)" will be launched in the second half of 2016 to enrich the existing product lines and increase the number of blue label models.

The Company will launch Haval H7 Red Label model and seven-seat model in the future to meet consumers' demand for seven-seat cars.

With respect to pick-up trucks, the Group will maintain sales volume of pick-up trucks by upgrading the existing model's appearance, interior and configuration, further enhancing the quality-price ratio and competitiveness.

With respect to sedans, the Group plans to launch its first pure electric sedan model during this year.

Overseas markets

The continued low international oil price, economic downturn of major overseas markets and changing political landscapes in overseas markets, as well as other factors have profound impact on the export market. The promulgation of the "One Belt One Road" and "Going Out" policy in China is expected to help boost export of automobile industry.

The Group increases brand influence by reforming its sales model and introducing new car models in overseas market.

The Group has inset up sales companies in Russia, Australia and South Africa. The sales companies in Russia and Australia have commenced operation and achieved initial success.

New Facilities

With the inauguration of the Group's technology research and development centre in Japan during the first half of 2016, it is not only the first overseas technology centre of Great Wall Motor but also a milestone of the integration of global favourable resources by Great Wall Motor.

The second automobile plant in Xushui, Baoding has been completed and commenced operation. It is currently manufacturing Haval H2 and Haval H7.

The Group's plant in Tula Oblast, Russia is expected to complete construction and commence operation in 2018. It will manufacture SUVs. Upon inauguration, it is expected to improve sales in Russia.

Non-public issuance of A Shares

As one of the strategic emerging industries, new energy vehicles will benefit from the increasing standards of energy saving and environment protection, as well as the continuous significant support from State policies, and enter a rapid development stage.

Intellectualization and informatization are the direction and trend for the automobile industry's future development. Smart vehicles, as a mobile intelligent terminal, will become another important access to Internet.

The Company, leveraging its solid foundation and competitive edges in the automobile industry, will swiftly increase its presence in the new energy and smart vehicle sector and embark on its upgrade strategy. The Board approved the Proposal on the Non-Public Issuance of A Shares of Great Wall Motor Company Limited on 10 July 2015.

The proceeds from the non-public issuance of A shares will be used in the following investment projects:

1. Research and development of new energy vehicles;

2. Smart transmission system for new energy vehicle with annual production capacity of 500,000 units;

3. New energy vehicle motor and management device with annual production capacity of 500,000 sets;

4. Driving battery system for new energy vehicle with annual production capacity of 1 million packs;

5. Research and development of smart vehicles.

For details of the announcement contents, please refer to the announcements regarding the Proposal on the Non-public Issuance (Revised) published by the Company on the websites of Shanghai Stock Exchange, The Stock Exchange of Hong Kong Limited and the Company on 28 August 2015.

In view of violent fluctuation in capital market in the second half of 2015 and as the market price of the shares of the Company has fallen below the minimum issue price under the Proposal on the Non-public Issuance of Shares (Revised), the Company resolved to terminate the non-public issuance of A shares after due and proper consideration. The relevant resolution was considered and passed at the Company's 2015 annual general meeting held on 17 May 2016.

After the termination of non-public issuance of A Shares, the Group will continue to invest in such projects with its own funds. The Group will consider to raise funds through various financing methods in case of insufficiency of own funds, in order to ensure the project will progress smoothly and business will be developed as scheduled.

The termination of non-public issuance of A Shares will not have material adverse effect on the normal production and operation of the Group.

Preferential enterprise income tax rate for high-tech enterprises

The Company obtained the High-Tech Enterprise Certificate (高新技術企業證書) jointly issued by the Hebei Provincial Department of Science and Technology (河北省科學技術廳), Department of Finance of Hebei Province (河北省財政廳), Hebei Provincial Office of the State Administration of Taxation (河北省國家税務局) and Hebei Local Taxation Bureau (河北省地方税務局) on 10 November 2010. The certificate was valid for three years. Article 28 of Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得税法) stipulates that "the key high-tech enterprises which receive support from the State shall be entitled to a reduced enterprise income tax rate of 15%". Accordingly, the Company paid its income tax at the rate of 15% from 2010 to 2012. In accordance with the Administrative Measures for the Accreditation of High-Tech Enterprises (高新技術企業認定管理辦法), enterprises may submit applications for the renewal of their High-Tech Enterprise Certificates within three months before their expiration. An enterprise whose application is approved will be granted with the renewed High-Tech Enterprise Certificate and may enjoy the aforesaid tax concession. The Company's application for the renewal of its High-Tech Enterprise Certificate had been approved in 2013, and obtained the High-Tech Enterprise Certificate on 22 July 2013. The certificate was valid for three years. Starting from the year when the approval of the renewal application comes into effect, the Company can apply for the enterprise income tax concession. The Company has applied to the tax authorities for the tax concession and has completed the relevant procedures for tax reduction. Under the conditions of continued compliance with the Enterprise Income Tax Law and its implementation rules, as well as other relevant requirements, the Company was entitled to pay its enterprise income tax at the rate of 15% from 2013 to 2015.

The Company is carrying out the renewal of accreditation in accordance with the new version of the Administrative Measures for the Accreditation of High-Tech Enterprises (高新技術企業認定管理辦法) and the Administrative Guildlines for the Accreditation of High-Tech Enterprises (高新技術企業認定管理工作指引).

Section 5 Report of the Board

I. DIRECTORS' DISCUSSION AND ANALYSIS OF THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

(I) Analysis of principal business

1. Analysis of changes of relevant items in the financial statements

Unit: RMB Currency: RMB

Item	For the Reporting Period	For the corresponding period of last year	Changes (%)
Total operating revenue	**41,672,184,888.84**	37,144,776,238.53	12.19
Operating revenue	**41,600,921,174.31**	37,115,346,196.30	12.09
Operating costs	**30,897,584,888.97**	27,128,990,123.78	13.89
Selling expenses	**1,402,248,359.96**	1,192,682,249.41	17.57
Administrative expenses	**1,906,805,985.58**	1,656,766,890.66	15.09
Financial expenses	**24,487,468.49**	218,530,709.96	-88.79
Net cash flows from operating activities	**4,375,700,213.91**	7,277,045,371.22	-39.87
Net cash flows from investing activities	**-2,787,814,946.68**	-4,846,624,151.11	-42.48
Net cash flows from financing activities	**-841,606,382.08**	-2,297,802,965.69	-63.37
Research and Development expenses	**1,257,735,612.96**	1,143,368,134.68	10.00

Explanation for changes of the financial expenses: Mainly due to the recognition of financial expenses in relation to discounted performance bond for land receivables aged more than 1 year in the corresponding period of last year.

Explanation for changes of the net cash flows from operating activities: Mainly due to the increases in payment for material procurement and tax payables as a result of a growth in production and sales volume during the Reporting Period.

Explanation for changes of the net cash flows from investing activities: Mainly due to the increase in the recovery of principal of investment in wealth management products during the Reporting Period.

Explanation for changes of the net cash flows from financing activities: Mainly due to the decrease in deposits with restricted bank during the Reporting Period.

2. Others

(1) Analysis and description of the progress of various types of financing and major asset reorganization of the Company in the previous period

At the tenth and twelfth meetings of the fifth session of the Board held on 10 July 2015 and 28 August 2015 respectively, the Board considered and passed the Proposal on the Non-Public Issuance of A Shares of Great Wall Motor Company Limited and Proposal on the Non-Public Issuance of A Shares of Great Wall Motor Company Limited (Revised), respectively. On 13 October 2015, the Board published the Announcement on Adjustment to Minimum Issue Price and Number of Shares to be Issued under the Non-Public Issuance of A Shares of Great Wall Motor Company Limited (長城汽車股份有限公司關於調整非公開發行A股股票發行底價及發行數量的公告), pursuant to which the Company proposed to issue 833,912,400 A Shares with total proceeds of RMB12 billion. The proceeds will be used in the following projects:

Unit: RMB10,000

No.	Project	Total investment	Proposed amount of proceeds to be applied
1	Research and development of new energy vehicles	508,000	280,000
2	Smart transmission system for new energy vehicle with annual production capacity of 500,000 units	414,233	400,000
3	New energy vehicle motor and management device with annual production capacity of 500,000 sets	176,159	170,000
4	Driving battery system for new energy vehicle with annual production capacity of 1 million packs	104,405	100,000
5	Research and development of smart vehicles	503,260	250,000
Total		1,706,057	1,200,000

In view of volatility of the capital market in the second half of 2015 and as the market price of the shares of the Company has fallen below the minimum issue price under the proposal on the non-public issuance of A shares (Revised), the Company resolved to terminate the non-public issuance of A shares after due and proper consideration. The resolution has been passed by the 2015 annual general meeting of the Company held on 17 May 2016.

(2) Implementation of business plans

Based on the main strategies of the Company, business plans of Great Wall Motor for 2016 have been formulated and implemented. All works are in progress.

(II) Operation analysis by industries, products and regions

1. Principal business by industries and products

Unit: RMB Currency: RMB

Principal business by industries

Industry	Operating revenue	Operating costs	Gross profit margin (%)	Increase/ decrease in operating revenue year-on-year (%)	Increase/ decrease in operating costs year-on-year (%)	Increase/ decrease in gross profit margin year-on-year (%)
Automobile Industry	41,509,817,324.89	30,835,284,835.06	25.72	12.10	13.90	Decreased by 1.17 percentage points

Principal business by products

Product	Operating revenue	Operating costs	Gross profit margin (%)	Increase/ decrease in operating revenue year-on-year (%)	Increase/ decrease in operating costs year-on-year (%)	Increase/ decrease in gross profit margin year-on-year (%)
Sale of automobiles	39,957,518,748.58	29,769,105,853.15	25.50	12.42	14.59	Decreased by 1.40 percentage points
Sale of automotive parts and components	1,200,280,978.08	807,201,517.16	32.75	1.24	-6.35	Increased by 5.45 percentage points
Moulds and others	240,136,186.18	170,504,408.03	29.00	0.19	-5.73	Increased by 4.46 percentage points
Provision of services	111,881,412.05	88,473,056.72	20.92	79.26	79.47	Decreased by 0.10 percentage point

Description of principal businesses by industries and products

The Group is mainly engaged in the research and development, manufacture and sale of automobiles and key automotive parts and components. The principal business of the Group belongs to the automobile industry and its products include automobiles, automotive parts and components, moulds, services and others.

2. Principal businesses by regions

Unit: RMB Currency: RMB

Region	Operating revenue	Increase/ decrease in the operating revenue this year over last year (%)
Domestic	41,045,666,159.09	13.11
Overseas	464,151,165.80	-37.40

Description of principal business by regions

The domestic business was mainly located in the mainland China.

(III) Analysis of the core competitiveness

Leveraging on the following key advantages, Great Wall Motor is able to maintain its leading position in segment markets where it operates in spite of intense market competition:

1. *Creating fair and just corporate culture*

   Adhering to the principle of "Enhancing cooperation with integrity and seeking development through cooperation", the Company creates a fair, simple and transparent work environment with an aim to foster sustainable and healthy development.

2. *Focusing on principal business to maintain leading position in categories*

   The Company has put great emphasis on its development strategies and has focused on its principal businesses to which more resources were allocated and has been devoted itself to enhancing development in various segments in order to establish unique advantages and maintain its leading position.

3. *Strengthening quality and corporate culture and focusing on the improvement of quality*

   The Company has been constantly in pursuit of perfect quality and targeted to maintain growth of profit and sustainable development through high quality products. As such, the Company further enhanced its quality management.

4. *Setting up industrial cluster through vertical integration*

   The Company has been devoting itself to researching, developing and producing core parts and components and has been enhancing the level of vertical integration. The Company was able to solely produce engines, transmissions, auto headlights and other core parts and components, which significantly enhanced the competitive edges in quality and cost. With the establishment of automobile production plants in Tianjin and Xushui, the production of parts and components of the Company has footholds in various regions, which lays a solid foundation for the long-term development of the Company with competitive advantages in resources.

5. *Committing to investment in research and development*

   The Company has persisted in research and development, with an accumulated contribution of nearly RMB10 billion and over ten thousand technicians. The Company is able to design and develop ten types of automobiles at the same time. For its research and development facilities, the Company has established one of the largest automobile testing plants with the highest specification in the PRC. The Company has also set up a Haval technical center for research and development, trial production, testing, modeling and data processing. The Company has built up the foundation for the research and development of automobile and parts and components and strengthened its research and development capability.

(IV) Analysis of investments

1. Analysis of external equity investments

	Unit: RMB10,000	*Currency: RMB*
Investment during the Reporting Period		44,631.3752
Changes in investment		67,201.7752
Investment during the corresponding period of last year		-22,570.4000
Increase/decrease in investment (%)		298

Name of investee	Major business	Percentage of shareholding in the investee
Baoding Xinyi Automobile Seating Co., Ltd (保定信益汽車座椅有限公司)	Assembly of automobile seats, design, development, manufacture and sale of parts and components of automobile seats and provision of after-sales services for its products. (Operations that require pre-approvals according to laws and regulations can only be conducted after obtaining approvals from the relevant authorities)	100%
Haval Motors South Africa Proprietary Limited (哈弗汽車南非有限公司)	Import and export of whole vehicles, sales and distribution of automobiles, sale of automotive parts and components, after-sales services of automobiles and auxiliary services.	100%
Haval Motors Australia Pty Ltd (哈弗汽車澳大利亞有限公司)	Import and export of automobiles, sale and distribution of automobiles, sale of automotive parts and components and after-sales services.	100%
Great Wall Motor Europe Technical Center GmbH (長城汽車歐洲技術中心有限公司)	Research and development, trial production, testing and purchase, import and export and sale of automobiles and automotive parts and components, and trading and leasing of real estates	100%
Tide Technology and Trade Company Limited (泰德科貿有限公司)	International trade, equity investment, and investment and financing services	100%
Haval Motor Manufacturing Rus Limited Liability Company (俄羅斯哈弗汽車製造有限責任公司)	1. Marketing, sales, promotion, production and manufacture of automobiles, automotive parts and components and accessories and any other relevant operating activities, including intermediary trading activities and foreign trading activities; 2. Provision of technical maintenance and repair services for automobiles and provision of other types of technical maintenance services for automobiles; 3. Engagement in financial intermediary activities for the sale of automobiles.	100%

(1) Investment in securities

☐ Applicable √ Not applicable

(2) Shareholdings in other listed companies

☐ Applicable √ Not applicable

(3) Equity interests in financial enterprise(s)

√ Applicable ☐ Not applicable

Name of the investee(s)	Initial investment (RMB)	Percentage of shareholding as at the beginning of the Reporting Period (%)	Percentage of shareholding as at the end of the Reporting Period (%)	Carrying amount as at the end of the Reporting Period (RMB)	Profit or loss during the Reporting Period (RMB)	Changes in the shareholder's equity during the Reporting Period (RMB)	Accounting item	Source of shares
Tianjin Great Wall Binyin Automotive Finance Company Ltd (天津長城濱銀汽車金融有限公司)	495,000,000.00	90	90	495,000,000.00	23,878,676.99	23,878,676.99	Long-term equity investments	Investment
Total	495,000,000.00	/	/	495,000,000.00	23,878,676.99	23,878,676.99	/	/

Description of equity interests in financial enterprise(s)

The Company holds 90% of equity interests in Tianjin Great Wall Binyin Automotive Finance Company Ltd (天津長城濱銀汽車金融有限公司).

2. *Entrusted wealth management and derivatives investments of non-financial companies*

(1) Entrusted wealth management

√ Applicable ☐ Not applicable

Unit: in RMB Currency: RMB

Name of the partner(s)	Type of entrusted wealth management	Amount of entrusted wealth management	Commencement date of entrusted wealth management	Ended date of entrusted wealth management	Method to determine the remuneration	Expected gain	Actual amount of recovered principals	Actual gain	Whether approved in accordance with mandatory procedure or not	Impairment provisions	Whether be a related transaction or not	Whether involved in any litigation	Capital resources and whether be raising funds or not	Connected relationship
Baoding Branch of Bank of Communications	Income-guaranteed	600,000,000.00	20160613	20160713	—	1,478,031.78	—	—	Yes	—	No	No	No	—
Baoding Branch of Bank of Communications	Principal guaranteed with floating	330,000,000.00	20160630	20160725	—	592,752.33	—	—	Yes	—	No	No	No	—
Total	/	930,000,000.00	/	/	/	2,070,784.11	—	—	/	—	/	/	/	/
Accumulated amount of overdue principal and income not recovered (RMB)	0													
Conditions of entrusted wealth management	The Group used its idle funds to purchase principal guaranteed financial products to increase efficiency of usage of funds and to maximize capital gains.													

(2) Entrusted loans

☐ Applicable √ Not applicable

(3) Other investment and wealth management and investment in derivatives

☐ Applicable √ Not applicable

3. Use of proceeds from fund raising exercise

(1) Overall use of proceeds from fund raising exercise

☐ Applicable √ Not applicable

(2) Utilization of proceeds in the committed projects

☐ Applicable √ Not applicable

(3) Utilization of proceeds in the altered projects

☐ Applicable √ Not applicable

4. Major subsidiaries and investees

Unit: RMB Currency: RMB

Full name of subsidiaries	Business nature	Registered capital	Proportion of shareholding (%)	Proportion of voting rights (%)	Total assets as at the end of the Reporting Period	Total net assets as at the end of the Reporting Period	Operating revenue for the Reporting Period	Operating profit for the Reporting Period	Net profit for the Reporting Period
Tianjin Boxin Automotive Parts Company Limited (天津博信汽車零部件有限公司)	Manufacturing of automotive parts and components	1,890,000,000	100	100	5,364,917,556.65	2,831,701,179.58	3,429,013,840.49	758,711,749.85	589,882,345.52
Baoding Haval Auto Sales Company Limited (保定哈弗汽車銷售有限公司)	Sale of automobiles	5,000,000	100	100	3,162,472,442.87	308,743,539.67	34,239,534,184.57	402,420,867.91	301,243,539.67
Haval Logistic Company Limited (哈弗物流有限公司)	General cargo transportation, logistics	85,000,000	100	100	468,708,794.92	139,753,149.34	661,385,117.59	117,726,940.22	87,361,236.19
Baoding Great Wall Automotive Parts Sales Co., Ltd. (保定長城汽車配件銷售有限公司)	Sale of automotive parts and components and lubricants	7,000,000	100	100	172,577,713.77	79,560,904.61	286,704,572.94	92,081,206.16	69,060,904.61
Tianjin Great Wall Lean Automotive Parts Company Limited (天津長城精益汽車零部件有限公司)	Manufacturing of automotive parts and components	140,000,000	100	100	716,498,024.90	307,932,635.25	390,897,009.16	85,077,183.64	68,794,328.49
Baoding Mind Auto Component Company Limited (保定曼德汽車配件有限公司)	Manufacturing of automotive parts and components	95,000,000	100	100	481,044,039.66	155,604,557.32	311,714,758.63	64,612,512.75	49,407,276.54
Great Wall Baoding Internal Combustion Engine Manufacturing Company Limited (Note) (保定長城內燃機製造有限公司)	Manufacturing of automotive parts and components	452,716,300	100	100	0	0	390,590,153.38	62,698,923.29	46,380,018.52
Baoding Great Wall Auto Sales Company Limited (保定長城汽車銷售有限公司)	Marketing and sale of automobiles	8,000,000	100	100	885,298,728.21	94,929,694.05	5,410,609,922.97	50,082,495.43	38,305,242.57
Great Wall Baoding Huabei Automotive Company Limited (保定長城華北汽車有限責任公司)	Manufacturing of automotive parts and components	177,550,000	100	100	480,227,539.53	303,993,115.30	230,277,067.88	50,553,719.52	37,615,525.96
Nuobo Rubber Production Co., Ltd. (諾博橡膠製品有限公司)	Manufacturing of automotive parts and components	255,000,000	100	100	424,345,844.81	293,981,329.96	199,386,004.57	40,784,062.99	36,242,563.39

Note: In March 2016, the Company absorbed and merged Great Wall Baoding Internal Combustion Engine Manufacturing Company Limited（保定長城內燃機製造有限公司）, a wholly-owned subsidiary of the Company. As of 30 June 2016, the total asset and net asset of Great Wall Baoding Internal Combustion Engine Manufacturing Company Limited was nil, respectively.

5. Projects not using proceeds

√ Applicable ☐ Not applicable

Unit: RMB Currency: RMB

Project	Total amount of investments	Progress	Investment amount during the Reporting Period	Accumulated investment amount	Net profit generated by project
Construction Project of Great Wall Motor Technology Centre	1,995,605,000.00	87.70%	11,457,102.05	1,750,177,852.21	—
Great Wall Motor Passenger Vehicles Xushui Complete Vehicle Factory No. 2	3,667,480,750.00	76.83%	701,241,069.09	2,817,808,992.77	333,819,031.74
Great Wall Motor Passenger Vehicles Xushui Complete Vehicle Factory No. 3	3,614,304,600.00	53.13%	471,577,302.51	1,920,101,760.39	—
Smart transmission system for new energy vehicle with annual production capacity of 500,000 units	4,142,339,700.00	3.28%	96,907,738.72	135,687,338.99	—
Russia automobile plant (俄羅斯整車廠)	2,442,256,660.00	3.99%	46,963,228.70	97,343,695.06	—
Total	15,861,986,710.00	/	1,328,146,441.07	6,721,119,639.42	/

Description of projects not using proceeds

According to the plan of expansion of production capacity of the Company, in order to fulfill the production requirement of Haval H2, the production of Haval H2 has been moved from Tianjin production base to Xushui production bases (phase II).

II. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION OF CAPITAL RESERVE FOR THE ISSUANCE OF ADDITIONAL SHARES

(I) Implementation or adjustment of profit distribution proposal during the Reporting Period

At the 2015 annual general meeting held on 17 May 2016, the Profit Distribution Proposal for the Year 2015 was considered and approved, pursuant to which the Company would pay cash dividend of RMB1,734,181,110.00 or RMB0.19 per share (tax inclusive) to the shareholders for the year of 2015. As of the date of this report, the cash dividend for the year of 2015 has been paid to all the shareholders of the Company.

(II) Profit distribution proposal and proposal for capital increase by way of conversion of capital reserve for the first half of the year

Any distribution or capital increase	No
Number of bonus shares for every 10 shares (share)	—
Dividends for every 10 shares (RMB) (Tax inclusive)	—
Number of scrip shares for every 10 shares (share)	—
Details of proposal of profit distribution or capitalization of capital reserve for the issuance of additional shares	—

III. OTHER DISCLOSURE

(I) Warnings and reasons for any expected accumulated loss from the beginning of the year to the end of the following reporting period or substantial change in profitability compared to the corresponding period of last year

☐ Applicable √ Not applicable

(II) Explanation of the Board and the Supervisory Committee for the "non-standard auditor's report" from the accounting firm

☐ Applicable √ Not applicable

(III) Other Disclosure

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (For the six months ended 30 June 2015, the Company issued share dividend by way of capitalisation of the undistributed profits on the basis of 10 new shares for every 10 shares in issue and distribute cash dividend of RMB2.50 for every 10 shares (tax inclusive) out of the undistributed profits to all shareholders, aggregating to 3,042,423,000 shares and RMB760,605,750 (tax inclusive) based on a total of 3,042,423,000 share capital. The Company also issued shares to all shareholders by way of capitalization of capital reserve (share premium) on the basis of 10 shares for every 10 shares in issue, aggregating to 3,042,423,000 shares).

Purchase, Sale or Redemption of the Company's Listed Securities

There were no purchases, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Reporting Period.

Corporate Governance

To the knowledge of the Board, the Company has complied with all the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules during the Reporting Period.

Audit Committee

The Company has set up the Audit Committee for the purposes of reviewing and supervising over financial reporting process and internal controls of the Group. The Audit Committee comprises three independent non-executive directors and one non-executive director of the Company. At the meeting held on 25 August 2016, the Audit Committee reviewed the 2016 interim report and interim financial statements of the Group and gave their opinions and recommendations to the Board. The Audit Committee is of the opinion that the 2016 interim report and interim financial statements of the Company comply with the applicable accounting standards and the Company has made appropriate disclosure thereof.

Remuneration Committee

The Remuneration Committee of the Company comprises two independent non-executive directors and one executive director. The Remuneration Committee is responsible for making recommendations on the remuneration policies in relation to the directors and senior management of the Company, and determining the remuneration packages of executive directors and senior management, including benefits in kind, pensions and compensation payments.

Nomination Committee

The Nomination Committee of the Company comprises two independent non-executive directors and one executive director. The Nomination Committee is responsible for making recommendations to the Board regarding its size and composition based on business activities, asset scale and shareholding structure of the Company and making recommendations to the Board on the standards and procedures for selecting directors and management members.

Strategy Committee

The Strategy Committee of the Company comprises two executive directors, one non-executive director and two independent non-executive directors. The Strategy Committee provides recommendations to the management from time to time in accordance with the prevailing market environment and changes in policies and is responsible for reviewing and making recommendations on the Company's long-term development strategies and material investment decisions.

Compliance with the Model Code

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by all directors. Having made specific enquiry to the directors and based on the information available, the Board is of the opinion that all directors have complied with the provisions under the Model Code during the Reporting Period.

Section 6 Significant Events

I. MATERIAL LITIGATIONS, ARBITRATION AND MATTERS QUESTIONED BY THE MEDIA

☐ Applicable √ Not applicable

II. BANKRUPTCY AND RESTRUCTURING

☐ Applicable √ Not applicable

III. ASSET TRANSACTIONS AND MERGERS

√ Applicable ☐ Not applicable

(1) Transactions not disclosed in preliminary announcements or their subsequent development

√ Applicable ☐ Not applicable

1. Asset acquisitions

Unit: RMB Currency: RMB

Counter party or ultimate controller	Assets acquired	Date of acquisition	Acquisition price	Net profit contributed to the listed company by the assets from the date of acquisition to the end of the Reporting Period	Net profit contributed to the listed company by the assets from the beginning of this year to the end of the Reporting Period (applicable to business combination of enterprises under common control)	Is it a related party transaction? (If yes, state the basis of pricing)	Basis of pricing for the asset acquisition	Has the ownership of the assets been fully transferred?	Have the obligations and liabilities been fully transferred?	Percentage of net profit contributed to the listed company by the assets over the total profit of the Company (%)	Relationship
Shanghai Yanfeng Johnson Controls Seating Co., Ltd. (上海延鋒江森座椅有限公司)	50% equity interest in Baoding Xinyi Automobile Seating Co., Ltd. (保定信益汽車座椅有限公司)	7 January 2016	21,500,000	3,069,038.21	–	NO	Valuation	YES	YES	0.06	–

Description of Asset Acquisitions

On 7 January 2016, the Company acquired 50% equity interest in Baoding Xinyi Automobile Seating Co., Ltd (保定信益汽車座椅有限公司) from Shanghai Yanfeng Johnson Controls Seating Co., Ltd. (上海延鋒江森座椅有限公司) . Upon the acquisition, the Company directly held 75% equity interest in Baoding Xinyi Automobile Seating Co., Ltd. which was held as to 25% by Billion Sunny Development Limited (億新發展有限公司), a subsidiary of the Company.

2. Merger of enterprises

The Proposal on Absorption and Merger of Wholly-owned Subsidiaries (《關於吸收合併全資子公司的議案》) was considered and approved at the first extraordinary general meeting of the Company for 2015 held on 22 September 2015, pursuant to which the Company will merge wholly-owned subsidiaries including Baoding Xinyuan Automobile Inner Decoration Co., Ltd. (保定信遠汽車內飾件有限公司), Baoding Great Wall Boxiang Automotive Parts Manufacturing Co., Ltd. (保定長城博翔汽車零部件製造有限公司), Macs (Baoding) Auto A/C Systems Co., Ltd. (麥克斯 (保定) 汽車空調系統有限公司), Great Wall Baoding Internal Combustion Engine Manufacturing Company Limited (保定長城內燃機製造有限公司) and Baoding Great Wall Exquisite Foundry Company Limited (保定長城精工鑄造有限公司) by way of full absorption and merger. The Company has obtained an approval-in-principle from the Ministry of Commerce of the People's Republic of China and is pending the official approval.

IV. SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS IMPLICATIONS

☐ Applicable √ Not applicable

V. MATERIAL RELATED PARTY TRANSACTIONS

√ Applicable ☐ Not applicable

(I) Related party transactions relating to daily operations of the Company

1. Matters undisclosed in temporary announcements

√ Applicable ☐ Not applicable

Unit: RMB Currency: RMB

Related parties	Relationship	Type of related party transaction	Description of the related party transaction	Basis of pricing for the related party transaction	Price of related party transaction	Amount of related party transaction	Percentage of total amount of similar transactions (%)	Settlement of related party transaction	Market price	Reason for the substantial difference between transaction price and market price
Baoding Clean Heat Supplying Company Limited (保定科林供熱有限公司)	Subsidiary of shareholder	Water, electricity, gas and other utilities expense (purchase)	Purchase of steam	Government pricing	—	29,983,953.21	0.09	—	—	—
Total				/	/			/	/	/
Details of substantial sales return					Nil					
Description of related party transaction					—					

(II) Related party transactions relating to assets acquired or disposal

1. Matters undisclosed in temporary announcements

√ Applicable ☐ Not applicable

Unit: RMB Currency: RMB

Related parties	Relationship	Type of related party transaction	Description of the related party transaction	Basis of pricing for the related party transaction	Book value of transferred assets	Appraised value of transferred assets	Market fair value	Transfer price	Settlement of related party transaction	Gains from the transfer of assets	Effect of the transaction on the operating results and financial conditions of the Company	Reasons for significant difference between the transaction price and the book value, appraised value or market fair value
Baoding Furui Landscape Co., Ltd	Subsidiary of shareholder	Sale of assets other than goods	Receipt of project payment	Mutually agreed price	12,036,400	–	–	12,036,400	–	–	–	–

VI. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

(I) Trust, contracting and leasing

☐ Applicable √ Not applicable

(II) Guarantee

√ Applicable ☐ Not applicable

Unit: RMB Currency: RMB

Guarantees provided by the Company to external parties (excluding guarantees provided to subsidiaries)	
Total guaranteed amount during the Reporting Period (excluding guarantees provided to subsidiaries)	–
Balance of total guarantees as at the end of the Reporting Period (A) (excluding guarantees provided to subsidiaries)	–
Guarantees provided by the Company to subsidiaries	
Total guaranteed amount to subsidiaries during the Reporting Period	0
Total guaranteed balance to subsidiaries as at the end of the Reporting Period (B)	200,000,000
Total guarantees (including guarantees to subsidiaries) provided by the Company	
Total guaranteed amount (A+B)	200,000,000
Total guaranteed amount as a percentage of the net asset value of the Company (%)	0.48
Of which:	–
Guaranteed amount provided for shareholders, parties which have de facto control and their related parties (C)	–
Debt guaranteed amount provided directly or indirectly to parties with gearing ratio exceeding 70% (D)	–
Total guaranteed amount in excess of 50% of net asset value (E)	–
Total guaranteed amount of the above three items (C+D+E)	–
Statement on the contingent joint liability in connection with unexpired guarantees	
Details of guarantees provided by the Company	In 2015, the Board had considered and approved the provision of guarantee of RMB1.5 billion for Tianjin Great Wall Binyin Automotive Finance Company Ltd (天津長城濱銀汽車金融有限公司) , a subsidiary of the Company. As of 30 June 2016, the Company has entered into guarantee agreements with the Tianjin Binhai New Area Branch of China Bohai Bank Co., Ltd. (渤海銀行股份有限公司天津濱海新區分行) , the Hai Gang Sub-branch of Tianjin Binhai Rural Commercial Bank Corporation (天津濱海農村商業銀行股份有限公司海港支行) and Tianjin Binhai Branch of Bank of China for maximum guarantees of RMB300 million, RMB500 million and RMB500 million, respectively.

(III) Other material contracts or transactions

The Company did not enter into any other material contracts or transactions during the Reporting Period.

VII. PERFORMANCE OF UNDERTAKINGS

√ Applicable ☐ Not applicable

(I) Undertakings of the listed company, its shareholders holding 5% or more of shares, controlling shareholders and de facto controller during the Reporting Period or subsisting to the Reporting Period

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step (if undertakings cannot be performed timely)
Undertakings relating to the initial public offering of the shares of the Company	Termination of related party transaction	Great Wall Motor Company Limited (長城汽車股份有限公司)	From 1 January 2012, Great Wall Motor Company Limited (長城汽車股份有限公司) would not enter into any transactions relating to automotive parts and components with Hebei Baoding Tai Hang Group Company Limited (河北保定太行集團有限責任公司) and Baoding Tai Hang Pump Manufacturing Company Limited (保定市太行製泵有限公司).	From 1 January 2012, permanent	No	Yes	—	—
	Resolving business competition	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	1. Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) is not directly or indirectly engaged in any Competing Business. 2. As long as Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) remains as a related party that has control over Great Wall Motor Company Limited (長城汽車股份有限公司), its directly or indirectly controlled subsidiaries would not in any way, directly or indirectly, engage in any existing or potential Competing Business. 3. Subject to the same conditions, Great Wall Motor Company Limited (長城汽車股份有限公司) shall have the right of first refusal over the investment or other business opportunities relating to Competing Businesses that Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) will pursue or may get in the future.	From 10 December 2010, permanent	No	Yes	—	—

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step (if undertakings cannot be performed timely)
	Resolving business competition	Wei Jian Jun	1. The subsidiaries directly or indirectly controlled by Mr. Wei Jian Jun are not directly or indirectly engaged in any Competing Business. 2. As long as Mr. Wei Jian Jun remains as a related party who has control over Great Wall Motor Company Limited (長城汽車股份有限公司), the subsidiaries directly or indirectly controlled by him would not in any way, directly or indirectly, engage in any existing or potential Competing Business. 3. Subject to the same conditions, Great Wall Motor Company Limited (長城汽車股份有限公司) shall have the right of first refusal over the investment or other business opportunities relating to the Competing Businesses that the subsidiaries directly or indirectly controlled by Mr. Wei Jian Jun will pursue or may get in the future.	From 10 December 2010, permanent	No	Yes	—	—
Other undertakings	Others	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) would actively assume social responsibilities and would not reduce its shareholdings in Great Wall Motor Company Limited (長城汽車股份有限公司) within six months from the date of the Notice of Increase in Shareholding of the Listed Company by its Substantial Shareholder, Directors, Supervisors and Senior Management Officers (《關於上市公司大股東及董事、監事、高級管理人員增持本公司股票相關事項的通知》).	From 8 July 2015, six months	Yes	Yes	—	—

VIII. APPOINTMENT OR DISMISSAL OF ACCOUNTING FIRM

√ Applicable ☐ Not applicable

Description of appointment or dismissal of accounting firm

During the Reporting Period, the Company continued to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as its auditor and there was no change of the accounting firm.

IX. PUNISHMENT AND CORRECTION OF THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS HOLDING 5% OR MORE OF SHARES, DE FACTO CONTROLLER AND ACQUIRING PARTIES

√ Applicable ☐ Not applicable

On 5 February 2016, the Company received the Decision on Circulating a Notice of Criticism on Hu Ke Gang, Director and Deputy General Manager of Great Wall Motor Company Limited (《關於對長城汽車股份有限公司董事兼副總經理胡克剛予以通報批評的決定》) (the "Decision") issued by the Shanghai Stock Exchange. According to the Decision, Mr. Hu Ke Gang, the Director and deputy general manager of the Company, has been alleged to have violated the Announcement No. 18 [2015] of the China Securities Regulatory Commission (中國證券監督管理委員會公告[2015]18號) and related requirements when dealing in the shares of the Company. As such, the Shanghai Stock Exchange circulated a notice of criticism in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

On 19 November 2015, Mr. Hu Ke Gang sold 22,883 A Shares of the Company, which was in contravention of the requirement that "within six months from 8 July 2015, the controlling shareholders and shareholders holding 5% or more shares of a listed company as well as its directors, supervisors and senior management members shall not reduce their shareholding in the company through the secondary market" as set out in the Announcement No. 18 [2015] of the China Securities Regulatory Commission. In response to the issue, Mr. Hu Ke Gang undertook that he would not sell the shares of the Company held by him within 12 months from 3 December 2015 and would buy not less than 22,883 A shares of the Company on the secondary market upon the expiry of the lock-up period as stipulated by the applicable laws and regulations (which is 6 months after the date of reduction in shareholding, i.e. 20 May 2016) to increase his shareholding in the Company. (For details, please refer to the Announcement in relation to Reduction in Shareholding by a Director disclosed on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 3 December 2015 and 9 December 2015, respectively.)

On 24 December 2015, Mr. Hu Ke Gang tendered his resignation as the Director and deputy general manager of the Company. On 24 June 2016, he increased his shareholding by purchasing 22,900 shares of the Company through the secondary market of the Shanghai Stock Exchange.

X. CONVERTIBLE CORPORATE BONDS

☐ Applicable √ Not applicable

XI. CORPORATE GOVERNANCE

The Company has strictly complied with the Securities Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》), the Code of Corporate Governance for Listed Companies in China (《上市公司治理準則》) and the relevant laws and regulations required by the CSRC, as well as the Hong Kong Listing Rules and the relevant laws and regulations in Hong Kong to establish and perfect its corporate governance structure, regulate its operations, strengthen its information disclosure system, and improve its investor relations management.

Since the listing of its H Shares in Hong Kong in 2003, the Company has formulated relevant corporate governance rules, including the Rules of General Meetings (《股東大會議事規則》), the Rules of the Meetings of the Board (《董事會議事規則》), the Rules of the Meetings of the Supervisory Committee (《監事會議事規則》), the Terms of Reference for General Manager (《總經理工作細則》), the Implementation Rules for the Audit Committee under the Board (《董事會審計委員會實施細則》), the Working Procedures for the Nomination Committee under the Board (《董事會提名委員會工作制度》), the Working Procedures for the Remuneration Committee under the Board (《董事會薪酬委員會工作制度》) and the Administrative Measures for Strategic Management Plan of Strategy Committee (《戰略委員會戰略規劃管理制度》).

Since the listing of its A Shares in PRC in 2011, the Company has amended and refined some of its rules, and formulated the Accountability Rules for Material Errors on Information Disclosure in Annual Report (《年報信息披露重大差錯責任追究制度》), the Working Procedures of Independent Directors on Annual Report (《獨立董事年報工作制度》), the Administrative Rules on the Shares of the Company Held by its Directors, Supervisors and Senior Management and the Changes thereof (《董事、監事和高級管理人員持有本公司股份及其變動管理制度》), the Administrative Rules on Information Disclosure (《信息披露管理制度》), the Administrative Rules on the Release of Information to External Parties and the Use of Such Information (對外信息報送和使用管理制度》), the Administrative Rules on Fund Raising (《籌資管理制度》) and the Administrative Rules on Donation to External Parties (《對外捐贈管理制度》) in accordance with the relevant requirements in the PRC. These rules and procedures help improve the regulatory system of the Company and ensure the existing corporate governance of the Company is able to meet the relevant requirements in both Hong Kong and the PRC.

The Board passed the Rules on Registration and Filing of Details of Insiders (《內幕信息知情人登記備案制度》) on 22 November 2011 and coordinated with the Administrative Rules on the Release of Information to External Parties and the Use of Such Information (《對外信息報送和使用管理制度》) and strictly implemented thereof so as to effectively prevent the leak of confidential information of the Company.

Reasons should be provided for any discrepancies between the corporate governance of the Company and the relevant requirements of the CSRC. At present, the Company has a sound corporate governance structure and there are no discrepancies between its corporate governance and the relevant requirements of the CSRC.

XII. OTHER SIGNIFICANT EVENTS

(I) Analysis and explanation of the Board on the reasons for and impact of changes in accounting policies, accounting estimation or verification methods

☐ Applicable √ Not applicable

(II) Analysis and explanation of the Board on the reasons for and impact of the correction to material errors made previously

☐ Applicable √ Not applicable

Section 7 Changes in Shares and Shareholders

I. CHANGES IN SHARE CAPITAL

(i) Table of changes in shares

1. Explanation for changes in shares

During the Reporting Period, there was no change in the total number of shares and the equity structure of the Company.

2. Other discloseable information considered as necessary by the Company or required by securities regulatory authorities

For details of non-public issuance of A Shares, please refer to "Non-public Issuance of A Shares" in Section 4 headed "Management Discussion and Analysis" of this report.

(II) Changes in shares with selling restrictions

☐ Applicable √ Not applicable

II. SHAREHOLDERS

(1) Total number of shareholders

Total number of shareholders as at the end of Reporting Period (person)	103,864

(2) Shareholding of the top 10 shareholders and the top 10 shareholders of tradable shares or shares without selling restrictions as at the end of the Reporting Period

Shareholding of the top 10 shareholders

Name of shareholder (full name)	Increase/decrease during the Reporting Period	Total number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares with selling restrictions held	Situation of shares pledged or frozen		Type of shareholder
					State of shares	Number	
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	0 (A Shares)	5,115,000,000 (A Shares)	56.04	0 (A Shares)	Pledged	121,810,000 (A Shares)	Domestic non-state-owned legal person
HKSCC NOMINEES LIMITED	413,740 (H Shares)	3,081,973,342 (H Shares)	33.77	—	Unknown	—	Overseas legal person
China Securities Finance Co., Ltd	5,755,476 (A Shares)	150,298,794 (A Shares)	1.65	—	Unknown	—	Others
National Social Security Fund 108 Package	3,982,933 (A Shares)	36,266,124 (A Shares)	0.4	—	Unknown	—	Others
Central Huijin Asset Management Co., Ltd	0 (A Shares)	22,308,300 (A Shares)	0.24	—	Unknown	—	Others

Shareholding of the top 10 shareholders

Name of shareholder (full name)	Increase/decrease during the Reporting Period	Total number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares with selling restrictions held	Situation of shares pledged or frozen		Type of shareholder
					State of shares	Number	
National Social Security Fund 101 Package	5,000,000 (A Shares)	12,373,325 (A Shares)	0.14	—	Unknown	—	Others
Bank of China Co., Ltd. — Chinese New Economic Flexible Configuration Hybrid Type of Securities Investment Fund	0 (A Shares)	12,350,253 (A Shares)	0.14	—	Unknown	—	Others
Industrial and Commercial Bank of China Limited — Southern Consumption Dynamic Flexible Configuration Hybrid Securities Investment Fund	11,558,195 (A Shares)	11,558,195 (A Shares)	0.13	—	Unknown	—	Others
China Construction Bank Corporation — China-Europe Value Discovery Equity Securities Investment Fund	7,492,024 (A Shares)	8,952,024 (A Shares)	0.10	—	Unknown	—	Others
Orient Securities Company Limited	-2,050 (A Shares)	7,912,850 (A Shares)	0.09	—	Unknown	—	Others

Shareholding of the top 10 shareholders holding shares without selling restrictions

Name of shareholder	Number of tradable shares without selling restrictions held	Class and number of shares	
		Class of shares	Number of shares
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	5,115,000,000 (A Shares)	RMB-denominated ordinary shares	5,115,000,000 (A Shares)
HKSCC NOMINEES LIMITED	3,081,973,342 (H Shares)	Overseas listed foreign shares	3,081,973,342 (H Shares)
China Securities Finance Co., Ltd	150,298,794 (A Shares)	RMB-denominated ordinary shares	150,298,794 (A Shares)
National Social Security Fund 108 Package	36,266,124 (A Shares)	RMB-denominated ordinary shares	36,266,124 (A Shares)
Central Huijin Asset Management Co., Ltd	22,308,300 (A Shares)	RMB-denominated ordinary shares	22,308,300 (A Shares)

Shareholding of the top 10 shareholders holding shares without selling restrictions

Name of shareholder	Number of tradable shares without selling restrictions held	Class and number of shares	
		Class of shares	Number of shares
National Social Security Fund 101 Package	12,373,325 (A Shares)	RMB-denominated ordinary shares	12,373,325 (A Shares)
Bank of China Co., Ltd. — Chinese New Economic Flexible Configuration Hybrid Type of Securities Investment Fund	12,350,253 (A Shares)	RMB-denominated ordinary shares	12,350,253 (A Shares)
Industrial and Commercial Bank of China Limited — Southern Consumption Dynamic Flexible Configuration Hybrid Securities Investment Fund	11,558,195 (A Shares)	RMB-denominated ordinary shares	11,558,195 (A Shares)
China Construction Bank Corporation — China-Europe Value Discovery Equity Securities Investment Fund	8,952,024 (A Shares)	RMB-denominated ordinary shares	8,952,024 (A Shares)
Orient Securities Company Limited	7,912,850 (A Shares)	RMB-denominated ordinary shares	7,912,850 (A Shares)

Description of the related party relationship or acting in concert relationship among the above shareholders	There is no related party relationship between Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司), the controlling shareholder of the Company, and the other shareholders. In addition, the Company is not aware of any related party relationship among the other shareholders mentioned above.
Description of the shareholders holding preference shares with restored voting rights and their shareholding	—

Shares Held by Substantial Shareholders (SFO Requirements)

As at 30 June 2016, the following shareholders (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in any shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Number of shares	Approximate percentage of A Shares (%)	Approximate percentage of H Shares (%)	Approximate percentage of total number of shares (%)
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) (Note 1)	5,115,000,000(L) (A Shares)	84.86	—	56.04
Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) (Note 2)	5,115,000,000(L) (A Shares)	84.86	—	56.04
BlackRock, Inc.	266,614,042(L) (H Shares)	—	8.60(L)	2.92
	1,907,000(S) (H Shares)	—	0.06(S)	0.02
JPMorgan Chase & Co.	214,157,368(L) (H Shares)	—	6.90(L)	2.35
	11,267,885(S) (H Shares)	—	0.36(S)	0.12
	79,784,299(P) (H Shares)	—	2.57(P)	0.87
Citigroup Inc.	189,767,111(L) (H Shares)	—	6.12(L)	2.08
	5,259,509(S) (H Shares)	—	0.16(S)	0.06
	172,863,169(P) (H Shares)	—	5.57(P)	1.89
The Capital Group Companies, Inc.	186,144,500(L) (H Shares)	—	6.01(L)	2.04
Han Xue Juan (Note 3)	5,115,000,000(L) (A Shares)	84.86	—	56.04
Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding (保定市蓮池區南大園鄉集體資產經管中心) (Note 4)	5,115,000,000(L) (A Shares)	84.86	—	56.04

(L) denotes a long position in shares of the Company
(S) denotes a short position in shares of the Company
(P) denotes shares available for lending

Notes:

(1) Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) (formerly known as Baoding Woerte Management Consultant Company Limited (保定市沃爾特管理諮詢有限公司)) was established on 1 December 2005. Its place of incorporation is Baoding, Hebei Province, the PRC and its registered address is 638 Yonghua South Street, Baoding. Its business scope covers investments in manufacturing, real estate and horticulture industries, as well as corporate planning and management consultancies (operations that require pre-approvals according to laws and administrative regulations or as prescribed by the State Council can only be conducted after obtaining approvals). As at 30 June 2016, 62.854%, 0.125%, 0.001% and 37.02% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) were held by Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司), Mr. Wei Jian Jun, Ms. Han Xue Juan and Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding (保定市蓮池區南大園鄉集體資產經管中心) respectively. Further, 99% and 1% equity interest in Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) were held by Mr. Wei Jian Jun and Ms. Han Xue Juan respectively. Therefore, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) is a company controlled by Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) which is in turn controlled by Mr. Wei Jian Jun and Mr. Wei Jian Jun is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) pursuant to the SFO.

(2) As at 30 June 2016, Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) held 62.854% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) for the purposes of the SFO.

(3) As at 30 June 2016, Ms. Han Xue Juan held 0.001% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and 1% equity interest in Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司), and is the spouse of Mr. Wei Jian Jun. Ms. Han Xue Juan is deemed to be interested in all the shares of the Company in which Mr. Wei Jian Jun is interested for the purposes of the SFO.

(4) As at 30 June 2016, Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding (保定市蓮池區南大園鄉集體資產經管中心) held 37.02% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) for the purposes of the SFO.

Save as disclosed above, as at 30 June 2016, so far as the directors, supervisors and chief executives of the Company are aware, no other person (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Directors' and supervisors' interests in securities

As at 30 June 2016, the interests and short positions of each of the directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in Section 352 of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules, were as follows:

Name of director/ supervisor	Capacity/nature of interest	Number of shares	Approximate percentage of A Shares (%)	Approximate percentage of H Shares (%)	Approximate percentage of total number of shares (%)
Mr. Wei Jian Jun (Note)	Interests in controlled corporations	5,115,000,000 (L) (A Shares)	84.86	—	56.04
Total		5,115,000,000 (L) (A Shares)	84.86	—	56.04

(L) denotes a long position in shares of the Company.

Note:

As at 30 June 2016, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) was controlled by Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) which was in turn controlled by Mr. Wei Jian Jun. Accordingly, pursuant to the SFO, Mr. Wei Jian Jun is deemed to be interested in the 5,115,000,000 A Shares held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司).

Save as disclosed above, so far as the directors of the Company are aware, as at 30 June 2016, none of the directors, supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in Section 352 of the SFO or which were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code. For this purpose, the relevant provisions of the SFO shall be construed as if they were applicable to the supervisors.

(III) Strategic investor or general legal person becoming top ten shareholders as a result of placing of new shares

☐ Applicable √ Not applicable

III. CHANGES IN CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

☐ Applicable √ Not applicable

Section 8 Directors, Supervisors and Senior Management

I. CHANGES IN SHAREHOLDINGS

(I) Changes in the shareholding of current and resigned directors, supervisors and senior management during the Reporting Period

☐ Applicable √ Not applicable

(II) Stock options granted to directors, supervisors and senior management during the Reporting Period

☐ Applicable √ Not applicable

II. CHANGES IN THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

√ Applicable ☐ Not applicable

Name	Position	Change	Reason for change
Niu Jun	Non-Executive Directors	Resign	Personal work reason
Liang Shang Shang	Independent Non-Executive Directors	Resign	Personal work reason

Section 9 Financial Report (Unaudited)

Review Report

Deloitte.
德勤

De Shi Bao (Yue) Zi (16) No. R0038

TO THE SHAREHOLDERS OF GREAT WALL MOTOR COMPANY LIMITED:

We have reviewed the accompanying financial statements of Great Wall Motor Company Limited (hereinafter "Great Wall Motor"), which comprise of the company's and consolidated balance sheets as at 30 June 2016, and the company's and consolidated income statements, the company's and consolidated statements of changes in shareholders' equity and the company's and consolidated cash flow statements for the six months then ended, and the notes to the financial statements. The directors are responsible for the preparation and presentation of these interim consolidated financial statements. Our responsibility is to issue a review report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with "China Certified public accountant Review Standard No. 2101 — Review of Financial Statement". This standard requires us to plan and conduct the review procedures, accordingly provide limited assurance that whether there is no significant misstatement of the entity's financial statement. A review is limited to procedures as enquiry of entity's relevant staff and analytical review of financial data, providing lower level of assurance than for an audit. Since we have not conducted audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of Great Wall Motor Company which comprised the company's and consolidated balance sheets as at 30 June 2016, and the company's and consolidated income statements, the company's and consolidated statements of changes in shareholders' equity and the company's and consolidated cash flow statements for the six months then ended is not prepared, in all material aspects, in accordance with China Accounting Standards.

Deloitte Touche Tohmatsu CPA LLP.
Shanghai China

Chinese Certified Public Accountants
Xu Zhaohui
Zhang Luanqing
26 August 2016

The review 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 flow 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.

Consolidated Balance Sheet

At 30 June 2016

RMB

Item	Notes	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current Assets:			
Cash and bank balances	(VI)1	**3,545,290,222.63**	3,641,764,292.73
Notes receivable	(VI)2	**24,586,851,180.01**	28,161,748,218.41
Accounts receivable	(VI)3	**746,877,119.10**	675,922,020.83
Prepayments	(VI)4	**1,254,691,375.35**	880,716,835.91
Interest receivable	(VI)5	**6,246,671.77**	5,130,559.76
Dividends receivable		**—**	9,791,752.06
Other receivables	(VI)6	**140,850,422.56**	101,849,236.83
Inventories	(VI)7	**5,276,209,170.13**	4,119,805,909.61
Non-current assets due within one year	(VI)8	**1,187,446,624.86**	1,023,694,956.31
Available-for-sale financial assets	(VI)11	**330,000,000.00**	—
Other current assets	(VI)9	**1,158,206,869.88**	1,769,572,570.82
Total Current Assets		**38,232,669,656.29**	40,389,996,353.27
Non-current Assets:			
Loans and advances to customers	(VI)10	**628,125,181.69**	561,063,510.14
Available-for-sale financial assets	(VI)11	**7,200,000.00**	7,200,000.00
Long-term receivables	(VI)12	**1,617,335,267.00**	1,613,829,351.48
Long-term equity investments	(VI)13	**—**	18,006,939.74
Investment properties	(VI)14	**133,640,912.11**	21,474,328.15
Fixed assets	(VI)15	**22,481,170,364.75**	19,156,433,056.78
Construction in progress	(VI)16	**4,662,378,312.56**	6,240,538,917.53
Intangible assets	(VI)17	**3,148,580,662.42**	3,135,781,642.66
Goodwill	(VI)18	**4,972,730.90**	2,163,713.00
Long-term prepaid expenses		**54,802,959.79**	54,520,245.83
Deferred tax assets	(VI)19	**738,247,056.81**	709,618,712.26
Total Non-current Assets		**33,476,453,448.03**	31,520,630,417.57
TOTAL ASSETS		**71,709,123,104.32**	71,910,626,770.84

Consolidated Balance Sheet

At 30 June 2016

RMB

Item	Notes	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current Liabilities:			
Short-term borrowings	(VI)20	**300,000,000.00**	300,000,000.00
Notes payable	(VI)21	**5,062,643,312.34**	5,480,528,560.69
Accounts payable	(VI)22	**15,358,379,785.75**	15,603,253,561.15
Receipts in advance	(VI)23	**3,268,986,457.09**	4,937,845,265.44
Employee benefits payable	(VI)24	**512,458,338.84**	1,534,598,723.77
Taxes payable	(VI)25	**712,579,023.49**	979,247,478.39
Interests payable		**15,323,966.99**	6,388,819.44
Dividends payable		**—**	—
Other payables	(VI)26	**1,773,967,797.25**	1,665,434,069.11
Non-current liabilities due within one year	(VI)27	**93,824,466.12**	83,299,009.08
Other current liabilities	(VI)28	**1,231,603,521.70**	1,195,842,038.07
Total Current Liabilities		**28,329,766,669.57**	31,786,437,525.14
Non-current Liabilities:			
Long-term borrowings	(VI)20	**49,900,000.00**	50,000,000.00
Deferred income	(VI)29	**1,666,598,921.52**	1,686,178,567.28
Deferred tax liabilities	(VI)19	**4,023,858.72**	1,094,276.88
Total Non-current Liabilities		**1,720,522,780.24**	1,737,272,844.16
TOTAL LIABILITIES		**30,050,289,449.81**	33,523,710,369.30
SHAREHOLDERS' EQUITY:			
Share capital	(VI)30	**9,127,269,000.00**	9,127,269,000.00
Capital reserve	(VI)31	**1,411,231,014.42**	1,411,231,014.42
Other comprehensive income	(VI)48	**(70,613,254.84)**	(147,973,964.82)
Surplus reserve	(VI)32	**3,294,629,072.58**	3,358,758,190.71
Undistributed profits	(VI)33	**27,837,617,612.03**	24,581,585,137.24
Total Equity Attributable to Shareholders of the Company		**41,600,133,444.19**	38,330,869,377.55
Minority Interests		**58,700,210.32**	56,047,023.99
TOTAL SHAREHOLDERS' EQUITY		**41,658,833,654.51**	38,386,916,401.54
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**71,709,123,104.32**	71,910,626,770.84

The accompanying notes form part of the financial statements.

The financial statements on pages 48 to 189 were signed by:

Wei Jian Jun	*Wang Feng Ying*	*Li Feng Zhen*	*Lu Cai Juan*
Legal Representative	*General Manager*	*Chief Financial Officer*	*Person in charge of the accounting body*

Balance Sheet of the Company

At 30 June 2016

RMB

Item	Notes	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current Assets:			
Cash and bank balances	(XIV)1	**2,047,392,852.67**	1,454,543,758.39
Notes receivable	(XIV)2	**23,086,807,806.33**	24,603,364,219.79
Accounts receivable	(XIV)3	**614,596,661.41**	693,408,067.96
Prepayments		**1,229,194,112.14**	828,407,273.87
Dividends receivable		**1,275,361,013.00**	281,344,641.90
Other receivables	(XIV)4	**65,502,931.99**	67,738,627.94
Inventories	(XIV)5	**2,954,857,110.04**	2,380,956,595.58
Non-current assets due within one year		**575,036,877.60**	575,036,877.60
Available-for-sale financial assets		**330,000,000.00**	—
Other current assets		**1,143,218,128.07**	1,745,823,141.39
Total Current Assets		**33,321,967,493.25**	32,630,623,204.42
Non-current Assets:			
Available-for-sale financial assets		**7,200,000.00**	7,200,000.00
Long-term receivables		**1,617,335,267.00**	1,613,829,351.48
Long-term equity investments	(XIV)6	**4,121,089,089.76**	5,030,289,680.38
Investment properties		**94,480,099.64**	6,171,876.09
Fixed assets	(XIV)7	**20,300,236,978.67**	16,230,324,808.72
Construction in progress	(XIV)8	**4,437,081,346.82**	6,055,847,025.03
Intangible assets	(XIV)9	**2,917,365,570.02**	2,907,353,944.61
Long-term prepaid expenses		**52,040,437.58**	50,531,878.84
Deferred tax assets		**296,112,970.86**	258,336,053.53
Other non-current assets		**250,000,000.00**	—
Total Non-current Assets		**34,092,941,760.35**	32,159,884,618.68
TOTAL ASSETS		**67,414,909,253.60**	64,790,507,823.10

Balance Sheet of the Company

At 30 June 2016

RMB

Item	Notes	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current Liabilities:			
Notes payable	(XIV)10	**4,448,076,357.72**	3,701,669,046.17
Accounts payable	(XIV)11	**17,716,711,893.00**	17,300,314,761.06
Receipts in advance	(XIV)12	**1,199,450,149.87**	3,380,851,164.79
Employee benefits payable		**405,139,922.36**	1,174,349,332.73
Taxes payable		**533,952,281.47**	606,052,186.30
Other payables		**1,268,714,907.04**	1,154,704,720.27
Non-current liabilities due within one year		**75,020,047.33**	64,144,590.25
Other current liabilities		**302,933,472.79**	301,800,919.63
Total Current Liabilities		**25,949,999,031.58**	27,683,886,721.20
Non-current Liabilities:			
Deferred income		**1,444,521,494.20**	1,453,415,597.48
Total Non-current Liabilities		**1,444,521,494.20**	1,453,415,597.48
TOTAL LIABILITIES		**27,394,520,525.78**	29,137,302,318.68
SHAREHOLDERS' EQUITY:			
Share capital		**9,127,269,000.00**	9,127,269,000.00
Capital reserve	(XIV)13	**1,464,187,305.77**	1,463,654,023.11
Surplus reserve		**2,431,379,950.58**	2,305,616,493.42
Undistributed profits	(XIV)14	**26,997,552,471.47**	22,756,665,987.89
TOTAL SHAREHOLDERS' EQUITY		**40,020,388,727.82**	35,653,205,504.42
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**67,414,909,253.60**	64,790,507,823.10

Consolidated Income Statement

For the period from 1 January to 30 June 2016

RMB

Item	Notes	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
I. Total operating income		**41,672,184,888.84**	37,144,776,238.53
Including: Operating income	(VI)34	**41,600,921,174.31**	37,115,346,196.30
Interest income	(VI)35	**70,584,009.91**	29,414,897.72
Fee and commission income		**679,704.62**	15,144.51
Less: Total operating costs		**35,872,855,696.75**	31,574,004,590.92
Including: Operating costs	(VI)34	**30,897,584,888.97**	27,128,990,123.78
Interest expenses		**10,442,744.77**	—
Business tax and levies	(VI)36	**1,537,487,514.77**	1,322,666,788.94
Selling expenses	(VI)37	**1,402,248,359.96**	1,192,682,249.41
Administrative expenses	(VI)38	**1,906,805,985.58**	1,656,766,890.66
Financial expenses	(VI)39	**24,487,468.49**	218,530,709.96
Impairment loss on assets	(VI)40	**93,798,734.21**	54,367,828.17
Add: Gains (Losses) arising from changes in fair value	(VI)41	**—**	(214,440.00)
Investment income	(VI)42	**14,830,899.85**	43,535,458.76
Including: Income from investments in associates and joint ventures		**—**	6,426,931.75
II. Operating profit		**5,814,160,091.94**	5,614,092,666.37
Add: Non-operating income	(VI)43	**131,511,574.10**	120,241,496.88
Including: Gains from disposal of non-current assets		**11,362.91**	703,612.83
Less: Non-operating expenses	(VI)44	**25,346,320.15**	16,818,336.68
Including: Losses from disposal of non-current assets		**11,551,163.00**	10,298,099.56
III. Total profit		**5,920,325,345.89**	5,717,515,826.57
Less: Income tax expenses	(VI)45	**992,070,644.57**	1,000,208,287.03
IV. Net profit	(VI)46	**4,928,254,701.32**	4,717,307,539.54
Net profit attributable to shareholders of the Company		**4,925,601,514.99**	4,717,052,784.60
Profit or loss attributable to minority interests		**2,653,186.33**	254,754.94
V. Net other comprehensive income after taxes		**77,360,709.98**	2,444,288.03
Net other comprehensive income attributable to shareholders of the Company after taxes		**77,360,709.98**	2,444,288.03
Items that may be reclassified subsequently to profit or loss		**77,360,709.98**	2,444,288.03
Foreign currency translation differences	(VI)48	**77,360,709.98**	2,444,288.03
Net other comprehensive income attributable to minority interests after taxes		**—**	—
VI. Total comprehensive income:		**5,005,615,411.30**	4,719,751,827.57
Total comprehensive income attributable to shareholders of the Company		**5,002,962,224.97**	4,719,497,072.63
Total comprehensive income attributable to minority interests		**2,653,186.33**	254,754.94
VII. Earnings per share:			
(I) Basic earnings per share	(VI)47	**0.54**	0.52
(II) Diluted earnings per share	(VI)47	**N/A**	N/A

Income Statement of the Company

For the period from 1 January to 30 June 2016

RMB

Item	Notes	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
I. Total operating income	(XIV)15	**40,323,749,284.01**	35,132,760,513.37
Less: Operating costs	(XIV)15	**32,397,873,108.26**	28,001,691,308.37
Business tax and levies	(XIV)16	**1,482,151,756.44**	1,266,315,143.00
Selling expenses		**388,007,215.19**	324,573,957.94
Administrative expenses	(XIV)17	**1,740,733,006.17**	1,439,687,705.48
Financial expenses		**16,437,325.07**	237,151,356.76
Impairment loss on assets		**62,772,520.39**	46,418,621.96
Add: Gains (Losses) from changes in fair value		**—**	(214,440.00)
Investment income	(XIV)18	**2,049,902,628.35**	1,920,548,807.83
Including: investment income in associates and jointly ventures		**—**	3,228,047.46
II. Operating profit		**6,285,676,980.84**	5,737,256,787.69
Add: Non-operating income		**102,571,234.84**	78,665,267.86
Including: Gains from disposal of non-current assets		**—**	315,796.33
Less: Non-operating expenses		**21,604,176.06**	10,138,608.05
Including: Losses from disposal of non-current assets		**—**	6,065,296.52
III. Total profit		**6,366,644,039.62**	5,805,783,447.50
Less: Income tax expenses	(XIV)19	**591,124,326.56**	542,519,385.59
IV. Net profit		**5,775,519,713.06**	5,263,264,061.91
V. Net other comprehensive income after taxes		**—**	—
VI. Total comprehensive income		**5,775,519,713.06**	5,263,264,061.91

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2016

RMB

Item	Notes	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
I. Cash Flows from Operating Activities:			
Cash received from the sales of goods and rendering of services		**50,020,121,364.81**	41,803,834,426.74
Cash received from interest, fee and commissions		**70,147,602.52**	30,688,769.96
Tax rebate received		**14,965,049.58**	22,661,643.28
Other Cash received relating to operating activities	(VI)49(1)	**63,422,888.43**	81,474,158.96
Sub-total of cash inflow from operating activities		**50,168,656,905.34**	41,938,658,998.94
Cash payments for goods purchased and services received		**35,215,711,678.25**	25,065,897,106.81
Net increase in customers' loans and advance		**235,554,036.14**	450,686,269.52
Cash payments for interest, fees and commissions		**1,507,597.22**	—
Cash payments to and on behalf of employees		**3,909,215,930.18**	3,364,517,758.76
Payments of various types of taxes		**4,496,567,218.82**	4,028,342,609.48
Other cash payments relating to operating activities	(VI)49(2)	**1,934,400,230.82**	1,752,169,883.15
Sub-total of cash outflow from operating activities		**45,792,956,691.43**	34,661,613,627.72
Net Cash Flows from Operating Activities	(VI)50(1)	**4,375,700,213.91**	7,277,045,371.22
II. Cash Flows from Investing Activities:			
Cash received from disposal of investments		**8,111,100,000.00**	3,637,000,000.00
Cash received from return on investments		**20,137,925.70**	43,718,763.94
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**4,905,087.77**	3,892,862.96
Net cash received from disposal of subsidiaries and other business units	(VI)50(2)	**—**	172,889,500.20
Other cash received relating to investing activities	(VI)49(3)	**34,888,823.05**	2,000,000.00
Sub-total of cash inflow from investing activities		**8,171,031,836.52**	3,859,501,127.10
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**2,955,616,219.07**	3,177,304,622.37
Net cash paid for acquisition of subsidiaries and other business units	(VI)50(2)	**12,130,564.13**	22,820,655.84
Cash paid for investments		**7,991,100,000.00**	5,506,000,000.00
Sub-total of cash outflow from investing activities		**10,958,846,783.20**	8,706,125,278.21
Net Cash Flow from Investing Activities		**(2,787,814,946.68)**	(4,846,624,151.11)
III. Cash Flows from Financing Activities:			
Cash received from borrowings		**—**	743,000,222.30
Other cash received relating to financing activities	(VI)49(4)	**896,260,358.21**	—
Sub-total of cash inflow from financing activities		**896,260,358.21**	743,000,222.30
Cash repayments of borrowings		**100,000.00**	—
Cash payments for distribution of dividends or profits or settlement of interest expenses		**1,737,766,740.29**	2,434,110,662.18
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		**—**	156,709.77
Other cash payments relating to financing activities	(VI)49(5)	**—**	606,692,525.81
Sub-total of cash outflow from financing activities		**1,737,866,740.29**	3,040,803,187.99
Net Cash Flow from Financing Activities		**(841,606,382.08)**	(2,297,802,965.69)

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2016

RMB

Item	Notes	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**53,507,402.96**	(1,151,691.01)
V. Net Increase in Cash and Cash Equivalents		**799,786,288.11**	131,466,563.41
Add: Balance of cash and cash equivalents at the beginning of the period		**2,458,364,987.45**	3,081,531,924.78
VI. Balance of cash and cash equivalents at the end of the period	(VI)50(3)	**3,258,151,275.56**	3,212,998,488.19

Cash Flow Statement of the Company

For the period from 1 January to 30 June 2016

RMB

Item	Notes	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
I Cash Flows from Operating Activities:			
Cash received from the sales of goods and rendering of services		**45,082,496,265.00**	40,385,052,472.06
Tax rebate received		**56,316.13**	—
Other Cash received relating to operating activities		**48,387,950.87**	47,456,473.95
Sub-total of cash inflow from operating activities		**45,130,940,532.00**	40,432,508,946.01
Cash payments for goods purchased and services received		**33,579,338,167.94**	28,180,235,000.50
Cash payments to and on behalf of employees		**3,070,831,082.65**	2,428,260,962.55
Payments of various types of taxes		**3,406,493,759.69**	2,975,761,870.56
Other cash payments relating to operating activities		**917,846,725.42**	754,271,339.91
Sub-total of cash outflow from operating activities		**40,974,509,735.70**	34,338,529,173.52
Net cash flows from operating activities	(XIV)20(1)	**4,156,430,796.30**	6,093,979,772.49
II Cash Flows from Investing Activities:			
Cash received from disposal of investments		**7,588,000,000.00**	3,377,088,700.00
Cash received from return on investments		**982,032,047.30**	1,318,280,494.11
Cash received from merging subsidiaries by absorbing		**206,830,508.02**	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**2,703,770.33**	6,447,554.13
Other cash received relating to investing activities		**34,888,823.05**	2,000,000.00
Sub-total of cash inflow from investing activities		**8,814,455,148.70**	4,703,816,748.24
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**2,724,763,057.41**	2,897,728,605.02
Cash paid for investments		**7,892,813,752.00**	4,821,405,580.00
Cash paid for acquisition of subsidiaries and other business unit		**21,500,000.00**	—
Sub-total of cash outflow from investing activities		**10,639,076,809.41**	7,719,134,185.02
Net Cash Flow from Investing Activities		**(1,824,621,660.71)**	(3,015,317,436.78)
III Cash Flows from Financing Activities:			
Cash received from borrowings		**—**	743,000,222.30
Other cash received relating to financing activities		**341,047,645.60**	—
Sub-total of cash inflow from financing activities		**341,047,645.60**	743,000,222.30
Cash payments for distribution of dividends or profits or settlement of interest expenses		**1,737,766,740.29**	2,433,953,952.41
Other cash payments relating to financing activities		**—**	624,212,127.55
Sub-total of cash outflow from financing activities		**1,737,766,740.29**	3,058,166,079.96
Net Cash Flow from Financing Activities		**(1,396,719,094.69)**	(2,315,165,857.66)

Cash Flow Statement of the Company

For the period from 1 January to 30 June 2016

RMB

Item	Notes	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
IV Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**(1,193,301.02)**	(5,571,360.51)
V Net Increase in Cash and Cash Equivalents		**933,896,739.88**	757,925,117.54
Add: Balance of cash and cash equivalents at the beginning of the period		**1,016,521,309.27**	926,209,380.56
VI Balance of cash and cash equivalents at the end of the period	(XIV)20(2)	**1,950,418,049.15**	1,684,134,498.10

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2016

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited) Attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits	Minority interests	Total equity
I. Balance at the beginning of the period	9,127,269,000.00	1,411,231,014.42	(147,973,964.82)	3,358,758,190.71	—	24,581,585,137.24	56,047,023.99	38,386,916,401.54
II. Changes in the current period	—	—	77,360,709.98	(64,129,118.13)	—	3,256,032,474.79	2,653,186.33	3,271,917,252.97
(I) Total comprehensive income	—	—	77,360,709.98	—	—	4,925,601,514.99	2,653,186.33	5,005,615,411.30
(II) Shareholders' contributions and reduction in capital	—	—	—	—	—	—	—	—
1. Capital contributions from shareholders	—	—	—	—	—	—	—	—
2. Acquisition of subsidiaries	—	—	—	—	—	—	—	—
3. Acquisition of minority interests of subsidiaries	—	—	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	—	(1,734,181,110.00)	—	(1,734,181,110.00)
1. Transfer to statutory reserve	—	—	—	—	—	—	—	—
2. Transfer to discretionary reserve	—	—	—	—	—	—	—	—
3. Transfer to venture expansion fund	—	—	—	—	—	—	—	—
4. Transfer to reserve fund	—	—	—	—	—	—	—	—
5. Distributions to shareholders	—	—	—	—	—	(1,734,181,110.00)	—	(1,734,181,110.00)
6. Transfer to employee bonus and welfare fund	—	—	—	—	—	—	—	—
7. Tax refund for welfare enterprises	—	—	—	—	—	—	—	—
(IV) Transfer of shareholders' equity	—	—	—	(64,129,118.13)	—	64,129,118.13	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—
3. Surplus reserve making up of losses	—	—	—	—	—	—	—	—
4. Others (Note (VI)32)	—	—	—	(64,129,118.13)	—	64,129,118.13	—	—
(V) Others (Note (VI)33)	—	—	—	—	—	482,951.67	—	482,951.67
III. Balance at the end of the period	9,127,269,000.00	1,411,231,014.42	(70,613,254.84)	3,294,629,072.58	—	27,837,617,612.03	58,700,210.32	41,658,833,654.51

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2016

RMB

Item	For the period from 1 January to 30 June 2015 (Audited)							
	Attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits	Minority interests	Total equity
I. Balance at the beginning of the period	3,042,423,000.00	4,453,872,204.02	(97,592,596.69)	2,429,620,841.78	—	23,623,537,021.85	66,585,630.27	33,518,446,101.23
II. Changes in the current period	—	(218,189.60)	2,444,288.03	(274,871.80)	—	2,283,389,256.40	(11,316,155.46)	2,274,024,327.57
(I) Total comprehensive income	—	—	2,444,288.03	—	—	4,717,052,784.60	254,754.94	4,719,751,827.57
(II) Shareholders' contributions and reduction in capital	—	(218,189.60)	—	—	—	—	(11,570,910.40)	(11,789,100.00)
1. Capital contributions from shareholders	—	—	—	—	—	—	—	—
2. Acquisition of subsidiaries	—	—	—	—	—	—	—	—
3. Acquisition of minority interests of subsidiaries	—	(218,189.60)	—	—	—	—	(11,570,910.40)	(11,789,100.00)
(III) Profit distribution	—	—	—	—	—	(2,433,938,400.00)	—	(2,433,938,400.00)
1. Transfer to statutory reserve	—	—	—	—	—	—	—	—
2. Transfer to discretionary reserve	—	—	—	—	—	—	—	—
3. Transfer to venture expansion fund	—	—	—	—	—	—	—	—
4. Transfer to reserve fund	—	—	—	—	—	—	—	—
5. Distributions to shareholders	—	—	—	—	—	(2,433,938,400.00)	—	(2,433,938,400.00)
6. Transfer to employee bonus and welfare fund	—	—	—	—	—	—	—	—
7. Tax refund for welfare enterprises	—	—	—	—	—	—	—	—
(IV) Transfer of shareholders' equity	—	—	—	(274,871.80)	—	274,871.80	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—
3. Surplus reserve making up of losses	—	—	—	—	—	—	—	—
4. Others	—	—	—	(274,871.80)	—	274,871.80	—	—
(V) Others	—	—	—	—	—	—	—	—
III. Balance at the end of the period	3,042,423,000.00	4,453,654,014.42	(95,148,308.66)	2,429,345,969.98	—	25,906,926,278.25	55,269,474.81	35,792,470,428.80

Statement of Changes in Shareholders' Equity of the Company

For the period from 1 January to 30 June 2016

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)				
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total equity
I. Balance at the beginning of the period	**9,127,269,000.00**	**1,463,654,023.11**	**2,305,616,493.42**	**22,756,665,987.89**	**35,653,205,504.42**
II. Changes in the current period	—	**533,282.66**	**125,763,457.16**	**4,240,886,483.58**	**4,367,183,223.40**
(I) Total comprehensive income	—	—	—	**5,775,519,713.06**	**5,775,519,713.06**
(II) Shareholders' contributions and reduction in capital	—	—	—	—	—
1. Capital contribution from shareholders	—	—	—	—	—
2. Share-based payment recognized in shareholders' equity	—	—	—	—	—
3. Others	—	—	—	—	—
(III) Profit distribution	—	—	—	**(1,734,181,110.00)**	**(1,734,181,110.00)**
1. Transfer to surplus reserve	—	—	—	—	—
2. Transfer to general reserve	—	—	—	—	—
3. Distribution to shareholders	—	—	—	**(1,734,181,110.00)**	**(1,734,181,110.00)**
4. Others	—	—	—	—	—
(IV) Transfer of shareholders' equity	—	—	—	—	—
1. Transfer of capital surplus to share capital	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—
3. Surplus reserve making up of losses	—	—	—	—	—
4. Others	—	—	—	—	—
(V) Special reserve	—	—	—	—	—
1. Transfer to special reserve in the period	—	—	—	—	—
2. Amount utilized in the period	—	—	—	—	—
(VI) Others	—	**533,282.66**	**125,763,457.16**	**199,547,880.52**	**325,844,620.34**
III. Balance at the end of the period	**9,127,269,000.00**	**1,464,187,305.77**	**2,431,379,950.58**	**26,997,552,471.47**	**40,020,388,727.82**

Statement of Changes in Shareholders' Equity of the Company

For the period from 1 January to 30 June 2016

RMB

Item	For the period from 1 January to 30 June 2015 (Audited)				
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total equity
I. Balance at the beginning of the period	3,042,423,000.00	4,506,077,023.11	1,521,231,233.17	21,934,165,795.67	31,003,897,051.95
II. Changes in the current period	—	—	—	2,829,325,661.91	2,829,325,661.91
(I) Total comprehensive income	—	—	—	5,263,264,061.91	5,263,264,061.91
(II) Shareholders' contributions and reduction in capital	—	—	—	—	—
1. Capital contribution from shareholders	—	—	—	—	—
2. Share-based payment recognized in shareholders' equity	—	—	—	—	—
3. Others	—	—	—	—	—
(III) Profit distribution	—	—	—	(2,433,938,400.00)	(2,433,938,400.00)
1. Transfer to surplus reserve	—	—	—	—	—
2. Transfer to general reserve	—	—	—	—	—
3. Distribution to shareholders	—	—	—	(2,433,938,400.00)	(2,433,938,400.00)
4. Others	—	—	—	—	—
(IV) Transfer of shareholders' equity	—	—	—	—	—
1. Transfer of capital surplus to share capital	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—
3. Surplus reserve making up of losses	—	—	—	—	—
4. Others	—	—	—	—	—
(V) Special reserve	—	—	—	—	—
1. Transfer to special reserve in the period	—	—	—	—	—
2. Amount utilized in the period	—	—	—	—	—
III. Balance at the end of the period	3,042,423,000.00	4,506,077,023.11	1,521,231,233.17	24,763,491,457.58	33,833,222,713.86

Notes to the Financial Statements

For the period from 1 January to 30 June 2016

I. BASIC CORPORATE INFORMATION

Great Wall Motor Company Limited (herein "the Company") is registered in Baoding, Hebei Province which is the main city for its core business as well. The controlling shareholder is Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and the ultimate controlling shareholder is Wei Jianjun.

The Company was originally named as Baoding Great Wall Motor Group Company Limited (保定長城汽車集團有限公司). On 5 June 2001, upon the approval by Office of the Stock Reform Leading Panel of the People's Government of Hebei Province (河北省人民政府股份制領導小組辦公室) with Ji Gu Ban [2001] No. 62 (冀股辦[2001]62號文), Baoding Great Wall Motor Group Company Limited was reorganized to Baoding Great Wall Motor Company Limited (保定長城汽車股份有限公司) On 28 May 2003, upon the approval by Hebei Administration for Industry and Commerce (河北省工商行政管理局), Baoding Great Wall Motor Company Limited was renamed Great Wall Motor Company Limited.

The Company and its subsidiaries (the "Group") are principally engaged in the manufacturing and sales of automobiles and components and parts of automobiles and related after-sales services, processing and manufacturing of moulds, repairing of automobiles, transportation of general goods and specific transportation (by truck). The legal representative of the Company is Wei Jian Jun.

The Company's and consolidated financial statements have been approved by the Board of Directors on 26 August, 2016.

For the scope of consolidated financial statements of this period refer to Note (VIII) "INTEREST IN OTHER ENTITIES". Changes in the scope of consolidated financial statements for this period mainly refer to Note (VII) "CHANGES IN CONSOLIDATION SCOPE."

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has applied the "Accounting Standards for Business Enterprises" ("ASBE") and guidelines, interpretations and other related provisions promulgated by the Ministry of Finance ("MoF") for the preparation of the financial statements of the Group. In addition, the Group also discloses relevant financial information according to the requirements of "Rules on Compiling the Information Disclosure of the Company that Issue Stocks Publicly No.15-General Provision on Financial Report" (revised in 2014) by China's Securities Regulatory Commission, the "Companies Ordinance" of Hong Kong and the "Listing Rules of The Stock Exchange of Hong Kong Limited".

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

Basic of preparation and principle of measurement

The Group's financial statements have been prepared on an accrual basis. Except for certain financial instruments which are measured at fair value, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

Under historical cost method, the amount of assets was measured at the fair value of cash or cash equivalents or consideration paid at the time of purchase. Liabilities were measured at the amount of money or assets and liabilities due to the current obligations actually received, or a present obligation of the contract amount, or the measurement of cash or cash equivalents in accordance with daily activities to repay the debts of the amount expected to be paid.

The fair value refers to the amount, at which both willing parties engaged to a fair transaction who are familiar with the condition exchange their assets or clear off their debts under fair conditions. Whether fair value is observable or measured by valuation techniques, the measurement and disclosure in this financial statement were all based on it.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The Group has evaluated its ability of going concern for the next 12 month since 30 June 2016. There is no indication of major events that may affect the ability of going concern. Thus, the financial statements have been prepared under the assumption of going concern.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance

The financial statements have been prepared in compliance with the Accounting Standard for Business Enterprises to truly and completely reflect the consolidated financial position of the Company as at 30 June 2016 and its consolidated operating results and consolidated cash flows in the period from 1 January to 30 June 2016.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

2. Accounting period

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

3. Operating cycle

Operating cycle refers to period from assets purchased for production to cash or cash equivalents realized. The operating cycle of the Company is 12 months.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. The Company's foreign subsidiary chooses its functional currency on the basis of the primary economic environment in which it operates. 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 combination is a transaction or event in which separate enterprises constitute one reporting entity. Business combinations are classified into business combinations under common control and not under common control.

The Group recognizes the assets and liabilities arising from the business combinations at the merger or acquisition date. Merger or acquisition date is the date on which the control over the net assets or production and operation decisions of the party being combined is transferred to the Group.

5.1 Business combinations 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. On the date of merger, the enterprise which obtains control of another enterprise participating in the combination is the combining party while such other enterprises participating in the combination is a party being combined.

Assets and liabilities obtained by combining party in the business combination are recognized at their carrying amounts at the date of merger as recorded by the party being combined. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or aggregate face values of the shares issued) is adjusted to capital reserves. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained profits.

Costs that are directly attributable to the combination are charged to profit or loss when incurred by the combining party.

III. 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 combinations not involving enterprises under common control and goodwill

A business combination involving enterprises not 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. For a business combination involving enterprises not under common control, the party that, on the acquisition date, obtains control over another enterprise participating in the combination is the acquirer, while that other enterprise participating in the combination is the acquiree.

For the business combinations involving enterprises not under common control, the combination costs shall be the fair value of the assets paid, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for the control over the acquire on the acquisition date. The overhead for the business combination of the combining party, including the expenses for audit, legal services, assessment, and other administrative expenses, shall be recorded in profit or loss for the current period when incurred. As for business combinations which involve enterprises not under common control and are carried out in stages, the accounting treatment of separate financial report and consolidated financial report shall be different:

(1) In the separate financial report, the initial investment cost accounted by cost method shall be the aggregate of the carrying amount of the equity investment held in the acquiree prior to the acquisition date and the cost of additional investment on the acquisition date; no accounting treatment was made on other comprehensive income recognized under equity method of the equity investment held in the acquiree prior to the acquisition date.

(2) In the consolidated financial report, the equity interest held in the acquiree before the acquisition date shall be revalued at fair value of the equity interest on the acquisition date. The difference between the carrying amount and the fair value shall be recognized as investment income of current period. Cost of acquisition is the sum of consideration at acquisition date and the fair value stated above. If there is other comprehensive income from the equity interest held in the acquiree prior to the acquisition date, the comprehensive income shall be stated as the current investment income incurred on the acquisition date.

Identifiable assets, liabilities and contingent liabilities of acquiree qualifying for the conditions of recognition acquired by the acquirer in business combination involving enterprises not under common control are measured at fair value on the acquisition date.

III. 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 combinations not involving enterprises under common control and goodwill (continued)

For the difference that the combination cost is larger than the portion of fair value of net identifiable assets of acquiree acquired in combination, it is recognized as goodwill as an asset, and initially measured at cost. For those with combination cost lower than the portion of fair value of net identifiable assets of acquiree acquired in combination, re-verification is first carried out on the measurement of the fair value of all identifiable assets, liabilities and contingent liabilities as well as the combination cost. For those with combination cost still lower than the portion of fair value of net identifiable assets of acquiree acquired in combination after re-verification, they are credited to profit or loss for the current period.

Goodwill occurred as a result of combination shall be recognized separately in the consolidated financial statement and measured at cost less accumulated impairment losses.

6. Basis for preparation of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control is achieved when the Group has power over the investee; is exposed, or has rights to achieve returns from its involvement with the investee; and has the ability to use its power to affect its returns. Once the relevant facts and situation changed that altered the elements define control, the Group shall re-evaluate control.

The date of acquisition and disposal shall be the day on which the Group obtains or loses the controlling right over its subsidiaries. For the subsidiaries being disposed, their operating results and cash flow prior to the disposal have already been properly included in the consolidated income statement and the consolidated cash flow statement. Subsidiaries that are disposed in the current period do not require any adjustment on the opening balance of the period of the consolidated balance sheet. For subsidiaries acquired through the business combination of enterprises not under common control, their operating results and cash flow after the acquisition date have been properly included in the consolidated income statement and the consolidated cash flow statement, and will not be subject to adjustment on the opening balance of the period and the comparative figures of the consolidated financial statements.

Major accounting policies and accounting periods adopted by the subsidiaries are defined according to the standardized accounting policies and accounting periods stipulated by the Company.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Basis for preparation of consolidated financial statements (continued)

All significant intra-group accounts and transactions between the parent company and its subsidiaries or between subsidiaries are eliminated on consolidation.

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented as "minority interest" in the consolidated balance sheet within owners' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented in the consolidated income statement under the "net profit" item as "minority interests".

The loss of the subsidiary attributable to minority interest is more than minority interests in that subsidiary at beginning of the period, the minority interest shall be reversed by the balance of the loss of the subsidiary attributable to minority interest and minority interests.

For the transaction of acquiring minority interests of its subsidiaries, treated as equity transaction, the book value of shareholder's equity attributed the Company and that of minority interest should be adjusted to reflect the change in the company's interest in the subsidiaries. Differences between the adjustment of minority interests and the fair value of consideration are adjusted to capital reserve. If the differences exceed capital reserve, retained earnings shall be adjusted.

7. Joint arrangements

A joint arrangement is an arrangement under joint control of two or more parties. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. There are two types of joint arrangements: joint venture and joint operation. The Group determines the classification of joint arrangements based on the rights and obligations to the joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint arrangements of the Group are joint ventures.

The Group adopted equity method for joint arrangements, for details refer to Note (III) "13.3.2. Long-term equity investments accounted for using the equity method".

8. Recognition criterion of cash and cash equivalents

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Translation of transactions and financial statements denominated in foreign currencies

9.1 Transactions denominated in foreign currencies

On initial recognition, foreign currency transactions are translated into the reporting currency using the spot exchange rate prevailing at the date of transaction.

As at the balance sheet date, monetary items denominated in foreign currency are exchanged to Renminbi by adopting the prevailing exchange rate on that date. Foreign exchange difference arising from the difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial reorganization or on the previous balance sheet date are all credited to profit or loss for the current period, with the exception that foreign exchange differences for specific borrowings denominated in foreign currency and qualifying for conditions of capitalization are capitalized during the capitalization period and credited to the cost of relevant assets.

Non-monetary items denominated in foreign currency that are measured at historical cost are still measured at amount denominated in reporting currency exchanged at the prevailing exchange rate at the transaction date.

9.2 Translation of financial statements denominated in foreign currency

The financial statements denominated in foreign currency of a foreign operation are translated to RMB in compliance with the following requirement: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; all equity (except undistributed profits) items are translated at the spot exchange rates at the dates on which such items arose; income and expenses and profit appropriation items in the income statement are translated at the spot exchange rate at the date of transaction; Undistributed profits at the beginning of the year is the translated undistributed profits at the end of prior year; undistributed profits at the end of year is presented as the translated items of profit distribution; all exchange differences of assets, liabilities and shareholders' equity resulting from the translation are recognized separately as "other comprehensive income" in the shareholders' equity on the balance sheet.

Cash flow dominated in foreign currency or from foreign subsidiaries shall be translated at the spot exchange rate when it incurs. Effects arising from changes of exchange rate of cash and cash equivalents shall be presented separately as "Effect of changes in exchange rates on cash and cash equivalents" in the cash flow statement.

The opening balances of the period and prior year's figures are presented according to the translated amounts of the financial statements of the prior year.

When the control on foreign operation is lost due to the disposal of ownership interests of foreign operation or partial disposal of equity investment or other reasons, exchange differences of foreign currency statements attributable to the shareholders of the parent company related to such foreign operation and presented under shareholder's equity item in the balance sheet are all transferred to profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments

The Company, recognizes financial assets or liabilities when becoming a party to a financial instrument contract. The financial assets and liabilities were initially recognized at fair value. For the financial assets and liabilities measured at fair value through profit or loss (FVTPL), related transaction expenses are directly changed to the profit or loss, for other financial assets and liabilities, related transaction expenses are included in the initial recognized amount.

10.1 Effective interest method

Effective interest method represents the method for calculating the amortized costs and interest income or expense of each period in accordance with the effective interest rate of financial assets or financial liabilities (inclusive of a set of financial assets or financial liabilities). Effective interest rate represents the rate that discounts the future cash flow over the expected subsisting period or shorter period, if appropriate, of the financial asset or financial liability to the current carrying value of such financial asset or financial liability.

When calculating the effective interest rate, the Group will consider the anticipated future cash flow (not considering the future credit loss) on the basis of all contract clauses of financial assets or financial liabilities, as well as consider all kinds of charges, transaction fees and discount or premium paid forming an integral part of the effective interest rate paid or received between both parties of financial asset or financial liability contract.

10.2 Classification, recognition and measurement of the financial assets

Financial assets are divided into financial assets at fair value through profit or loss, held-to-maturity investments, loans and the accounts receivable and available-for-sale financial assets when they are initially recognized. Financial instruments held by the Group are loans and the accounts receivable, financial assets at FVTPL and available-for-sale financial assets. Financial assets purchased and sold in regular way are recognized and derecognized based on the accounting at transaction date.

10.2.1 Financial assets carried at fair value through profit or loss for the current period

Financial assets carried at fair value through profit or loss for the current period held by the Group include financial assets held for trading and financial assets designated at fair value through profit or loss for the current period.

Financial assets may be classified as financial assets held for trading if one of the following conditions is met: (1) the financial assets is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; (2) the financial assets is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent pattern of short-term profit-taking; or (3) the financial assets is a derivative, excluding the derivatives designated as effective hedging instruments, the derivatives classified as financial guarantee contract, and the derivatives linked to an equity instrument investment which has no quoted price in an active market nor a reliably measured fair value and are required to be settled through that equity instrument.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Classification, recognition and measurement of the financial assets (continued)

10.2.1 Financial assets carried at fair value through profit or loss for the current period (continued)

A financial asset may be designated, on initial recognition, as at fair value through profit or loss only when one of the following conditions is satisfied: (1) the designation eliminates or significantly reduces a measurement or recognition inconsistency of the related gains or losses that would otherwise result from measuring assets on different bases; (2) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, and is reported on that basis to the enterprise's key management personnel. Formal documentation has been prepared with respect to such risk management or investment strategy; (3) the embedded derivative which are subject to condition.

Financial assets carried at FVTPL are subsequently measured at fair value. The gain or loss arising from changes in fair value and dividends and interest income related to such financial assets are charged to profit or loss for the current period.

10.2.2 Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets, including cash and cash equivalents, notes receivable, accounts receivable, dividends receivable, loans and advances to customers, other receivables and long-term receivables, are classified as loans and accounts receivable by the Group.

Trust loans and accounts receivable adopt the actual interest rate method to carry out the ongoing measure based on amortized costs. On de-recognition, profit or loss arising from impairment or amortization is carried at profit or loss for the current period.

10.2.3 Available-for-sale financial assets

It includes non-derivative financial assets that are, upon initial recognition designated as available for sale, and financial assets other than those carried at FVTPL, loans and receivables and held-to-maturity investments.

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

For those equity instrument investments with no joint control or significant influence over the investee, and there is no quoted price in active markets and the fair value of such instrument cannot be measured reliably, those equity instruments shall be accounted as available-for-sale financial assets and subsequently measured at cost.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.3 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss.

Objective evidence of impairment on financial asset 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) Other objective evidence indicating there is an impairment of a financial asset.

10.3.1 Impairment of financial assets measured at amortized cost

The carrying amount of financial assets measured at amortized cost is subsequently reduced to the present value discounted from its projected future cash flow (without future credit losses that have not occurred included) at its original effective interest. The reduced amount is recognized as impairment loss and recorded as profit or loss for the period. Upon recognition of the impairment loss from financial assets, if there is objective evidence showing recovery in value of the amount of such financial assets so impaired and which is related to any event occurring after such recognition, the impairment loss originally recognized shall be reversed to the extent that the carrying value of the financial assets upon reversal will not exceed the amortized cost as at the reversal date assuming there is no provision for impairment.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.3 Impairment of financial assets (continued)

10.3.1 Impairment of financial assets measured at amortized cost (continued)

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 it is determined that no impairment exists for an individually assessed financial asset, whether the financial asset is individually significant or not, the financial asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment again. Financial assets for which an impairment loss is individually recognized are not included in the collective assessment for impairment for a group of financial assets with similar credit risk characteristics.

10.3.2 Impairment of available-for-sale financial assets

When an available-for-sale financial asset at fair value is impaired, the cumulative loss arising from decline in fair value previously recognized directly in other comprehensive income 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.

10.3.3 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, 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.4 Transfer of financial asset

Financial asset that satisfied any of the following criteria shall be derecognized: (1) the contract right to recover the cash flows of the financial asset has terminated; (2) the financial asset, along with substantially all the risk and return arising from the ownership of the financial asset, has been transferred to the transferee; and (3) the financial asset has been transferred to the transferee, and the transferor has given up the control on such financial asset, though it does not transfer or maintain substantially all the risk and return arising from the ownership of the financial asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) 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.

10.5 Classification and measurement of financial liabilities

Based on the economic substance rather than the form of legal contracts, along with the definition of financial liabilities and equity instruments, the Group shall classify the financial instruments or its components as financial liability or equity instrument at initial recognition.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities held by the Group is other financial liabilities.

Other financial assets are subsequently measured at amortized costs by using effective interest method. Gain or loss arising from derecognition or amortization is recognized in current profit or loss.

10.6 Derecognition of financial liabilities

Financial liabilities are derecognized in full or in part only when the present obligation is discharged in full or in part. An agreement is entered into between the Group (debtor) and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, derecognize the original financial liabilities as well as recognize the new financial liabilities.

When financial liabilities is derecognized in full or in part, the difference between the carrying amount of the financial liabilities derecognized and the consideration paid (including transferred non-cash assets or new financial liability) is recognized in profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.7 Derivative instruments and embedded derivative instruments

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Changes of fair value of derivatives are carried at profit or loss for the reporting period.

An embedded derivative shall be 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 the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the enterprise is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it shall designate the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

10.8 Equity instruments

Equity instruments are any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. For equity instruments, the consideration received during the issue shall be added to shareholder's equity after reducing the transaction fees.

The distribution (excluding the dividends) to the equity instrument holders by the Group shall reduce the shareholder's equity. The Group shall not recognize the changes of the equity instruments' fair value.

11. Receivables

11.1 Receivables that are individually significant (expect for receivables due from subsidiaries that are consolidated) are subject to separate impairment assessment. Recognition criteria and provision method of bad debts of receivables that are individually significant are as follows:

Recognition criteria of receivables that are individually significant	The Group recognized accounts receivable of over RMB3 million and other receivables of over RMB1 million are recognized as individually significant. Receivables due from related parties are recognized as individually significant.
Provision method for bad debts of receivables that are individually significant	The Group conducts impairment test for receivables that are individually significant, and tests financial assets without separate impairment, including conducting impairment test on financial assets group with similar credit risk characteristics. For receivables with impairment loss recognized in a single item test, they cease to be included in the group of receivables with similar risk characteristics for impairment test.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Receivables (continued)

11.2 Receivables that are individually insignificant (except for receivables due from subsidiaries that are consolidated) are classified into certain groups based on the characteristics of credit risk and are provided at a specific ratio of the balance of such groups as at balance sheet date.

The Company provides for bad debts at the following ratios based on the characteristics of its business:

Aging analysis method

Aging	Ratio of the provision for other receivables *(%)*	Ratio of the provision for other receivables *(%)*
Receivables under the letter of credit	—	—
Receivables due within the normal credit period	—	—
Receivables due within 6 months (including) after the expiry of the normal credit period	50	50
Receivable due over 6 months after the expiry of the normal credit period	100	100

12. Inventories

12.1 Classification of inventories

Inventories of the Group mainly include raw materials, work-in-progress, finished products and low-value and short-lived consumables. Inventories are initially measured at cost. Cost of inventories includes costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

12.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

12.3 Recognition of net realizable value of inventories

At the balance sheet date, inventories are calculated at the lower of cost and net realizable value. Provision for inventory impairment is made when the net realizable value is lower than the cost.

For large quantity and low value items of inventories, provision for decline in value is made based on categories of inventories. For items of inventories relating to a product line that are produced and marketed in the same geographical area, have the same or similar end uses or purposes, and cannot be practicably evaluated separately from other items in that product line, provision for decline in value is determined on an aggregate basis. Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realizable value on an item-by-item basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Inventories (continued)

12.3 Recognition of net realizable value of inventories (continued)

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

Net realizable value represents the estimated selling price of inventories minus cost estimated to incur upon completion, estimated selling costs and relevant taxes during normal course of business. When determining the net realizable value of inventory, basis is relied on the actual evidences obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

12.4 Inventory count system

The inventory count system shall be on a perpetual basis.

12.5 Amortization of low-value and short-lived consumables and other turnover materials

Turnover materials are materials that can be reused many times and still be remained in original condition after gradual transfer of their value but are not recognized as fixed assets, including low-value and short-lived consumables and other turnover materials.

Low-value and short-lived consumables and other turnover materials are amortized by number of usage or one-time write-off.

13. Long-term equity investments

13.1 Judgement criterion of determining joint control or significant influence over the investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of an enterprise, except to control or joint control the formulation of such policies together with other parties. In determining whether there is control or significant influence over the investee, potential voting right factors (such as the convertible corporate bonds for the period and the exercisable stock warrants for the period of the investee and other invested units held) were taken into account.

13.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition.

Any audit, legal service, appraisement and other agency expense and other administration expense occurred during combination, the acquiree shall recognize those expenditure in profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments (continued)

13.3 Method for subsequent measurement and profit or loss recognition

For long-term equity investment in joint ventures and associates, they are computed by adopting equity method.

In addition, the Company's financial statements adopt cost approach to measure the long-term equity investment in investees over which the Group could impose control.

13.3.1 Long-term equity investments accounted for using the cost method

Under the cost method, a long-term equity investment is measured at its initial investment cost. Except receiving the actual consideration paid for the investment or the declared but not yet distributed cash dividends or profits which is included in the consideration, investment gains for the period is recognized as the cash dividends or profits declared by the investee.

13.3.2 Long-term equity investments accounted for using the equity method

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

Under the equity method, investment gain or loss represents the Group's share of the net profits or losses made by the investee for the current period and the carrying amount of the long-term equity investment shall be adjusted accordingly. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the investing enterprise. The Group shall recognize its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Group. The unrealized gain or loss from internal transactions entered into between the Group and its associated enterprises and joint ventures is offset according to the shareholding attributable to the Group and recognized as investment income and loss according to such basis. However, the unrealized gain or loss from internal transactions entered into between the Group and its investee is not offset if it belongs to impairment loss from assets transferred according to regulations such as Accounting Standards for Business Enterprises No. 8 "Assets impairment". For changes in other shareholder's equity in investee other than net profit or loss, the carrying amount of the correspondingly adjusted long-term equity investment is recognized as other comprehensive income and included in capital reserve. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the investing enterprise.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments (continued)

13.3 Method for subsequent measurement and profit or loss recognition (continued)

13.3.2 Long-term equity investments accounted for using the equity method (continued)

The Group's share of net losses of the investee shall be recognized to the extent that the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the investee are reduced to zero. If the Group has to assume additional obligations, the estimated obligation assumed shall be provided for and charged to the profit or loss as investment loss for the period. Where the investee is making profits in subsequent periods, the Group shall resume recognizing its share of profits after offsetting against the share of unrecognized losses.

13.3.3 Disposal of long-term equity investments

On disposal of a long-term investment, the difference between the carrying amount of the investment and the actual consideration paid is recognized in current profit or loss.

14. Investment properties

Investment property refers to real estate held to earn rentals or for capital appreciation, or both, including leased land use rights, land use rights held and provided for transferring after appreciation and leased constructions, etc.

Investment property is initially measured at cost. Subsequent expenditures related to an investment property shall be included in cost of investment property only when the economic benefits associated with the asset will likely flow to the Group and its cost can be measured reliably. All other subsequent expenditures on investment property shall be included in profit or loss for the current period when incurred.

The Group adopts cost method for subsequent measurement of investment property, which is depreciated or amortized using the same policy as that for buildings and land use rights.

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

15. Fixed assets

15.1 Conditions for recognition of 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 a useful life of more than one accounting period. Fixed assets are only recognized when their related economic benefits are likely to flow to the Group and their cost can be reliably measured. Fixed assets are initially measured at cost.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Fixed assets (continued)

15.1 Conditions for recognition of fixed assets (continued)

For subsequent expenses related to fixed assets, if the economic benefits related to such fixed assets is likely to inflow and its cost could be reliably measured, they are capitalized to fixed assets cost and the carrying amount of replacement will be derecognized. Other subsequent expenses other than the above are charged to profit or loss for the current period when incurred.

15.2 Method for depreciation of different fixed assets

A fixed asset is depreciated over its useful life using the straight-line 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)	Estimated residual value rate *(%)*	Annual depreciation rate *(%)*
Buildings	8–40	5	2.38–11.88
Machinery and equipment	10	5	9.50
Transportation vehicles	4–10	5	9.50–23.75
Electronic equipment and others	3–10	5	9.50–31.67

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 was already of the stage and in the condition expected at the end of its useful life.

15.3 Other explanations

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

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

16. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalized borrowing costs for the construction in progress before it has reached the working condition for its intended use, and other related expenses during the construction period. A construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Borrowing costs

Borrowing costs include interest, amortization of discount or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings. For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, when expenditures for the asset and borrowing costs are being incurred, 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, such borrowing costs shall be capitalized as part of the cost of that asset; and capitalization shall discontinue when the qualifying asset is ready for its intended use or sale. Other borrowing costs shall be recognized as expense in the twelve months in which they are incurred.

Where funds are borrowed for a specific purpose, the amount of interest to be capitalized shall be the actual interest expense incurred on that borrowing for the twelve months less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. Where funds are borrowed for general purpose, the Group shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

Qualifying assets are assets (fixed assets, inventories, etc.) that necessarily taking a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

18. Intangible assets

18.1 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Group.

An intangible asset shall be measured initially at cost. Expenditures related to an intangible asset shall be included in cost of intangible asset only when the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other expenditure on an intangible item shall be included in profit and loss for the current period when incurred.

Land use right acquired shall normally be recognized as an intangible asset. Self-constructed buildings (e.g. plants), related land use rights and the buildings shall be separately accounted for as intangible assets and fixed assets. For buildings and structures purchased, the purchase consideration shall be allocated among land use rights and the buildings on a reasonable basis. If there is any difficulty in making a reasonable allocation, the consideration shall be recognized in full as fixed assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Intangible assets (continued)

18.1 Intangible assets (continued)

When an intangible asset with a finite useful life is available for use, its original cost less estimated net residual value and any accumulated impairment losses provided is amortized over its estimated useful life using the straight-line method. The intangible assets with infinite useful life is not amortized. The useful life and annual amortization rate of each category of intangible assets are as follows:

Category	Depreciation period (years)	Annual depreciation rate *(%)*
Land use rights	50	2.00
Software and others	2–10	10.00–50.00

The Group shall review the finite useful life of an intangible asset and the amortization method applied at the end of the year. A change in the useful life or amortization method used shall be accounted for as a change in accounting estimate.

18.2 Research and development expenditure

The internal research and development expenditures of the Group are classified into research phase expenditure and development phase expenditure.

Expenditure arising from the research phase is accounted for in profit or loss for the current period when incurred.

Expenses incurred during the development stage that satisfy the following conditions are recognized as intangible assets, while those that do not satisfy the following conditions are accounted for in the profit or loss for the current period:

(1) it is technically feasible that the intangible asset can be used or sold upon completion;

(2) there is intention to complete the intangible asset for use or sale;

(3) the intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset;

(4) there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;

(5) the expenses attributable to the development stage of the intangible asset can be measured reliably.

If the expenses incurred during the research stage and the development stage cannot be distinguished separately, all development expenses incurred are accounted for in the profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Impairment of long-term assets

The Group assesses at each balance sheet date whether there is any indication that any long-term equity investments, investment properties measured at cost, fixed assets, construction in progress and intangible assets with a finite useful life may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. The intangible assets with infinite useful life is tested for impairment, regardless of any indication of impairment.

The recoverable amount should be estimated of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period. Impairments of fixed assets and projects under construction are stated at the lower of book value and recoverable amount. The recoverable amount of an asset is determined at the higher of the net amount after deducting the disposal expenses from the assets' fair value and the current value of the assets' estimated future cash flow.

If the recoverable amount of an asset or an asset group is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

Goodwill is tested for impairment yearly. When conducting the impairment test for goodwill, the test is conducted through combination with its related asset group or portfolio of asset group. That is, the carrying value of goodwill is allocated to the relevant asset group since the acquisition date. If the carrying value of goodwill is unable to be allocated to asset group, the carrying value of goodwill will be allocated to asset portfolio. If the recoverable amount of asset group or portfolio of asset group containing the allocated goodwill is lower than its carrying value, relevant impairment loss is recognized. The amount of impairment loss is first written-down and allocated to the carrying amount of the goodwill of that asset group or portfolio of asset group, and is then written down to the carrying value of all other types of assets proportionally according to the weighting of the carrying value of all other types of assets other than goodwill within asset group or portfolio of asset group.

An impairment loss once recognized shall not be reversed in a subsequent period.

20. Long-term deferred expenses

Long-term deferred expenses are expenses which have incurred but shall be amortized over the current period and subsequent periods of more than one year. Long-term deferred expenses are amortized evenly over the estimated benefit period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Employee benefits

21.1 Short-term employee benefits

In the accounting period in which employees have rendered services, the Group shall recognize the short-term employee benefits that actually occurred as liability, and charged to profit or loss for the current period or cost of relevant assets. The Group shall recognize the amount of employee welfare that actually occurred and charged to profit or loss for the current period or cost of relevant assets.

During the accounting periods which employees rendered service, medical insurance, work-related injury insurance, maternity insurance and other social security contributions and housing provident fund paid by the Group, as well as labour union funds and employees' education expenses extracted by requirement. Based on the required accrual basis and proportions in order to determine the appropriate amount of employee benefits, such employee benefits shall be recognized as corresponding liabilities, and charged to profit or loss during current period or cost of relevant assets.

21.2 Post-employment benefits

All post-employment benefits within the Group are defined contribution plans.

In the accounting periods which employees rendered services, the amount of the defined contribution plan shall be recognized as liability and charged to profit or loss during current period or cost of relevant assets.

22. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency, 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 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Revenue

23.1 Revenue from sales of goods

Revenue is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and will receive the economic benefits associated with the transaction, and can reliably measure the relevant amount of revenue and costs.

23.2 Revenue from provision of services

When the result of provision of services can be measured reliably, the Group recognizes related revenue from services in accordance with the percentage of completion as at the balance sheet date. The completion progress of service transaction is recognized by service cost incurred as a percentage of estimated total cost.

The result of provision of services can be estimated reliably when all of the following conditions are satisfied: (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 measured reliably; and (4) the cost incurred and to be incurred for the transaction can be measured reliably.

If the result of provision of service transaction cannot be reliably estimated, revenue from provision of service is recognized at the service cost incurred and estimated to receive as compensation, and service cost incurred will be regarded as the current cost. If service cost incurred is compensated as anticipated, no revenue will be recognized.

23.3 Interest income

Interest income is recognized based on the time horizon of the use of the Group's cash by others and effective interest rate.

24. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. Government grants are recognized when prescribed conditions are satisfied and they will be received without uncertainties.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. Government grants are classified as government grants related to an asset and government grants related to income according to the related documents from the government.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Government grants (continued)

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 period 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 current period.

25. Income tax

25.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods shall be measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. Tax payables for the calculation of income tax of the current period are based on relevant adjustments on the profits (before tax) of the year/period according to relevant tax laws.

25.2 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 utilise 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Income tax (continued)

25.2 Deferred tax assets and deferred tax liabilities (continued)

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 utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

25.3 Income tax expenses

Income tax expense comprises current income tax expense and deferred income tax expense.

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.

25.4 Offsetting of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise 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 realise 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.

26. Operating lease

26.1 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.

26.2 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.

IV. SIGNIFICANT JUDGEMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Group's accounting policies, which are described in Note III, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgements, 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 of the Group.

The Group regularly reviews the aforesaid judgments, estimates and assumptions on the basis of continuous operation. Where the changes in accounting estimates only impact the current period, the impact shall be recognized during the current period; where such changes impact both the current and future periods, the impact shall be confirmed during the current and future periods when such changes occur.

Key assumptions and uncertainties in the application of accounting estimates

The following are the critical assumptions and uncertainties which may cause material adjustments to the carrying amounts of assets and liabilities concerning the future at the date of balance sheet:

Provision for bad debts

The Group recognizes provision bad debts according to the recoverability of receivables. When there is sign showing that a receivable item cannot be collected, provision for bad debts is required to be recognized. Judgements and estimates are required in recognition of bad debts. If the result of new estimation differs from current estimation, such difference will impact the book value of receivables for the corresponding period.

Impairment losses on loans and advances

Loan portfolios are assessed periodically by the Group to make impairment losses. The Group was not only focusing on recognizing signs of impairment losses on individual identified loan, but also made judgement according to the signs of decrease in cash flow of loan portfolio. Objective evidence for impairment includes observable data indicating that there is a deteriorative ability of borrower to repay the loan or it is probable for the borrower to be default resulted from the changes in economic environment of the country and the region. The amount of impairment losses on loans and advances is the difference between present value of future cash flows and book value when assessed by particular way. When loans and advances are collectively evaluated for impairment, the estimate is based on historical loss experience for assets with credit risk characteristics similar to the loans and advances. Historical loss experience is adjusted on the basis of the relevant observable data that reflect current economic conditions. Management reviews the methodology and assumptions used in estimating future cash flows regularly to reduce any difference between loss estimates and actual loss experience.

Provision for decline in value of inventories

The Group recognizes provision for decline in value of inventory according to net realizable value of the inventory. Provision for inventory impairment is required to be recognized when there is sign showing that the net realizable value is lower than cost. Recognition of net realizable value involves judgment and estimation. If the result of new estimation differs from current estimation, such difference will impact the book value of inventory for the corresponding period.

IV. SIGNIFICANT JUDGEMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES (continued)

Key assumptions and uncertainties in the application of accounting estimates (continued)

Useful life of fixed assets

The Group estimates the useful life of fixed assets based on experience of actual useful life of fixed asset of similar nature and function. If the useful life of a fixed asset is shortened, the Company will adopt measures to accelerate the depreciation of the fixed asset or eliminate fixed assets which are idle or technologically obsolete.

Impairment of fixed assets and construction in progress

Impairments of fixed assets and projects under construction are stated at the lower of book value and recoverable amount. The recoverable amount of an asset is determined at the higher of the net amount after deducting the disposal expenses from the assets' fair value and the current value of the assets' estimated future cash flow. When discounting future cash flow into current value, the pre-tax discount rate will be adopted to reflect the time value of currency in the current market and the specific risks related to the relevant asset. When calculating the net amount after deducting the disposal expenses from the fair value, the prices used in arms-length transactions between voluntarily transacting parties who are familiar with the conditions as at the date of the balance sheet will be adopted. If the result of new estimation differs from that of the current estimation, such difference will influence the fixed assets and the carrying amount of the projects under construction during the adjusting period.

Recognition of deferred tax assets

As at 30 June 2016, the Group recognized deferred tax assets of RMB738,247,056.81 (31 December 2015: RMB709,618,712.26) in the consolidated balance sheet. The realization of deferred tax assets is mainly determined by future actual earnings and actual tax rate of temporary difference in future utilization year. If the actual future earning is less than estimates, or the actual tax rate is lower than estimates, the recognized deferred income tax asset shall be reversed, and be recognized in the income statement in the year in which the reversal is incurred. If the actual earnings accrued in the future is more than estimates, or the actual tax rate is higher than estimates, such deferred tax asset shall be recognized in the consolidated income statement in the year in which they are incurred.

Fees for after-sale services

Generally, the Group provides one, two or multiple free maintenance services to its domestic customers and provides a warranty period to their domestic customers for a certain period since the date of purchase, during which period free repairs and maintenance services are provided. The Group makes provisions for after-sale services annually according to the sales volumes of vehicles and history of repairs and maintenances. As at 30 June 2016, provisions for after-sale services amounted to RMB1,034,315,235.55 (as at 31 December 2015: RMB1,027,836,691.62). If the actual fees for after-sale services varies from the estimates, the profits and losses in incurred period will be affected.

Income taxes

Subsidiaries of the Group are subject to income taxes according to different tax rates of different regions in the PRC. As certain tax affairs are pending the confirmation of relevant tax authorities, the Group shall make reliable estimates and judgements for the expected tax adjustments and amounts resulting from such affairs based on the current tax laws and relevant policies. Subsequently, if differences exist between the initial estimates of such affairs and the actual amount of tax payable due to certain objective reasons, such difference will affect the taxes for the current period and tax payables of the Group.

V. TAXATION

1. Major tax types and rates

Tax type	Basis	Tax rate
Business tax	Revenue *(Note 2)*	3%, 5%
Value-added tax	Purchase/Sales *(Note 1)*	3%, 5%, 6%, 11%, 13%, 17%
Consumption tax	Sales	3%, 5%, 9%, 12%
Urban maintenance and construction tax	Value-added tax, consumption tax and business tax	5%, 7%
Education surcharge	Value-added tax, consumption tax and business tax	3%
Enterprise income tax	Taxable income *(Note 1)*	20%, 25%, 30%
Real estate tax	Original cost/rental income of the real estate	For self-occupied real estate of the Company, the tax is calculated at 70% of the original cost and a tax rate of 1.2%. For leased real estate, the tax is calculated at 12% of the rental income
Land use tax	Usable area of the land	Relevant tax rate

Note 1: Excluding the tax incentives set out in Note (V) 2, the applicable tax rates of the relevant companies of the Group for 2015 and the period from 1 January to 30 June 2016 are listed on the above table.

Note 2:

1) The business tax of property lease services was levied on lease revenue at tax rate of 5%, while since 1 May 2016, value added tax, instead of business tax, has prevailed at tax rate of 11%.

2) The business tax of capital occupation services was levied on loans services revenue at tax rate of 5%, while since 1 May 2016, value added tax, instead of business tax, has prevailed at tax rate of 6%.

3) The business tax of property management services was levied on other business revenue at tax rate of 5%, while since 1 May 2016, value added tax, instead of business tax, has prevailed at tax rate of 6%.

4) The business tax of transferring the land use right was levied on transferring intangible service revenue at tax rate of 5%, while since 1 May 2016, value added tax, instead of business tax, has prevailed at tax rate of 11%.

5) The business tax of training business was levied on cultural services revenue at tax rate of 3%, while since 1 May 2016, value added tax, instead of business tax, has prevailed at tax rate of 6%.

V. TAXATION (continued)

2. Tax incentives and approvals

2.1 Income tax incentives

2.1.1 Income tax incentive policy for recruitment of disabled

Pursuant to the "Circular on Granting Tax Credit and Exemption relating to Enterprise Income Tax on the Recruitment of Disabled" (關於安置殘疾人員就業有關企業所得稅優惠政策問題的通知) (Caishui [2009] No. 70) (the "Circular") issued by the Ministry of Finance and the State Administration of Taxation, Baoding Nuobo Rubber Manufacturing Company Limited ("Baoding Nuobo") (保定市諾博橡膠製品有限公司), Baoding Great Machinery Company Limited ("Baoding Great") (保定市格瑞機械有限公司), Baoding Yixin Automotive Parts Company Limited ("Baoding Yixin") (保定億新汽車配件有限公司), Baoding Xinyuan Automobile Inner Decoration Co.,Ltd ("Baoding Xinyuan") (保定信遠汽車內飾件有限公司), Baoding Great Wall Internal Combustion Engine Manufacturing Company Limited ("Great Wall Internal Combustion Engine") (保定長城內燃機製造有限公司), Tianjin Boxin Automotive Parts Company Limited ("Tianjin Boxin") (天津博信汽車零部件有限公司) Baoding Xinyi Automobile Seating Co., Ltd. (保定信益汽車座椅有限公司) and Nuobo Rubber Production Co. Ltd. ("Xushui Nuobo") (諾博橡膠製品有限公司), all of which are subsidiaries of the Company, satisfied all conditions as prescribed in the Circular for deduction 100% of the wages paid to disabled staff from taxable income when determining income tax and passed the examination of relevant authorities, and they were entitled to deduct 100% of the actual wages paid to disabled staff from the taxable income when determining enterprise income taxes.

2.1.2 Income tax exemption for new and high-tech enterprise

Under the review of Hebei Provincial Department of Science and Technology, Department of Finance of Hebei Province, Hebei Provincial Office of the State Administration of Taxation and Hebei Local Taxation Bureau, the Company was granted with New and High-Tech Enterprise Certificate on 22 July 2013 with valid period of 3 years, so the applicable income tax rate for the year 2013 to 2015 is 15%. As of 30 June 2016, the certificate is expired but the review is yet to commence. Pursuant to "Guideline for Management of High-tech Enterprise Approval" issued by SAT, Ministry of Science and Technology, and MoF, (Guo Ke Fa [2016] No.195) (國科發火〔2016〕195號《高新技術企業認定管理工作指引》), prior to the re-approval of new and high-tech enterprise is granted, the Company is temporarily levied at 15% of income tax on the expiry year (i.e. 2016). If the Company cannot obtain the certificate before final settlement, the Company shall make up the taxes as required.

Nuobo Rubber Production Co. Ltd. ("Xushui Nuobo") (諾博橡膠製品有限公司), which is one of subsidiaries of the Company was approved as new and high-tech enterprise, and obtained the New and High-Tech Enterprise Certificate jointly issued by the Hebei Provincial Department of Science and Technology, Department of Finance of Hebei Province, Hebei Provincial Office of the State Administration of Taxation and Hebei Local Taxation Bureau on 26 November 2015 with a term of three years, and the applicable tax rate from 2015 to 2017 is 15%.

V. TAXATION (continued)

2. Tax incentives and approvals (continued)

2.1 Income tax incentives (continued)

2.1.3 Income tax credit for small-scaled minimal profit enterprise

Pursuant to the "Circular on Granting Tax Credit and Exemption relating to Enterprise Income Tax on the Small-Scaled Minimal Profit Enterprise" (關於小型微利企業所得税優惠政策有關問題的通知) (Caishui [2015] No. 34) issued by the Ministry of Finance and the State Administration of Taxation, Beijing Great Wall Dong Sheng Business Consulting Company Limited ("Great Wall Dong Sheng") (北京長城東晟商務諮詢有限公司) and Baoding Lean Automotive Occupational Training School ("Lean School") (保定市精益汽車職業培訓學校), which are subsidiaries of the Company, satisfied all conditions as prescribed of in the Circular above for Small-Scaled Minimal Profit Enterprise with annual taxable income less than RMB200,000 (including RMB200,000) in for 2015 and 2016 (as projected), so for the year 2015 and 2016 (as projected), the taxable income is reduced to 50% of original total taxable income, and the applicable enterprise income tax rate is 20%.

2.2 Value-added tax incentives

According to the requirements under the "Notice Regarding Taxation Concessionary Policies on Fostering Employment of Disabled People" ([2007]92號文《關於促進殘疾人就業税收優惠政策的通知》) (Cai Shui [2007] No. 92) and "Circular on Preferential Tax Policy for Promoting Disabled Employment Issued by SAT" (財税[2016]52號《國家税務總局關於促進殘疾人就業增值税優惠政策的通知》) (Cai Shui [2016] No. 52) issued by the Ministry of Finance and State Administration of Taxation, Baoding Nuobo, Baoding Great and Baoding Yixin, subsidiaries of the Company, were entitled to immediate refund of value-added tax as they satisfied the requirements of 1) the number of disabled staff bears 25% of the total headcount of the subsidiaries on a monthly basis (including 25%); 2) and the number of recruited disabled staff is more than 10 persons (including 10). Namely, these subsidiaries are subject to "the income from production and sales of commodities or the provision of processing, repair and maintenance services accounted for 50% of the taxation income for the purposes of value added tax and business tax" as approved by relevant authorities. The cap of VAT refund is subject to RMB35,000 per year for each actually employed disabled employee (Cai Shui [2007] No. 92) or specific standard set out by the local tax authorities (above county-level) calculated on the basis of 4 times of the applicable minimum wages approved by the Provincial People's government of where the taxpayer located (Cai Shui [2016] No. 52).

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Cash:		
RMB	**538,136.57**	1,158,668.28
USD	**45,711.25**	86,458.84
HKD	**10,735.85**	11,780.36
EUR	**46,981.41**	59,064.13
JPY	**56,621.74**	56,467.46
KRW	**40.88**	39.18
GBP	**19,147.30**	20,638.32
RUB	**56.39**	313.16
THB	**24.54**	23.39
AUD	**13,363.19**	21,736.36
SGD	**1,531.33**	1,426.71
ZAR	**4,249.01**	—
Bank balances:		
RMB	**2,978,628,512.58**	2,296,099,541.51
USD	**105,565,971.85**	20,908,708.46
HKD	**56,038.35**	383,025.04
EUR	**11,457,976.64**	9,365,168.54
JPY	**14,367,518.89**	7,935,207.15
RUB	**113,712,736.65**	102,941,407.41
GBP	**11.60**	12.50
AUD	**26,080,428.61**	17,543,571.47
ZAR	**7,545,480.93**	1,771,729.18
Other cash and bank balances:		
RMB	**287,138,947.07**	1,181,126,545.28
USD	**—**	2,272,760.00
Total	**3,545,290,222.63**	3,641,764,292.73
Include: overseas cash and bank balances	**601,125,654.90**	321,412,995.55

As at 30 June 2016, the Group had restricted cash and bank balances of RMB287,138,947.07, in which guarantee on bank acceptance bills amounted to RMB260,604,628.22; required reserves amounted to RMB26,132,718.85; other guarantees amounted to RMB401,600.00.

As at 31 December 2015, the Group had restricted cash and bank balances of RMB1,183,399,305.28, in which guarantee on bank acceptance bills amounted to RMB1,168,352,756.67, guarantee on letter of credit amounted to RMB5,008,596.50, required reserves amounted to RMB9,636,352.11, other guarantees amounted to RMB401,600.00.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Notes receivable

(1) Classification of notes receivable:

RMB

Category	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Bank acceptances	**24,586,851,180.01**	28,161,748,218.41
Total	**24,586,851,180.01**	28,161,748,218.41

(2) Pledged notes receivable as at the end of each period:

RMB

Category	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Bank acceptances	**4,110,100,799.00**	3,050,954,858.00
Total	**4,110,100,799.00**	3,050,954,858.00

Note: The Group pledged notes receivable for the issuance of notes payable.

(3) Notes endorsed and discounted by the Group to other parties but yet undue by the end of the period are as follows:

RMB

Category	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Bank acceptances	**15,599,646,462.65**	14,158,523,236.04
Total	**15,599,646,462.65**	14,158,523,236.04

The above notes which were endorsed and discounted but yet undue have been derecognized.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts receivable

(1) Accounts receivable disclosed by category are as follows:

RMB

	30 June 2016 (Unaudited)					31 December 2015 (Audited)				
	Carrying amount		Provision for bad debts			Carrying amount		Provision for bad debts		
Category	Amount	Ratio (%)	Amount	Provision ratio (%)	Book value	Amount	Ratio (%)	Amount	Provision ratio (%)	Book value
Receivables that are individually significant and for which bad debt provision is individually assessed	**801,260,927.12**	**94.96**	**(92,670,463.64)**	**11.57**	**708,590,463.48**	657,556,562.25	86.61	(81,557,001.35)	12.40	575,999,560.90
Receivables for which bad debt provision is collectively assessed on a portfolio basis of credit risk character	**40,479,504.86**	**4.80**	**(3,928,012.42)**	**9.70**	**36,551,492.44**	101,356,396.44	13.35	(1,433,936.51)	1.41	99,922,459.93
Accounts receivable that are not individually significant but for which bad debt provision is individually assessed	**2,027,563.18**	**0.24**	**(292,400.00)**	**14.42**	**1,735,163.18**	262,425.24	0.04	(262,425.24)	100.00	—
Total	**843,767,995.16**	**100.00**	**(96,890,876.06)**	**11.48**	**746,877,119.10**	759,175,383.93	100.00	(83,253,363.10)	10.97	675,922,020.83

Receivables that are individually significant and for which bad debt provision is individually assessed:

RMB

	30 June 2016			
Accounts receivable (by customers)	**Accounts receivable**	**Provision for bad debts**	**Provision ratio (%)**	**Reason for provision**
Customer 1	**323,644,407.73**	**(76,842,834.90)**	**23.74**	**Past due**
Customer 2	**11,850,658.70**	**(2,579,733.10)**	**21.77**	**Past due**
Customer 3	**11,510,481.85**	**(2,282,093.18)**	**19.83**	**Past due**
Customer 4	**10,740,161.93**	**(2,465,656.72)**	**22.96**	**Past due**
Customer 5	**9,882,142.75**	**(1,878,567.38)**	**19.01**	**Past due**
Customer 6	**9,078,836.29**	**(1,248,986.85)**	**13.76**	**Past due**
Customer 7	**5,366,915.95**	**(5,366,915.95)**	**100.00**	**Past due**
Customer 8	**3,481,216.83**	**(5,675.56)**	**0.16**	**Past due**
Others	**415,706,105.09**	**—**	**—**	
Total	**801,260,927.12**	**(92,670,463.64)**	**11.57**	

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts receivable (continued)

(2) Aging analysis of accounts receivable and corresponding provisions for bad debts are as follows:

RMB

Aging	30 June 2016 (Unaudited) Amount	Ratio (%)	Provision for bad debts	Book value	31 December 2015 (Audited) Amount	Ratio (%)	Provision for bad debts	Book value
Within 1 year	**509,843,218.29**	**60.43**	**(12,634,562.19)**	**497,208,656.10**	422,180,087.61	55.61	(12,991,085.06)	409,189,002.55
1 to 2 years	**252,121,772.69**	**29.88**	**(12,275,107.44)**	**239,846,665.25**	336,951,684.70	44.38	(70,262,278.04)	266,689,406.66
2 to 3 years	**81,803,004.18**	**9.69**	**(71,981,206.43)**	**9,821,797.75**	43,611.62	0.01	—	43,611.62
Total	**843,767,995.16**	**100.00**	**(96,890,876.06)**	**746,877,119.10**	759,175,383.93	100.00	(83,253,363.10)	675,922,020.83

The aging analysis of accounts receivable is based on the time of delivering goods or providing services.

(3) Provision, collection or reversal of bad debts during the reporting period

Provision for bad debts amounted to RMB34,638,431.06, and collection or reversal of bad debts amounted to RMB21,000,918.10.

Collection or reversal of bad debts with significant amount during the reporting period:

RMB

Customer	Amount of collection or reversed	Method of recovery	Reason for collection or reversal	Reason for recognise original provision of bad debts
Customer 1	3,381,864.00	Cash and other methods	The management of the Group exerted efforts on collecting account receivable in cash and other methods.	Past due

(4) No accounts receivable have been written off during the reporting period.

(5) Top five entities with the largest balances of accounts receivable

RMB

Name of entity	Closing balance	Proportion of the amount to the total accounts receivable (%)	Amount of provision for bad debts at end of the period
Customer 1	323,644,407.73	38.36	(76,842,834.90)
Customer 2	89,371,456.00	10.59	—
Customer 3	50,918,972.34	6.03	—
Customer 4	30,345,229.56	3.60	—
Customer 5	30,201,646.25	3.58	—
Total	524,481,711.88	62.16	(76,842,834.90)

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Prepayments

(1) *Prepayments by aging:*

RMB

Aging	30 June 2016 (Unaudited) Amount	30 June 2016 (Unaudited) Ratio (%)	31 December 2015 (Audited) Amount	31 December 2015 (Audited) Ratio (%)
Within 1 year	**1,226,794,735.38**	**97.77**	821,830,923.38	93.31
1 to 2 years	**24,924,373.02**	**1.99**	55,515,958.43	6.30
2 to 3 years	**2,612,489.94**	**0.21**	3,366,612.22	0.39
Over 3 years	**359,777.01**	**0.03**	3,341.88	—
Total	**1,254,691,375.35**	**100.00**	880,716,835.91	100.00

Description of aging of prepayments:

Prepayments with aging over one year are mainly amounts prepaid to raw material suppliers which are not settled.

(2) *Top five entities with the largest balances of prepayments*

RMB

Name of entity	Amount	Proportion of the amount to the total prepayment (%)
Supplier1	477,635,264.27	38.07
Supplier2	106,482,080.40	8.49
Supplier3	52,150,000.00	4.16
Supplier4	38,042,600.00	3.03
Supplier5	35,564,404.97	2.83
Total	709,874,349.64	56.58

5. Interest receivable

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Interest on loans and advances to customers	**6,246,671.77**	5,130,559.76
Total	**6,246,671.77**	5,130,559.76

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables

(1) Other receivables disclosed by category are as follows:

RMB

Category	30 June 2016 (Unaudited)					31 December 2015 (Audited)				
	Carrying amount		Provision for bad debts			Carrying amount		Provision for bad debts		
	Amount	Ratio (%)	Amount	Provision ratio (%)	Book value	Amount	Ratio (%)	Amount	Provision ratio (%)	Book value
Other receivables that are individually significant and for which bad debt provision is individually assessed	**123,585,619.73**	**83.14**	**(7,641,107.37)**	**6.18**	**115,944,512.36**	84,595,604.24	81.63	(1,744,140.00)	2.06	82,851,464.24
Other receivables for which bad debt provision is collectively assessed on a portfolio basis of credit risk character	**24,905,910.20**	**16.75**	**—**	**—**	**24,905,910.20**	18,997,772.59	18.33	—	—	18,997,772.59
Other receivable that are not individually significant but for which bad debt provision is individually assessed	**169,838.00**	**0.11**	**(169,838.00)**	**100.00**	**—**	40,552.14	0.04	(40,552.14)	100.00	—
Total	**148,661,367.93**	**100.00**	**(7,810,945.37)**	**5.25**	**140,850,422.56**	103,633,928.97	100.00	(1,784,692.14)	1.72	101,849,236.83

Other receivables that are individually significant and for which bad debt provision is individually assessed:

RMB

Other receivables (by entity)	30 June 2016			
	Amount	Provision for bad debts	Provision ratio (%)	Reason for provision
Entity 1	**51,960,111.99**	**—**	**—**	**—**
Entity 2	**14,979,881.07**	**—**	**—**	**—**
Entity 3	**10,200,000.00**	**—**	**—**	**—**
Entity 4	**10,000,000.00**	**—**	**—**	**—**
Entity 5	**7,935,364.59**	**—**	**—**	**—**
Entity 6	**5,896,967.37**	**(5,896,967.37)**	**100.00**	**Unrecoverable**
Entity 7	**1,744,140.00**	**(1,744,140.00)**	**100.00**	**Unrecoverable**
Others	**20,869,154.71**	**—**	**—**	**—**
Total	**123,585,619.73**	**(7,641,107.37)**	**6.18**	

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

(2) Aging analysis of other receivables and corresponding provision for bad debts are as follows:

RMB

Aging	30 June 2016 (Unaudited) Amount	Ratio (%)	Provision for bad debts	Book Value	31 December 2015 (Audited) Amount	Ratio (%)	Provision for bad debts	Book Value
Within 1 year	**130,720,586.85**	**87.93**	**(6,066,805.37)**	**124,653,781.48**	84,539,263.77	81.57	(40,552.14)	84,498,711.63
1 to 2 years	**2,872,339.44**	**1.93**	**(1,744,140.00)**	**1,128,199.44**	16,928,096.82	16.33	(1,744,140.00)	15,183,956.82
2 to 3 years	**13,783,788.35**	**9.28**	**—**	**13,783,788.35**	1,093,179.41	1.06	—	1,093,179.41
Over 3 years	**1,284,653.29**	**0.86**	**—**	**1,284,653.29**	1,073,388.97	1.04	—	1,073,388.97
Total	**148,661,367.93**	**100.00**	**(7,810,945.37)**	**140,850,422.56**	103,633,928.97	100.00	(1,784,692.14)	101,849,236.83

(3) Provision, collection or reversal of bad debts during the reporting period:

The Group provided bad debts of RMB6,066,805.37, but did not collect or reverse bad debts during the reporting period.

(4) Other receivables actually written off during the reporting period

RMB

Item	Amount
Other receivables actually written off	40,552.14

(5) Other receivables disclosed by nature are as follows:

RMB

Nature	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Petty cash	**13,029,594.06**	8,545,235.09
Deposits	**43,831,983.03**	33,404,931.15
Export rebates	**51,980,207.00**	23,160,066.15
Others	**39,819,583.84**	38,523,696.58
Total	**148,661,367.93**	103,633,928.97

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

(6) Top five entities with the largest balances of other receivables:

RMB

Name of unit	Relationship with the Group	Amount	Aging	Proportion of the amount to the total other receivables (%)	Balance of provision for bad debt at end of the period
Entity 1	Export rebates receivable	51,960,111.99	Within 1 year	34.95	—
Entity 2	Tax refund receivable	14,979,881.07	Within 1 year	10.07	—
Entity 3	Performance bond	10,200,000.00	Within 3 years	6.86	—
Entity 4	Steel products deposits	10,000,000.00	Within 1 year	6.73	—
Entity 5	Customs deposits	7,935,364.59	Within 1 year	5.34	—
Total		95,075,357.65		63.95	

(7) At the end of reporting period, there were no other receivables which are related to government grant.

7. Inventories

(1) Inventories by category

RMB

Item	30 June 2016 (Unaudited) Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	**1,053,922,616.32**	**(2,981,174.41)**	**1,050,941,441.91**
Work-in-progress	**658,918,138.68**	**—**	**658,918,138.68**
Finished goods	**3,389,967,282.29**	**(14,139,280.01)**	**3,375,828,002.28**
Low-valued consumables	**190,684,054.81**	**(162,467.55)**	**190,521,587.26**
Total	**5,293,492,092.10**	**(17,282,921.97)**	**5,276,209,170.13**

RMB

Item	31 December 2015 (Audited) Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	949,821,453.82	(3,614,222.82)	946,207,231.00
Work-in-progress	629,294,183.35	—	629,294,183.35
Finished goods	2,412,767,840.98	(11,510,775.52)	2,401,257,065.46
Low-valued consumables	143,186,748.51	(179,363.00)	143,007,385.51
Materials on consignment for further processing	40,044.29	—	40,044.29
Total	4,135,110,270.95	(15,304,361.34)	4,119,805,909.61

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories (continued)

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

RMB

Inventory categories	1 January 2016	Provided for the period	Addition for acquisition of subsidiaries	Decrease for the period		30 June 2016
				Reversals	Written-offs	
Raw materials	3,614,222.82	7,506.91	91,638.53	(203,682.02)	(528,511.83)	**2,981,174.41**
Work-in-progress	—	—	3,362.95	(3,362.95)	—	**—**
Finished goods	11,510,775.52	10,547,299.44	80,567.33	(1,314,739.60)	(6,684,622.68)	**14,139,280.01**
Low-valued and short-lived consumables	179,363.00	—	—	—	(16,895.45)	**162,467.55**
Total	15,304,361.34	10,554,806.35	175,568.81	(1,521,784.57)	(7,230,029.96)	**17,282,921.97**

(3) *Analysis of provision for decline in value of inventories*

Item	Basis of provision for decline in value of inventories	Reasons for reversal or written-off of provision for decline in value of inventories during the period	Percentage of the reversal to the closing balance of the inventory during the period *(%)*
Raw materials	Note 1	Note 2	(0.02)
Work-in-progress	—	Note 2	—
Finished goods	Note 1	Note 2	(0.04)
Low-valued and short-lived consumables	—	Note 2	—

Descriptions of inventories:

Note 1: As the estimated net realizable value of some vehicle products was lower than the inventory cost as at the end of reporting period, provision for decline in value of inventories had been made for raw materials and finished goods correspondingly.

Note 2: As the estimated net realizable value of some vehicle products was higher than the inventory cost as at the end of the reporting period, the provision for decline in value of inventories for the previous year has been reversed. In addition, as the inventories for which provision for decline in value has been made in the previous year was sold during the period, the provision for decline in value of inventories has been written off.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Non-current assets due within one year

RMB

Item	Note	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Loans and advances to customers due within one year	(VI)10	**612,409,747.26**	448,658,078.71
Long-term receivables due within one year	(VI)12	**575,036,877.60**	575,036,877.60
Total		**1,187,446,624.86**	1,023,694,956.31

9. Other current assets

RMB

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Paint for vehicles	**4,017,858.44**	4,005,112.49
Taxes to be deducted	**469,036,834.81**	641,801,457.20
Mould *(Note 1)*	**73,368,094.81**	63,613,858.69
Wealth management products	**600,000,000.00**	1,050,000,000.00
Others	**11,784,081.82**	10,152,142.44
Total	**1,158,206,869.88**	1,769,572,570.82

Note 1: The estimated usage is less than one year.

10. Loans and advances to customers

(1) Loans and advances to customers were disclosed as follow:

RMB

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Company loans and advances	**491,100.00**	—
Including: loans	**491,100.00**	—
Personal loans and advances	**1,260,837,538.29**	1,025,774,602.15
Including: automotive consumption loans	**1,260,837,538.29**	1,025,774,602.15
Total amount of loans and advances to customers	**1,261,328,638.29**	1,025,774,602.15
Less: impairment loss of loans	**20,793,709.34**	16,053,013.30
Net amount of loans and advances to customers	**1,240,534,928.95**	1,009,721,588.85
Less: loans and advances to customers due within one year	**612,409,747.26**	448,658,078.71
Loans and advances to customers	**628,125,181.69**	561,063,510.14

Note: All the loans and advances to customers are mortgages with pledged collateral.

(2) Impairment of loans which have been provided, collected or reversed during the period

Provision for impairment loss of loans amounted to RMB5,033,619.24, and collection or reversal of impairment loss of loans amounted to RMB292,923.20.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Available-for-sale financial assets

(1) *Available-for-sale financial assets measured at fair value at the end of reporting period*

RMB

Item	30 June 2016 (Unaudited) Carrying amount	Impairment provision	Book value	31 December 2015 (Audited) Carrying amount	Impairment provision	Book value
Wealth management products	**330,000,000.00**	**—**	**330,000,000.00**	—	—	—
Total	**330,000,000.00**	**—**	**330,000,000.00**	—	—	—

(2) *Available-for-sale financial assets measured at cost at the end of reporting period*

RMB

Item	30 June 2016 (Unaudited) Carrying amount	Impairment provision	Book value	31 December 2015 (Audited) Carrying amount	Impairment provision	Book value
Available-for-sale equity instruments measured at cost	**7,200,000.00**	**—**	**7,200,000.00**	7,200,000.00	—	7,200,000.00
Total	**7,200,000.00**	**—**	**7,200,000.00**	7,200,000.00	—	7,200,000.00

Breakdown of available-for-sale financial assets measured at cost at the end of reporting period

RMB

Investee	Book value 1 January 2016	Increase	Decrease	30 June 2016	Impairment 1 January 2016	Increase	Decrease	30 June 2016	Holding proportion in investee (%)	Cash dividend for this period
China Automobile Development United Investment Co. Ltd.	4,200,000.00	–	–	**4,200,000.00**	–	–	–	–	2.07	–
China Automobile (Beijing) Automobile Lightweight Technology Research Institute Company Limited	3,000,000.00	–	–	**3,000,000.00**	–	–	–	–	6.90	–
Total	7,200,000.00	–	–	**7,200,000.00**	–	–	–	–		–

All the above investees are non-listed companies, and the fair value of investment in such investees cannot be reliably measured.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term receivables

RMB

Items	30 June 2016 (Unaudited) Carrying amount	Impairment provision	Book value	31 December 2015 (Audited) Carrying amount	Impairment provision	Book value	Range of discount rate
Performance bond	**2,192,372,144.60**	**—**	**2,192,372,144.60**	2,188,866,229.08	—	2,188,866,229.08	3.90%
Decrease: Long-term receivables due within one year	**575,036,877.60**	**—**	**575,036,877.60**	575,036,877.60	—	575,036,877.60	—
Total	**1,617,335,267.00**	**—**	**1,617,335,267.00**	1,613,829,351.48	—	1,613,829,351.48	

13. Long-term equity investments

The breakdown of long-term equity investment is as follows:

RMB

Investee	1 January 2016	Movement in this period Increase	Reduction	Gain or loss recognized under equity method	Adjustment other comprehensive income	Changes in other equity	Declared cash dividend or profit	Impairment	others	30 June 2016	Impairment at the end of the period
Joint-venture											
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd. ("Yanfeng Johnson")	18,006,939.74	—	(18,006,939.74)	—	—	—	—	—	—	—	—
Total	18,006,939.74	—	(18,006,939.74)	—	—	—	—	—	—	—	—

The above investee is non-listed company.

Note: Prior to January 2016, the Group originally held 50% equity interest in former Yanfeng Johnson, a joint venture of the Group. After the Company acquired another 50% equity interest in former Yanfeng Johnson from Shanghai Yanfeng Johnson Controls Seating Co., Ltd. at consideration of RMB21.5 million in January 2016, the Group held 100% equity in former Yanfeng Johnson, who changed from a joint venture into a subsidiary of the Company on consolidation basis, and changed its name into "Baoding Xinyi Automobile Seating Co., Ltd. ". Details are set out in Note (VII) 1. (1).

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Investment properties

The investment properties measured at cost:

RMB

Item	Buildings	Land use right	Total
I. Original carrying amount			
1 January 2016	18,212,805.09	4,320,721.11	22,533,526.20
Additions for the period	111,587,073.43	17,770,823.45	129,357,896.88
(1) Transfer from fixed assets and intangible assets	39,924,918.19	17,770,823.45	57,695,741.64
(2) Transfer from construction in progress	71,662,155.24	—	71,662,155.24
Decreases for transferring to fixed assets and intangible assets for the period	(11,239,135.43)	(4,320,721.11)	(15,559,856.54)
30 June 2016	**118,560,743.09**	**17,770,823.45**	**136,331,566.54**
II. Accumulated amortization and depreciation			
1 January 2016	(1,037,996.80)	(21,201.25)	(1,059,198.05)
Additions for the period	(850,498.88)	(1,038,361.98)	(1,888,860.86)
(1) Provision or amortization	(850,498.88)	(29,667.48)	(880,166.36)
(2) Transfer from fixed assets and intangible assets	—	(1,008,694.50)	(1,008,694.50)
Decreases for transferred to fixed assets and intangible assets for the period	236,203.23	21,201.25	257,404.48
30 June 2016	**(1,652,292.45)**	**(1,038,361.98)**	**(2,690,654.43)**
III. Book value			
30 June 2016	**116,908,450.64**	**16,732,461.47**	**133,640,912.11**
31 December 2015	17,174,808.29	4,299,519.86	21,474,328.15

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Fixed assets

Fixed assets:

RMB

Item	Buildings	Machinery and equipment	Transportation vehicles	Others	Total
I. Original carrying amount					
1 January 2016	9,541,844,799.55	13,330,031,445.34	413,080,106.34	3,494,908,102.70	26,779,864,453.93
Additions for the period	1,229,956,875.62	2,798,912,890.00	16,396,121.22	682,082,803.03	4,727,348,689.87
1. Acquisition	82,219,804.90	72,632,032.51	2,223,529.61	80,932,042.87	238,007,409.89
2. Transfer from construction in progress	1,136,497,935.29	2,719,230,170.41	14,136,302.49	599,187,664.29	4,469,052,072.48
3. Addition from acquisition of subsidiaries	—	7,050,687.08	36,289.12	1,922,668.52	9,009,644.72
4. Transfer from investment properties	11,239,135.43	—	—	—	11,239,135.43
5. Transfer from inventories	—	—	—	40,427.35	40,427.35
Decrease for the period	(73,620,108.04)	(115,239,253.52)	(10,030,193.56)	(24,539,666.00)	(223,429,221.12)
1. Disposal or retired	(1,204,679.14)	(3,727,679.09)	(10,020,213.56)	(22,685,323.50)	(37,637,895.29)
2. Decrease for transferring to construction in progress	—	(107,180,672.34)	—	(42,894.88)	(107,223,567.22)
3. Decrease for transferring to investment properties	(39,924,918.19)	—	—	—	(39,924,918.19)
4. Decrease for transferring to intangible assets	(31,483,115.51)	—	—	—	(31,483,115.51)
5. Other transfer-out	(1,007,395.20)	(4,330,902.09)	(9,980.00)	(1,811,447.62)	(7,159,724.91)
30 June 2016	**10,698,181,567.13**	**16,013,705,081.82**	**419,446,034.00**	**4,152,451,239.73**	**31,283,783,922.68**
II. Accumulated depreciation					
1 January 2016	1,149,639,981.96	4,462,834,631.50	147,453,922.41	1,783,470,592.70	7,543,399,128.57
Additions for the period	170,587,811.21	675,237,341.85	28,898,563.70	291,709,730.57	1,166,433,447.33
1. Provision for the period	170,351,607.98	675,237,341.85	28,898,563.70	291,709,730.57	1,166,197,244.10
2. Transfer from investment properties	236,203.23	—	—	—	236,203.23
Decrease for the period	(529,599.34)	(20,048,943.97)	(5,487,686.51)	(17,246,422.20)	(43,312,652.02)
1. Disposal or retired	(299,383.20)	(2,501,224.25)	(5,477,706.51)	(15,708,781.23)	(23,987,095.19)
2. Decrease for transferring to construction in progress	—	(16,681,938.58)	—	(8,907.50)	(16,690,846.08)
3. Other transfer-out	(230,216.14)	(865,781.14)	(9,980.00)	(1,528,733.47)	(2,634,710.75)
30 June 2016	**1,319,698,193.83**	**5,118,023,029.38**	**170,864,799.60**	**2,057,933,901.07**	**8,666,519,923.88**
III. Provision for impairment					
1 January 2016	136,268.33	44,691,882.12	—	35,204,118.13	80,032,268.58
Additions for the period	—	3,670,838.02	—	55,740,214.74	59,411,052.76
Decrease for the period	—	(79,577.25)	—	(3,270,110.04)	(3,349,687.29)
1. Disposal or retired	—	(79,577.25)	—	(3,270,110.04)	(3,349,687.29)
30 June 2016	**136,268.33**	**48,283,142.89**	**—**	**87,674,222.83**	**136,093,634.05**
IV. Book value					
30 June 2016	**9,378,347,104.97**	**10,847,398,909.55**	**248,581,234.40**	**2,006,843,115.83**	**22,481,170,364.75**
31 December 2015	8,392,068,549.26	8,822,504,931.72	265,626,183.93	1,676,233,391.87	19,156,433,056.78

As at 30 June 2016, among the fixed assets, the net book value of properties without title certificates amounted to RMB2,839,423,876.26 (As at 31 December 2015: RMB1,942,730,939.00) and the application of relevant title certificates is in progress.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Construction in progress

(1) The breakdown of construction in progress is as follows:

RMB

Project	30 June 2016 (Unaudited) Carrying amount	Impairment provision	Net book value	31 December 2015 (Audited) Carrying amount	Impairment provision	Net book value
Annual production of 400,000 sets of axles and brakes	**1,234,403.71**	**—**	**1,234,403.71**	1,234,403.71	—	1,234,403.71
Annual production of 400,000 sets of interior and exterior decorations	**45,600.00**	**—**	**45,600.00**	994,691.22	—	994,691.22
Annual production of 400,000 sets of aluminum alloy casting	**—**	**—**	**—**	2,000,568.77	—	2,000,568.77
Tianjin automotive project	**29,359,121.10**	**—**	**29,359,121.10**	45,684,661.20	—	45,684,661.20
Tianjin parts and components project	**200,031,896.23**	**(825,758.75)**	**199,206,137.48**	143,978,004.11	—	143,978,004.11
Industrial park phase I, II, III Reconstruction and expansion	**351,269,047.80**	**(11,013,179.46)**	**340,255,868.34**	258,227,920.78	(11,013,179.46)	247,214,741.32
Xindatong Reconstruction	**7,068,544.20**	**—**	**7,068,544.20**	6,201,363.92	—	6,201,363.92
Jiaozhuang infrastructure	**1,766,856.00**	**—**	**1,766,856.00**	847,696.00	—	847,696.00
Jiaozhuang equipment	**24,277,877.43**	**—**	**24,277,877.43**	59,216,915.95	—	59,216,915.95
New technology center	**214,893,887.07**	**—**	**214,893,887.07**	381,748,924.54	—	381,748,924.54
Xushui automotive project	**2,179,914,648.03**	**—**	**2,179,914,648.03**	3,737,652,655.74	—	3,737,652,655.74
Xushui parts and components project	**1,111,494,190.83**	**(83,886.55)**	**1,111,410,304.28**	1,302,227,493.61	—	1,302,227,493.61
Xushui supporting infrastructure project	**135,427,612.22**	**—**	**135,427,612.22**	133,248,777.99	—	133,248,777.99
Russia 80,000 sets of vehicle plant and residential area supporting project	**92,922,112.37**	**—**	**92,922,112.37**	40,784,780.44	—	40,784,780.44
Part and Components Department Reconstruction project	**324,595,340.33**	**—**	**324,595,340.33**	137,503,239.01	—	137,503,239.01
Total	**4,674,301,137.32**	**(11,922,824.76)**	**4,662,378,312.56**	6,251,552,096.99	(11,013,179.46)	6,240,538,917.53

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Construction in progress (continued)

(2) Changes in major construction in progress

RMB

Project	Budget amount	1 January 2016	Additions for the period	Transferred to fixed assets	Other Deductions *(note)*	Proportion of investment to budget *(%)*	Accumulated capitalized interest amount	Including: capitalized interest amount for the period	Ratio of capitalized interest amount for the period *(%)*	Sources of fund	30 June 2016
Annual production of 400,000 sets of axles and brakes	588,593,900.00	1,234,403.71	–	–	–	98.26	–	–	–	Raising and Own funds	**1,234,403.71**
Annual production of 400,000 sets of interior and exterior decorations	575,893,500.00	994,691.22	–	(949,091.22)	–	100.00	–	–	–	Raising and Own funds	**45,600.00**
Annual production of 400,000 sets of aluminum alloy casting	303,376,600.00	2,000,568.77	–	–	(2,000,568.77)	100.00	–	–	–	Raising funds	**–**
Tianjin Automobile project	5,060,971,991.16	45,684,661.20	151,791,678.62	(167,763,347.92)	(353,870.80)	98.34	–	–	–	Own funds	**29,359,121.10**
Tianjin parts and components project	2,262,332,297.52	143,978,004.11	67,772,419.98	(11,219,546.29)	(498,981.57)	79.47	–	–	–	Own funds	**200,031,896.23**
Industrial park phase I II III Reconstruction and expansion	872,719,666.00	258,227,920.78	212,387,930.95	(110,504,696.27)	(8,842,107.66)	86.44	–	–	–	Own funds	**351,269,047.80**
Xindatong Reconstruction	9,653,783.00	6,201,363.92	867,180.28	–	–	100.00	–	–	–	Own funds	**7,068,544.20**
Jiaozhuang infrastructure	254,193,000.00	847,696.00	932,258.28	(13,098.28)	–	80.91	–	–	–	Own funds	**1,766,856.00**
Jiaozhuang equipment	1,384,811,857.00	59,216,915.95	–	(27,512,852.07)	(7,426,186.45)	100.00	–	–	–	Own funds	**24,277,877.43**
New technology center	1,976,539,000.00	381,748,924.54	10,163,314.92	(153,702,297.95)	(23,316,054.44)	79.00	–	–	–	Own funds	**214,893,887.07**
Xushui Automobile Project	11,013,118,194.00	3,737,652,655.74	989,326,816.27	(2,545,426,434.21)	(1,638,389.77)	74.31	–	–	–	Own funds	**2,179,914,648.03**
Xushui parts and components project	10,094,680,370.90	1,302,227,493.61	1,229,550,746.05	(1,372,543,208.23)	(47,740,840.60)	53.42	–	–	–	Own funds	**1,111,494,190.83**
Xushui supporting infrastructure project	683,995,500.00	133,248,777.99	32,743,256.79	–	(30,564,422.56)	19.80	–	–	–	Own funds	**135,427,612.22**
Russia 80,000 sets of automobile and residential area supporting project	2,442,256,660.00	40,784,780.44	52,137,331.93	–	–	3.80	–	–	–	Own funds	**92,922,112.37**
Part and Components Department Reconstruction project	1,010,000,928.87	137,503,239.01	296,005,852.38	(79,417,500.04)	(29,496,251.02)	79.34	–	–	–	Own funds	**324,595,340.33**
Total	38,533,137,248.45	6,251,552,096.99	3,043,678,786.45	(4,469,052,072.48)	(151,877,673.64)		–	–	–		**4,674,301,137.32**

Note: The decrease of RMB11,308,270.22 in construction in progress is transferred into intangible assets, and a decrease of RMB71,662,155.24 in construction in progress is transferred into investment properties.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Intangible assets

(1) Intangible assets

RMB

Item	Land use rights	Software and others	Total
I. Original carrying amount			
1 January 2016	3,337,936,042.52	152,196,963.02	3,490,133,005.54
Additions for the period	4,320,721.11	67,792,291.40	72,113,012.51
1. Acquisition	—	25,000,905.67	25,000,905.67
2. Transferred from construction in progress	—	11,308,270.22	11,308,270.22
3. Transferred from investment properties	4,320,721.11	—	4,320,721.11
4. Transferred from fixed assets	—	31,483,115.51	31,483,115.51
Deductions for the period	(18,012,207.99)	(258,931.46)	(18,271,139.45)
1. Disposal	(241,384.54)	(258,931.46)	(500,316.00)
2. Decrease for transferring to investment properties	(17,770,823.45)	—	(17,770,823.45)
30 June 2016	**3,324,244,555.64**	**219,730,322.96**	**3,543,974,878.60**
II. Total accumulated amortization			
1 January 2016	288,855,506.37	65,495,856.51	354,351,362.88
Additions for the period	35,309,121.48	6,948,140.29	42,257,261.77
1. Provision	35,287,920.23	6,948,140.29	42,236,060.52
2. Transferred from investment properties	21,201.25	—	21,201.25
Deductions for the period	(1,065,859.21)	(148,549.26)	(1,214,408.47)
1. Disposal	(57,164.71)	(148,549.26)	(205,713.97)
2. Decrease for transferring to investment properties	(1,008,694.50)	—	(1,008,694.50)
30 June 2016	**323,098,768.64**	**72,295,447.54**	**395,394,216.18**
III. Book value			
30 June 2016	**3,001,145,787.00**	**147,434,875.42**	**3,148,580,662.42**
31 December 2015	3,049,080,536.15	86,701,106.51	3,135,781,642.66

As at 30 June 2016, among the intangible assets, the net book value of land use rights without land use right certificates amounted to RMB36,257,504.17 (As at 31 December 2015: RMB36,257,504.17), and the application of relevant land use right certificates is in progress.

Analysis of land rental prepayments (land use rights) by location and aging is as follows:

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Located in mainland China — 10 to 50 years	**3,001,145,787.00**	3,049,080,536.15

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Goodwill

RMB

Name of investee or matters generating goodwill	1 January 2016	Additions for the period	Deductions for the period	30 June 2016	Impairment provision as at the end of the period
Baoding Changfu Pressings Co., Ltd. *(note)* (保定長福衝壓件有限公司 *(note)*)	2,163,713.00	—	—	**2,163,713.00**	—
Former Yanfeng Johnson (原延鋒江森) *(Note (VII)1)*	—	2,809,017.90	—	**2,809,017.90**	—
Total	2,163,713.00	2,809,017.90	—	**4,972,730.90**	—

Note: The above goodwill arose from the acquisition of additional 26% equity interest in Baoding Changfu Pressings Co., Ltd. (保定長福衝壓件有限公司) on 16 January 2003.

The goodwill arising from business combination has been allocated to assets used for manufacturing and sales of pick-up trucks, Sport Utility Vehicle (SUV) and cross-border vehicles in purpose of impairment testing. The management of the Group evaluated the recoverable amount and expected that no impairment provision will be required for goodwill during the reporting period.

19. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB

Item	30 June 2016 (Unaudited) Deductible temporary differences	30 June 2016 (Unaudited) Deferred tax assets	31 December 2015 (Audited) Deductible temporary differences	31 December 2015 (Audited) Deferred tax assets
Provision for bad debts	**104,701,821.43**	**16,886,643.01**	85,038,055.24	14,534,946.80
Impairment provisions for loans	**8,180,422.96**	**2,045,105.74**	5,795,267.28	1,448,816.82
Provision for decline in value of inventories	**17,282,921.98**	**1,699,767.94**	15,304,361.33	2,756,277.71
Impairment of fixed assets	**136,093,634.05**	**22,619,979.85**	80,032,268.58	12,476,510.60
Impairment of construction in progress	**11,922,824.76**	**1,870,999.59**	11,013,179.46	1,651,976.92
Accrued expenses which are deductible upon payment	**969,171,771.31**	**224,742,414.50**	962,411,223.68	222,096,872.43
Taxable upon receipt of advance payment	**925,205,758.32**	**138,730,280.49**	934,288,140.10	174,482,526.37
Deductible loss	**83,228,349.15**	**20,446,933.85**	41,984,781.71	11,727,555.58
Deferred income	**1,008,903,409.51**	**174,968,164.58**	1,004,757,560.59	175,271,734.20
Unrealized profit arising from internal transactions in consolidated financial statement	**586,088,897.55**	**145,340,054.41**	362,930,384.25	86,313,133.50
Temporary difference of interest payable	**19,209,366.99**	**4,802,341.75**	—	—
Others	**147,581,350.72**	**22,004,270.62**	156,469,809.30	26,557,778.48
Total	**4,017,570,528.73**	**776,156,956.33**	3,660,025,031.52	729,318,129.41

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Deferred tax assets and deferred tax liabilities (continued)

(2) Deferred tax liabilities before offsetting

RMB

Item	30 June 2016 (Unaudited) Taxable temporary difference	30 June 2016 (Unaudited) Deferred tax liabilities	31 December 2015 (Audited) Taxable temporary difference	31 December 2015 (Audited) Deferred tax liabilities
Difference between the book value of accumulated depreciation and tax base	**(262,101,274.92)**	**(40,372,146.86)**	(125,375,722.31)	(19,519,397.96)
Temporary difference of interest receivable	**(6,246,445.51)**	**(1,561,611.38)**	(5,097,184.29)	(1,274,296.07)
Total	**(268,347,720.43)**	**(41,933,758.24)**	(130,472,906.60)	(20,793,694.03)

(3) Deferred tax assets and deferred tax liabilities disclosed at net amount after offsetting

RMB

Item	30 June 2016 (Unaudited) Offset amount of deferred tax assets and liabilities	30 June 2016 (Unaudited) Deferred tax assets (liabilities) after offsetting	31 December 2015 (Audited) Offset amount of deferred tax assets and liabilities	31 December 2015 (Audited) Deferred tax assets (liabilities) after offsetting
Deferred tax assets	**(37,909,899.52)**	**738,247,056.81**	(19,699,417.15)	709,618,712.26
Deferred tax liabilities	**37,909,899.52**	**(4,023,858.72)**	19,699,417.15	(1,094,276.88)

20. Short-term borrowings and Long-term borrowings

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Short-term Borrowings Guaranteed Loans	**300,000,000.00**	300,000,000.00
Long-term Borrowings Guaranteed Loans	**49,900,000.00**	50,000,000.00

Note: The guaranteed loans of the Group are loans to a subsidiary of the Group, Tianjin Great Wall Binyin Automotive Finance Company Limited ("Automotive Finance"), provided the Company being the guarantor. The annual interest rate of the long-term borrowings is 5.9375%.

The maturity analysis of long-term borrowing of the Group is as follows:

RMB

Bank loan repayment requirements	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	**200,000.00**	200,000.00
1–2 years	**200,000.00**	200,000.00
2–5 years	**49,500,000.00**	49,600,000.00
Total	**49,900,000.00**	50,000,000.00

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Notes payable

RMB

Category	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Bank acceptance bills	**5,062,643,312.34**	5,480,528,560.69
Total	**5,062,643,312.34**	5,480,528,560.69

22. Accounts payable

(1) Accounts payable

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	**15,329,190,017.75**	15,571,825,918.48
1 to 2 years	**12,633,634.28**	15,198,746.67
2 to 3 years	**9,718,032.34**	11,002,961.40
Over 3 years	**6,838,101.38**	5,225,934.60
Total	**15,358,379,785.75**	15,603,253,561.15

The aging analysis of accounts payable is based on the time of purchasing materials, goods or receiving services.

(2) There was no accounts payable aged over one year with significant amount during the period.

23. Receipts in advance

(1) Receipts in advance

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	**3,236,800,775.46**	4,917,525,012.83
1 to 2 years	**25,166,028.92**	16,225,788.52
2 to 3 years	**3,664,538.37**	3,016,584.83
Over 3 years	**3,355,114.34**	1,077,879.26
Total	**3,268,986,457.09**	4,937,845,265.44

(2) Receipts in advance aged over 1 year with significant amount:

RMB

Item	30 June 2016	Reason for outstanding or transfer
Supplier 1	**7,546,325.29**	Transfer terms have not been reached
Supplier 2	**4,914,671.96**	Transfer terms have not been reached
Total	**12,460,997.25**	

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Employee benefits payable

(1) *Employee benefits payable disclosed as follow:*

RMB

Item	1 January 2016	Increase	Decrease	30 June 2016
1. Short-term employee benefits payable	1,534,329,662.14	2,692,806,483.59	(3,721,077,128.02)	**506,059,017.71**
2. Post-employment benefits-defined contribution plan	269,061.63	196,190,047.16	(190,059,787.66)	**6,399,321.13**
Total	1,534,598,723.77	2,888,996,530.75	(3,911,136,915.68)	**512,458,338.84**

(2) *Short-term employee benefits payable disclosed as follow:*

RMB

Item	1 January 2016	Increase	Decrease	30 June 2016
1. Salaries, bonuses, allowances and subsidies	1,302,358,402.37	2,216,398,121.06	(3,079,656,128.92)	**439,100,394.51**
2. Staff welfare	178,862,989.49	144,642,947.84	(317,263,425.53)	**6,242,511.80**
3. Staff bonuses and welfare fund (Note VI, 33(4))	3,836,146.34	2,288,314.24	(482,951.67)	**5,641,508.91**
4. Social insurance premiums	7,626.26	96,217,245.00	(96,107,428.45)	**117,442.81**
Including: Medical insurance	3,868.75	83,231,493.36	(83,114,164.33)	**121,197.78**
Work-related injury insurance	1,659.54	8,293,475.51	(8,306,267.47)	**(11,132.42)**
Maternity insurance	2,097.97	4,692,276.13	(4,686,996.65)	**7,377.45**
5. Housing provident funds	6,861.00	81,356,780.20	(65,721,785.60)	**15,641,855.60**
6. Labor union expenditures	37,580,543.12	27,048,153.66	(35,371,123.64)	**29,257,573.14**
7. Employees' education expenses	3,255,061.59	2,128,022.17	(2,392,193.84)	**2,990,889.92**
8. Service charge	8,422,031.97	122,726,899.42	(124,082,090.37)	**7,066,841.02**
Total	1,534,329,662.14	2,692,806,483.59	(3,721,077,128.02)	**506,059,017.71**

(3) *Defined contribution plan*

RMB

Item	1 January 2016	Increase	Decrease	30 June 2016
1. Basic endowment insurance	265,476.15	184,687,602.99	(178,565,102.19)	**6,387,976.95**
2. Unemployment insurance	3,585.48	11,502,444.17	(11,494,685.47)	**11,344.18**
Total	269,061.63	196,190,047.16	(190,059,787.66)	**6,399,321.13**

Employees of the Group are required to join a pension plan operated by the local government. Under such plan, the Group is required to make contribution at a fixed percentage of the salaries of its employees. The obligation of Group to such pension plan is limited to the fixed contribution to the plan.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Taxes payable

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Value added tax	**73,177,367.41**	269,631,255.96
Consumption tax	**185,977,958.99**	224,833,298.21
Enterprise income tax	**394,420,052.19**	393,204,088.93
Individual income tax	**15,528,836.35**	14,090,802.52
Urban maintenance and construction tax	**18,306,135.53**	35,796,162.27
Education surcharges	**14,963,729.61**	26,741,369.20
Duty stamp	**7,273,924.04**	9,328,544.69
Real estate tax	**1,220,557.58**	525,175.70
Others	**1,710,461.79**	5,096,780.91
Total	**712,579,023.49**	979,247,478.39

26. Other payables

(1) Other payables disclosed by nature are as follow:

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Project payment	**493,153,341.24**	425,410,878.28
Equipment payment	**689,357,162.65**	672,099,968.84
Deposits	**465,348,281.72**	454,258,567.36
Others	**126,109,011.64**	113,664,654.63
Total	**1,773,967,797.25**	1,665,434,069.11

(2) The breakdown of other payables is as follows:

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	**1,373,640,924.32**	1,289,090,977.11
1 to 2 years	**250,169,400.57**	259,220,556.64
2 to 3 years	**90,788,857.59**	72,181,645.42
Over 3 years	**59,368,614.77**	44,940,889.94
Total	**1,773,967,797.25**	1,665,434,069.11

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Other payables (continued)

(3) *Descriptions of other significant payables aged over one year*

RMB

Item	30 June 2016	Reason for outstanding or transfer
Entity 1	**10,240,370.30**	Payment terms have not been reached
Entity 2	**9,671,184.72**	Payment terms have not been reached
Entity 3	**8,394,780.00**	Payment terms have not been reached
Entity 4	**6,697,017.50**	Payment terms have not been reached
Entity 5	**5,695,068.30**	Payment terms have not been reached
Total	**40,698,420.82**	

27. Non-current liabilities due within one year

RMB

Item	Note	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Non-current liabilities due within one year	(VI)29	**93,824,466.12**	83,299,009.08

Note: Such non-current liabilities due within one year were the amortization amount of deferred income for the next year.

28. Other current liabilities

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Accrued after-sale service expenses	**1,034,315,235.55**	1,027,836,691.62
Accrued advertising and media service expenses	**14,285,855.76**	6,197,953.68
Accrued transportation costs	**15,376,423.26**	12,437,764.49
Accrued technology development expenditure	**29,348,949.40**	38,727,944.33
Accrued utilities fees	**26,323,050.68**	17,214,176.45
Accrued port charges	**3,319,832.68**	1,727,710.26
Others	**108,634,174.37**	91,699,797.24
Total	**1,231,603,521.70**	1,195,842,038.07

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Deferred income

The closing balances of deferred income are all related to government grants.

RMB

Type	1 January 2016	Increase in grant for the period	Amount recognized in non-operating income for the period	30 June 2016	Related to an asset/ related to income
Infrastructure supporting fund *(Note 1)*	736,235,827.33	—	(12,070,087.94)	**724,165,739.39**	related to an asset
Government industrial policy supporting fund *(Note 2)*	347,641,098.55	—	(10,673,898.22)	**336,967,200.33**	related to an asset
Soft soil foundation subsidy *(Note 3)*	269,245,518.26	—	(3,057,486.98)	**266,188,031.28**	related to an asset
Hybrid power SUV development project *(Note 4)*	98,000,000.00	—	—	**98,000,000.00**	related to income
New technical center infrastructure construction project *(Note 5)*	90,939,239.69	—	(6,102,745.29)	**84,836,494.40**	related to an asset
Tax refund for purchasing domestic manufactured equipment *(Note 6)*	36,640,481.65	—	(6,098,230.19)	**30,542,251.46**	related to an asset
Urban construction fund *(Note 7)*	53,143,221.95	—	(1,159,914.18)	**51,983,307.77**	related to an asset
Connected car project *(Note 8)*	11,976,240.00	—	(11,280.00)	**11,964,960.00**	related to income
Subsidies for key technological innovation projects *(Note 9)*	5,366,666.45	—	(575,000.02)	**4,791,666.43**	related to an asset
Development fund for SMEs *(Note 10)*	4,703,054.32	—	(147,739.92)	**4,555,314.40**	related to an asset
Diesel engine development project fund *(Note 11)*	600,000.00	—	(50,000.00)	**550,000.00**	related to an asset
Engine construction project *(Note12)*	12,000,000.00	—	(500,000.00)	**11,500,000.00**	related to an asset
High grade CNC technology project *(Note13)*	390,127.30	—	(278,500.00)	**111,627.30**	related to income
Development of Strategic Emerging Industry *(Note 14)*	2,000,000.00	—	(12,405.03)	**1,987,594.97**	related to an asset
Scientific and Technological Innovation *(Note 15)*	138,900.00	—	—	**138,900.00**	related to income
Innovation Platform Construction Project *(Note 16)*	400,000.00	—	—	**400,000.00**	related to an asset
Super Magnesium Alloy and Coating Project *(Note 17)*	60,400.00	100,000.00	(60,400.00)	**100,000.00**	related to income
Energy-saving Gasoline Direct Injection Engine Project *(Note 18)*	99,996,800.86	—	(4,166,666.67)	**95,830,134.19**	related to an asset
Construction project for automobile industry technology institution *(Note 19)*	—	1,000,000.00	—	**1,000,000.00**	related to an asset
Jing-Jin-Ji United R&D project of New energy vehicle *(Note 20)*	—	3,000,000.00	—	**3,000,000.00**	related to an asset
SUV development project *(Note 21)*	—	2,000,000.00	—	**2,000,000.00**	related to income
110KV transformer substation project *(Note 22)*	—	30,888,823.05	(1,078,657.33)	**29,810,165.72**	related to an asset
Total	1,769,477,576.36	36,988,823.05	(46,043,011.77)	**1,760,423,387.64**	
Less: Non-current liabilities due within one year	(83,299,009.08)	—	—	**(93,824,466.12)**	
Deferred	1,686,178,567.28	36,988,823.05	(46,043,011.77)	**1,666,598,921.52**	

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Deferred income (continued)

Note 1: According to the "Circular Regarding the Allocation of Infrastructure Construction Fund to Great Wall Motor Company Limited" issued by Baoding Xushui government, Xushui government allocated money to the Company as the supporting fund for the infrastructure (buildings and ancillary facilities) construction of 500,000-automobile and components and parts production base project in new Great Wall industrial area in Baoding.

Note 2: According to the "Provisional Regulations on the Development of Advanced Manufacturing Industry in Tianjin Economic-Technological Development Area" and the cooperation agreement entered into between Tianjin Economic-Technological Development Area and the Company, the Company and Tianjin Great Wall Wantong Automotive Parts Company Limited ("Tianjin Wantong") and Tianjin Great Wall Lean Automotive Parts Company Limited ("Tianjin Lean"), subsidiaries of the Company, received industrial policy supporting fund from Tianjin Economic-Technological Development Area in 2009.

Note 3: According to the "Provisional Regulations on the Development of Advanced Manufacturing Industry in Tianjin Economic-Technological Development Area", the cooperation agreement entered into between Tianjin Economic-Technological Development Area and the Company, and "Payment agreement of soft soil foundation treatment subsidy" of Tianjin Economic and Technological Development Zone Development Bureau, the Company and two subsidiaries of the company, Tianjin Wantong and Tianjin Lean, received soft soil foundation subsidiary from Tianjin Economic-Technological Development Area.

Note 4: According to the "Notice regarding reward fund appropriations in advance of new energy automobile industry technological innovation project by the Bureau of Finance in Baoding", "New Plug-in Hybrid Power SUV Development Project" developed by the Company is shortlisted for the new energy vehicles industry technological innovation project.

Note 5: According to the "Notice regarding the Central Infrastructure Investment Expenditure Budget (Allocated Fund) for Revitalization of Industry and Technological Transformation in 2012(Central evaluated second patch) by the Bureau of Finance in Baoding", the Bureau of Finance in Southern Baoding allocated the Central Infrastructure Expenditure Budget (Allocated Fund) as Central Infrastructure expenditure budget (appropriation) quota for the construction project of the new technology center of the Company exclusively.

Note 6: This refers to value-added tax refunded to the Company and Great Wall Vehicle Axles Industries ("Great Wall Vehicle Axles"), a subsidiary of the Company, for the purchase of domestic manufactured equipment by foreign-invested enterprises.

Note 7: According to "Minutes of the Meeting Regarding Coordination of the Relevant Issues of New Factory Construction of Baoding Great Wall Motor Company Limited"(Baoding Zheng [2002] No.170) (保定政[2002]170號) issued by the office of Baoding government, Baoding Municipal Bureau of Finance allocated urban construction fund to the Group for land and related infrastructure construction exclusively.

Note 8: According to "Notice regarding supplemental fund for satellite and appliance industry development in 2013 by the Finance Department and Development and Reform Commission of Hebei Province", the Bureau of Finance and Development and Reform in Baoding allocated money for the development of front installed telematics services platform and terminals based on the BeiDou Navigation Satellite System of the Company exclusively.

Note 9: According to "Notice regarding improving the ability of independent innovation and high-tech industry development projects in 2010 the first batch of the central budget for investment projects" issued by Hebei Development and Reform Commission and forwarded by Baoding Development and Reform Commission, Baoding Development and Reform Commission allocated money to the Company for innovation project of Automobile safety and environmental protection. Baoding Finance Bureau allocated money to Great Wall Internal Combustion Engine, a subsidiary of the Company for Diesel engine technology reconstruction project. Moreover, according to the "Notice Regarding the Central Infrastructure Expenditure Budget (Fund Allocated) for Independent Innovation and Advanced Technology Industrialization in 2011 by Bureau of Finance in Baoding", the Bureau of Finance in Southern Baoding allocated the Central Infrastructure Expenditure Budget (Allocated Fund) as Central Infrastructure expenditure budget (appropriation) quota for the innovation project of the technology center of the Company exclusively.

Note 10: According to "Circular regarding the Granting of the Development Fund for SMEs to Baoding Great Wall Resource Recycling Co. Ltd.", the Bureau of Finance in Qingyuan granted a fund to Baoding Great Wall Resource Recycling Co. Ltd. ("Great Wall Resource Recycling"), a subsidiary of the Company. The fund was used for the construction of infrastructure of a scrap steel project with annual capacity of 80,000 tons.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Deferred income (continued)

Note 11: According to "Notice regarding the projects and funding of Hebei Province Scientific and technological research and development program (the first batch) in 2011", the company's GW4D20 Diesel product development project was granted directly from the Bureau of Finance in Hebei Province.

Note 12: According to "Notice Regarding the Fund for Technological Renovation in 2014 by Baoding Finance Bureau and Bureau of Industry and Information," Baoding Finance Bureau allocated fund amounted to RMB12 million for the construction of the Company's engine test center project.

Note 13: According to the "Mission Statement 2014ZX04002-071 by Scientific Development Department", the Company took charge of the research project of typical forming process and key equipment technology of aluminum alloy autobody parts in the major special projects of "high-end CNC machine and fundamental manufacturing equipment" and was granted project research funding.

Note 14: According to "Notice of Allocating the Special Provincial Funds for the Development of Strategic Emerging Industry in 2014" which announced by Hebei Province Department of Finance and Hebei Development and Reform Commission,the Company has been allocated special funds to the project of Develop Innovation Capacity of Company Technique Centre, which amounted to RMB2 million this period.

Note 15: According to "Implementation Plan of Incentive Subsidy Project on Scientific and Technological Innovation in 2015" by the Bureau of Finance in Baoding, the Company has been allocated special funds to the project for development, research and industrialization in 2.0L Gasoline Direct Injection Engine in 2015, which was amounted to RMB500,000.

Note 16: According to "Hebei province Mission statement of the Expenditure of Innovation Platform Construction", RMB400,000 was allocated by Department of Science and Technology of Hebei province, which is dedicated used in the improvement of hardware of loop simulation system and the purchasing of equipment.

Note 17: According to "Cooperation Agreement of International technology Corporation between China and Canada", the Company received RMB100,000 which is dedicated used in the cooperation with Engineering Science for Super Magnesium Alloy and Coating Project.

Note 18: According to "Baoding Notice of investment from central government for industrial transformation and upgrading (Second Batch of Industry Revitalization and Technology Reform", the Company received RMB100 million from the Bureau of Finance of Hebei province, which is used in the Energy-saving Gasoline Direct Injection Engine Project.

Note 19: According to "Requirements for Technology Construction Project of Hebei Province", the Company obtained special grant of RMB1 million from Department of Science and Technology of Hebei province, which is specially proposed to instruct the construction of Hebei automobile industry institute dedicated in new energy automobile and efficient dynamic assembly.

Note 20: According to "Construction of Experimental Zone for Transformation of G45 Achievements and Application of Jing-Jin-Ji United R& D Project of New Energy Vehicle", the Company obtained special grant of RMB3 million from Hebei Baoding Technology Bureau which dedicated in united R & D of new energy automobile of Great Wall Automobile Institute, and purchasing relevant instruments and equipments.

Note 21: According to "Requirements on Special Projects of Hebei Key Technology Transformation Projects", the Company obtained special grant of RMB2 million from Department of Science and Technology of Hebei province, which is dedicated in R&D achievements transformation activities of high-end luxurious SUV Haval.

Note 22: According to "Symposium Minutes of Western Region Work" filed as Jin Kai Ji (2014) No. 108, the Company obtained RMB30.8888 million for the construction of capacity expanding 3rd power circuit project and peripheral expenditures from development zone.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Share capital

As at 30 June 2016, the registered capital of the Company amounted to RMB9,127,269,000.00 and the paid up share capital amounted to RMB9,127,269,000.00. The par value of the each share was RMB1.00. The shares by type and structure are as follows:

RMB

Item	Opening balance	Changes for the period					Closing balance
		New issue	Bonus shares	Shares transfer from reserve	Others	Subtotal	
For the period from 1 January to 30 June 2016 (Unaudited):							
Promoters' shares	**5,115,000,000.00**	**–**	**–**	**–**	**–**	**–**	**5,115,000,000.00**
Outstanding overseas listed foreign shares	**3,099,540,000.00**	**–**	**–**	**–**	**–**	**–**	**3,099,540,000.00**
Outstanding domestic listed RMB ordinary shares	**912,729,000.00**	**–**	**–**	**–**	**–**	**–**	**912,729,000.00**
Total number of shares	**9,127,269,000.00**	**–**	**–**	**–**	**–**	**–**	**9,127,269,000.00**
For the period from 1 January to 30 June 2015 (Audited):							
Promoters' shares	1,705,000,000.00	–	–	–	–	–	1,705,000,000.00
Outstanding overseas listed foreign shares	1,033,180,000.00	–	–	–	–	–	1,033,180,000.00
Outstanding domestic listed RMB ordinary shares	304,243,000.00	–	–	–	–	–	304,243,000.00
Total number of shares	3,042,423,000.00	–	–	–	–	–	3,042,423,000.00

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Capital reserve

RMB

Item	Opening balance	Additions	Deductions	Closing balance
For the period from 1 January to 30 June 2016 (Unaudited):				
Capital premiums	**1,466,587,149.89**	**—**	**—**	**1,466,587,149.89**
Other capital reserves	**(55,356,135.47)**	**—**	**—**	**(55,356,135.47)**
Including: Transfer from capital reserves under the previous standards	**13,911,809.08**	**—**	**—**	**13,911,809.08**
Difference between the consideration of acquiring minority interest in subsidiary and the fair value of minority interest	**(37,780,293.29)**	**—**	**—**	**(37,780,293.29)**
Translation differences of foreign capital	**27,752.39**	**—**	**—**	**27,752.39**
Reserve for revaluation gain of assets	**(31,515,403.65)**	**—**	**—**	**(31,515,403.65)**
Total	**1,411,231,014.42**	**—**	**—**	**1,411,231,014.42**
For the period from 1 January to 30 June 2015 (Audited):				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserves	(55,137,945.87)	(218,189.60)	—	(55,356,135.47)
Including: Transfer from capital reserves under the previous standards	13,911,809.08	—	—	13,911,809.08
Difference between the consideration of acquiring minority interest in subsidiary and the fair value of minority interest	(37,562,103.69)	(218,189.60)	—	(37,780,293.29)
Translation differences of foreign capital	27,752.39	—	—	27,752.39
Reserve for revaluation gain of assets	(31,515,403.65)	—	—	(31,515,403.65)
Total	4,453,872,204.02	(218,189.60)	—	4,453,654,014.42

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Surplus reserve

RMB

Item	Opening balance	Additions	Deductions	Closing balance
For the period from 1 January to 30 June 2016 (Unaudited):				
Statutory surplus reserves *(note 1)*	**2,993,762,730.55**	**—**	**(64,129,118.13)**	**2,929,633,612.42**
Discretionary surplus reserves	**2,855,650.48**	**—**	**—**	**2,855,650.48**
Enterprise expansion fund	**3,086,749.11**	**—**	**—**	**3,086,749.11**
Reserve fund	**107,215,035.82**	**—**	**—**	**107,215,035.82**
Tax credit for social welfare enterprises	**251,838,024.75**	**—**	**—**	**251,838,024.75**
Total	**3,358,758,190.71**	**—**	**(64,129,118.13)**	**3,294,629,072.58**
For the period from 1 January to 30 June 2015 (Audited):				
Statutory surplus reserves	1,964,877,644.23	—	(274,871.80)	1,964,602,772.43
Discretionary surplus reserves	2,855,650.48	—	—	2,855,650.48
Enterprise expansion fund	53,119,475.87	—	—	53,119,475.87
Reserve fund	156,930,046.45	—	—	156,930,046.45
Tax credit for social welfare enterprises	251,838,024.75	—	—	251,838,024.75
Total	2,429,620,841.78	—	(274,871.80)	2,429,345,969.98

Note 1: Pursuant to the shareholders' resolution of Great Wall Vehicle Axles, an subsidiary of the Company), made on 6 June 2016, Great Wall Vehicle Axles transferred 25% of its surplus reserve which exceeds the registered capital to the Undistributed profits.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Undistributed profits

RMB

Item	Amount	Proportion of appropriation or allocation
For the period from 1 January to 30 June 2016 (Unaudited):		
Undistributed profits at the beginning of the period	**24,581,585,137.24**	
Add: Net profits attributable to the shareholders of the Company of the period	**4,925,601,514.99**	
Transfer from surplus reserves *(Note VI, 32 Note 1)*	**64,129,118.13**	
Other transformation	**482,951.67**	**(4)**
Less: Appropriation of statutory surplus reserves	**—**	**(1)**
Appropriation of discretionary surplus reserves	**—**	
Appropriation of enterprise expansion fund	**—**	**(2)**
Appropriation of reserve fund	**—**	
Distribution of cash dividends	**(1,734,181,110.00)**	**(3)**
Appropriation of staff incentive bonus and welfare fund	**—**	**(2)**
Share capital transferred from ordinary shares	**—**	
Undistributed profits at the end of the period	**27,837,617,612.03**	
For the period from 1 January to 30 June 2015 (Audited):		
Undistributed profits at the beginning of the period	**23,623,537,021.85**	
Add: Net profits attributable to the shareholders of the Company of the period	**4,717,052,784.60**	
Others	**274,871.80**	
Less: Appropriation of statutory surplus reserves	**—**	(1)
Appropriation of discretionary surplus reserves	**—**	
Appropriation of enterprise expansion fund	**—**	(2)
Appropriation of reserve fund	**—**	(2)
Distribution of cash dividends	**(2,433,938,400.00)**	(3)
Appropriation of staff incentive bonus and welfare fund	**—**	(2)
Undistributed profits at the end of the period	**25,906,926,278.25**	

(1) Appropriation to statutory surplus reserve

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital. Under the Articles of Associations and relevant company regulations, some statutory surplus reserve can transfer to share capital of the Company, while the remaining statutory reserves shall be no less than 25% of the registered capital.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Undistributed profits (continued)

(2) Appropriation to enterprise expansion fund, reserve fund and employee incentives and welfare fund

Certain subsidiaries of the Company are sino-foreign equity joint ventures. Pursuant to the law of the People's Republic of China on Sino-foreign Equity Joint Ventures and relevant provisions of the articles of association of relevant companies, such subsidiaries shall appropriate enterprise expansion fund, reserve fund and staff incentive bonus and welfare fund based on the net profits calculated under the China Enterprise Accounting Standards and relevant requirements. The ratio of appropriation shall be determined by the Board of Directors.

(3) Cash dividends approved by the shareholders' meeting in this period

On 17 May 2016, the 2015 shareholders' meeting approved "Proposal on Profit Distribution of 2015", of which allows the Company to distribute cash dividends of RMB0.19 (inclusive of tax) per share, amounting to RMB1,734,181,110.00 in total, based on total shares of 9,127,269,000 shares for 2015.

(4) Pursuant to the shareholders' decision of Macs (Baoding) Auto A/C Systems Co., Ltd, an subsidiary of the Company, made on 24 February 2016, the appropriated staff bonuses and welfare fund as of 31 January 2016 are transferred to undistributed profits which amounted to RMB482,951.67.

34. Operating income and operating costs

(1) Operating income

RMB

Item	**For the period from 1 January to 30 June 2016 (Unaudited)**	For the period from 1 January to 30 June 2015 (Audited)
Principal operating income	**41,509,817,324.89**	37,029,531,175.40
Including: Income from the sale of automobiles	**39,957,518,748.58**	35,541,870,686.77
Income from the sales of automotive parts and components	**1,200,280,978.08**	1,185,563,512.66
Income from the sales of moulds and others	**240,136,186.18**	239,683,725.91
Income from rendering of services	**111,881,412.05**	62,413,250.06
Other operating income	**91,103,849.42**	85,815,020.90
Total	**41,600,921,174.31**	37,115,346,196.30

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Operating income and operating costs (continued)

(2) Operating costs

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Principal operating costs	**30,835,284,835.06**	27,071,845,219.92
Including: Costs of sales of automobiles	**29,769,105,853.15**	25,979,792,229.79
Costs of sales of automotive parts and components	**807,201,517.16**	861,895,939.42
Costs of sales of moulds and others	**170,504,408.03**	180,859,987.29
Costs of rendering services	**88,473,056.72**	49,297,063.42
Other operating costs	**62,300,053.91**	57,144,903.86
Total	**30,897,584,888.97**	27,128,990,123.78

35. Interest income

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Personal loans and advances	**70,189,516.50**	26,714,520.92
Company loans and advances	**8,151.01**	—
Deposits made with other banks	**204,717.42**	2,691,604.81
Deposits with the central bank	**181,624.98**	8,771.99
Total	**70,584,009.91**	29,414,897.72

36. Business tax and levies

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Business tax	**3,949,448.65**	2,284,752.94
Consumption tax	**1,189,935,739.34**	1,011,327,596.73
Urban maintenances and construction tax	**185,131,681.98**	168,442,230.60
Educational surcharges	**140,930,525.16**	124,727,793.93
Others	**17,540,119.64**	15,884,414.74
Total	**1,537,487,514.77**	1,322,666,788.94

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Selling expenses

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Transportation expenses	**590,183,084.20**	532,856,406.14
After-sale services expenses	**542,006,010.24**	425,968,339.42
Wages and salaries	**80,687,412.88**	74,110,956.66
Taxes	**16,693,971.10**	14,815,339.48
Advertising and media services fees	**108,713,990.65**	98,200,294.34
Port charges	**9,456,985.29**	9,209,628.70
Travelling expenses	**8,803,524.37**	9,353,776.45
Others	**45,703,381.23**	28,167,508.22
Total	**1,402,248,359.96**	1,192,682,249.41

38. Administrative expenses

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Technology development expenditures	**1,257,735,612.96**	1,143,368,134.68
Wages and salaries	**263,090,084.02**	235,748,777.24
Taxes	**84,075,669.39**	66,483,677.17
Depreciation and Amortization	**105,601,915.32**	61,980,302.64
Business reception fees	**2,921,481.41**	4,573,438.13
Office expenses	**36,000,868.54**	41,669,014.18
Repair and maintenance fees	**81,671,925.97**	58,961,564.56
Auditors' remuneration *(Note 1)*	**946,447.09**	1,499,042.39
Service charges	**12,456,828.61**	5,884,702.60
Others	**62,305,152.27**	36,598,237.07
Total	**1,906,805,985.58**	1,656,766,890.66

Note 1: Remuneration for interim review of RMB680,000 paid to Deloitte Touche Tohmatsu CPA LLP. is included.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Finance expenses

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Interest income from bank deposits	**(24,542,315.01)**	(24,896,881.65)
Foreign currency translation differences	**26,962,478.31**	776,148.30
Interest of discount on bills	**20,687,606.35**	26,722,010.78
Long-term receivables discount	**(3,505,915.52)**	211,151,847.73
Others	**4,885,614.36**	4,777,584.80
Total	**24,487,468.49**	218,530,709.96

40. Impairment loss on assets

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
1. Loss on bad debts	**19,704,318.33**	40,316,661.11
2. Loss on decline in value of inventories	**9,033,021.78**	7,314,728.97
3. Loss on impairment of fixed assets	**59,411,052.76**	—
4. Loss on impairment of construction in progress	**909,645.30**	—
5. Loss on impairment of loans	**4,740,696.04**	6,736,438.09
Total	**93,798,734.21**	54,367,828.17

41. Gains (Losses) arising from changes in fair value

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Gains (Losses) arising from changes in fair value of derivative financial instruments	—	(214,440.00)
Total	—	(214,440.00)

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Investment income

Breakdown:

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Income from long-term equity investments under equity method	—	6,426,931.75
Income from wealth management products	**14,146,857.49**	13,313,293.13
Investment gains from disposal of subsidiary	—	17,737,950.68
Gains from fair value measurement of the acquiree's equity held prior to acquisition date	**684,042.36**	6,057,283.20
Total	**14,830,899.85**	43,535,458.76

There are no significant restrictions on remittance of investment income of the Group.

The Group has no gains on investments from listed companies.

43. Non-operating income

(1) Breakdown of non-operating income is as follows:

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)	**Amount included in extraordinary gains and losses**
Total gains from disposal of non-current assets	**11,362.91**	703,612.83	11,362.91
Including: Gains from disposal of fixed assets	**11,362.91**	636,519.47	11,362.91
Gains from disposal of construction in progress	—	67,093.36	—
Government grants	**64,038,766.03**	57,505,387.31	64,038,766.03
Amount of combination costs less fair value of the share of identifiable net assets obtained	—	51,644.99	—
Gains from compensation	**18,766,093.43**	27,701,079.68	18,766,093.43
Unpayable amount	**28,087,161.21**	17,204,645.22	28,087,161.21
Others	**20,608,190.52**	17,075,126.85	20,608,190.52
Total	**131,511,574.10**	120,241,496.88	131,511,574.10

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. Non-operating income (continued)

(2) Government grants recognized in profit and loss of the period:

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)	related to asset/ related to income
Infrastructure supporting fund	**12,070,087.94**	12,368,414.09	related to an asset
Immediate refund of VAT of welfare enterprises *(note 1)*	**11,153,333.33**	10,430,008.17	related to income
Government industrial policy supporting fund	**10,673,898.22**	10,522,515.34	related to an asset
New Technology Center infrastructure construction funds	**6,102,745.29**	(62,531.43)	related to an asset
Tax refund of home-made equipment	**6,098,230.19**	6,244,245.91	related to an asset
Energy-saving Gasoline Direct Injection Engine Project	**4,166,666.67**	—	related to an asset
Soft soil foundation subsidy	**3,057,486.98**	3,057,486.98	related to an asset
Supportive development fund of export credit insurance	**2,431,100.00**	—	related to income
Urban construction fund	**1,159,914.18**	1,159,914.17	related to an asset
110KV transformer substation project	**1,078,657.33**	—	related to an asset
Subsidies for key technological innovation projects	**575,000.02**	575,000.02	related to an asset
Diesel engine development project fund	**500,000.00**	—	related to an asset
High grade CNC technology project	**278,500.00**	29,200.00	related to income
Development fund for SMEs	**147,739.92**	147,739.92	related to an asset
Super Magnesium Alloy and Coating Project	**60,400.00**	—	related to income
Diesel engine development project fund	**50,000.00**	50,000.00	related to an asset
Development of Strategic Emerging Industry	**12,405.03**	—	related to an asset
Connected car project	**11,280.00**	—	related to income
Provincial special development fund for medium and small enterprises	**—**	855,396.84	related to income
Key technology of home-made automobile digital chip	**—**	65,400.00	related to income
Subsidy for innovation-oriented demonstrative enterprise	**—**	31,300.00	related to income
Other government grants	**4,411,320.93**	12,031,297.30	related to income
Including: Funds for Technology Revamping and Export trading service	**3,000,000.00**	704,128.00	related to income
Innovation funds	**115,120.00**	500,000.00	related to income
Special funds for automobile base	**671,700.00**	—	related to income
Financial subsidy	**7,394.95**	9,040,000.00	related to income
Technology R & D bonus	**10,310.00**	1,078,000.00	related to income
Promotion and demonstrative projects of Hebei innovation method application	**100,000.00**	150,000.00	related to income
Innovative plug-in SUV project	**—**	317,700.00	related to income
Special funds for high-end talents	**—**	18,144.00	related to income
Quality awards from Baoding government	**—**	200,000.00	related to income
Discount for imported products	**563,100.00**	—	related to income
Significant special funds for CNC	**(57,079.20)**	—	related to income
Others	**775.18**	23,325.30	related to income
Total	**64,038,766.03**	57,505,387.31	

Note 1: During the reporting period, Baoding Nuobo, Baoding Great and Baoding Yixin, subsidiaries of the Group, were recognized as social welfare enterprises by Department of Civil Affairs of Hebei Province. Pursuant to "Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Corporate Income Tax Incentives on Enterprises Which Recruit the Disabled (Caishui [2007] No.92)", subject to relevant conditions, the above social welfare enterprises enjoy value added tax refund based on the maximum amount specified by relevant taxation authorities and the number of disabled employees.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Non-operating expenses

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)	Amount recognized in non-recurring profit or loss for the period
Total loss on disposal of non-current assets	**11,551,163.00**	10,298,099.56	11,551,163.00
Including: Loss on disposal of fixed assets	**5,513,850.08**	6,844,331.80	5,513,850.08
Loss on disposal of construction in progress	**5,940,625.72**	3,453,767.76	5,940,625.72
Loss on disposal of intangible assets	**96,687.20**	—	96,687.20
Donations	**1,523,998.70**	3,243,817.85	1,523,998.70
Expenses for compensations and fines	**10,448,599.22**	1,839,887.36	10,448,599.22
Others	**1,822,559.23**	1,436,531.91	1,822,559.22
Total	**25,346,320.15**	16,818,336.68	25,346,320.14

45. Income tax expenses

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Current income tax	**1,017,020,034.00**	1,005,899,399.94
Deferred income tax	**(24,949,389.43)**	(5,691,112.91)
Total	**992,070,644.57**	1,000,208,287.03

Reconciliation of income tax expenses to accounting profits is as follows:

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Total profit	**5,920,325,345.89**	5,717,515,826.57
Income tax rate	**25%**	25%
Income tax calculated at tax rate of 25%	**1,480,081,336.47**	1,429,378,956.64
Effects arising from some companies subject to concessionary rates	**(386,719,994.37)**	(354,638,873.65)
Additional deduction for research and development costs	**(109,254,476.75)**	(83,898,559.79)
Tax effect of non-taxable income	**(547,562.30)**	(4,826,057.36)
Tax effect of non-deductible expenses	**8,511,341.52**	14,192,821.19
Total	**992,070,644.57**	1,000,208,287.03

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Net profit

Net profit of the Company has been arrived at after charging (crediting):

RMB

Item	Notes	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Depreciation for fixed assets	(VI)15	**1,166,197,244.10**	923,543,177.31
Depreciation and amortization for investment properties	(VI)14	**880,166.36**	123,165.22
Amortization of intangible assets	(VI)17	**42,236,060.52**	35,500,487.90
Total amount of depreciation and amortization		**1,209,313,470.98**	959,166,830.43
Loss on disposal of non-current assets	(VI)43, 44	**11,539,800.09**	9,594,486.73
Gross rental income from investment properties		**1,425,000.00**	1,034,128.46
Employee benefits expense	(VI)24	**2,888,996,530.75**	2,559,553,620.78

47. Calculation of basic and diluted earnings per share

Net profit for the current period attributable to holders of ordinary shares of the Company used for calculating basic earnings per share is as follows:

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Net profit attributable to ordinary shareholders	**4,925,601,514.99**	4,717,052,784.60
Including: Net profit attributable to continuing operations	**4,925,601,514.99**	4,717,052,784.60
Total	**4,925,601,514.99**	4,717,052,784.60

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Calculation of basic and diluted earnings per share (continued)

The denominator used for calculating earnings per share is the weighted average of outstanding ordinary shares. The calculation is as follows:

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Number of outstanding ordinary shares at the beginning of the period	**9,127,269,000.00**	9,127,269,000.00
Add: Weighted number of ordinary shares issued in the period	**—**	—
Less: Weighted number of ordinary shares repurchased in the period	**—**	—
Weighted number of outstanding ordinary shares at the end of the period	**9,127,269,000.00**	9,127,269,000.00

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Based on the net profit attributable to shareholders of the Company:	**4,925,601,514.99**	4,717,052,784.60
Basic earnings per share	**0.54**	0.52
Diluted earnings per share	**N/A**	N/A
Based on the net profit from continuing operations attributable to shareholders of the Company:	**4,925,601,514.99**	4,717,052,784.60
Basic earnings per share	**0.54**	0.52
Diluted earnings per share	**N/A**	N/A

Note: The Company's share capital reached to RMB9,127,269,000.00 by an increase of RMB6,084,846,000.00 in December 2015 in the means of issuing dividends and transferring capital from capital reserve, which is the basis for recalculation earning for share for the period from 1 January to 30 June 2015.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. Other comprehensive income

Foreign currency translation differences

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Opening balance	**(147,973,964.82)**	(97,592,596.69)
Exchange differences arising on translation to presentation currency	**77,360,709.98**	2,444,288.03
Closing balance	**(70,613,254.84)**	(95,148,308.66)

49. Notes to cash flow statements

(1) Other cash received relating to operating activities

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Interest income from bank deposits	**24,542,315.01**	24,896,881.65
Government grants	**8,942,420.93**	12,713,597.30
Reparations (penalty) income	**18,766,093.43**	27,701,079.68
Customs deposit withdrawal	**495,970.36**	—
Others	**10,676,088.70**	16,162,600.33
Total	**63,422,888.43**	81,474,158.96

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

49. Notes to cash flow statements (continued)

(2) Other cash payments relating to operating activities

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Advertising and media services fee	**100,626,088.57**	99,794,882.04
Transportation costs and port charges	**595,109,288.30**	545,128,462.40
Technology development expenditures	**417,916,911.65**	469,570,359.60
After-sale charges and repair charges	**617,462,105.05**	417,050,130.77
Business entertainment expenses and office expenses	**39,854,187.08**	45,554,010.65
Payment of customs deposit	**—**	71,290,242.50
Travelling expenses	**8,803,524.37**	9,353,776.45
Consultation fees	**12,456,828.61**	5,884,702.60
Others	**142,171,297.19**	88,543,316.14
Total	**1,934,400,230.82**	1,752,169,883.15

(3) Other cash receipts relating to investing activities

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Government grants	**34,888,823.05**	2,000,000.00
Total	**34,888,823.05**	2,000,000.00

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

49. Notes to cash flow statements (continued)

(4) Other cash received relating to financing activities

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Decrease in restricted bank deposits	**896,260,358.21**	—
Total	**896,260,358.21**	—

(5) Other cash payments relating to financing activities

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Increase in restricted bank deposits	—	594,903,425.81
Acquisition of minority interests from a subsidiary	—	11,789,100.00
Total	—	606,692,525.81

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Supplementary information of cash flow statements

(1) Supplementary information of cash flow statements

RMB

Supplementary information	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
1. Reconciliation of net profits and cash flow from operating activities:		
Net profits	**4,928,254,701.32**	4,717,307,539.54
Add: Impairment provision for assets	**93,798,734.21**	54,367,828.17
Depreciation of fixed assets	**1,166,197,244.10**	923,543,177.31
Amortization of intangible assets	**42,236,060.52**	35,500,487.90
Amortization of long-term prepaid expenses	**4,273,896.86**	5,156,433.29
Depreciation and amortization of investment properties	**880,166.36**	123,165.22
Losses from changes in fair value	**—**	214,440.00
(Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets	**11,539,800.09**	9,594,486.73
Amortization of deferred income	**(46,043,011.77)**	(35,511,781.84)
Financing costs/(gains)	**19,707,588.61**	215,004,925.61
Investment losses/(gains)	**(14,830,899.85)**	(43,535,458.76)
(Increase)/decrease in deferred tax assets	**(27,878,971.27)**	(5,458,040.82)
Increase/(Decrease) in deferred tax liabilities	**2,929,581.84**	144,485.77
(Increase)/Decrease in inventories	**(1,719,070,213.76)**	(1,015,512,598.15)
Amount of combination costs less fair value of the share of identifiable net assets obtained	**—**	(51,644.99)
(Increase)/decrease in operating receivables	**3,044,592,579.72**	4,818,267,874.47
Increase/(decrease) in operating payables	**(3,130,887,043.07)**	(2,402,109,948.23)
Net cash flows from operating activities	**4,375,700,213.91**	7,277,045,371.22
2. Net change in cash and cash equivalents:		
Cash balance at the end of the period	**3,258,151,275.56**	3,212,998,488.19
Less: Cash balance at the beginning of the period	**2,458,364,987.45**	3,081,531,924.78
Net increase in cash and cash equivalents	**799,786,288.11**	131,466,563.41

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Supplementary information of cash flow statements (continued)

(2) Information related to the acquisition or disposal of subsidiaries and other business units

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
I. Acquisition of subsidiaries and other business units:		
1. Price of acquisition of subsidiaries and other business units	**21,500,000.00**	23,408,700.00
2. Cash and cash equivalents paid for acquisition of subsidiaries and other business units	**21,500,000.00**	23,408,700.00
Less: Cash and cash equivalents held by subsidiaries and other business units	**(9,369,435.87)**	(588,044.16)
3. Net cash paid for acquisition of subsidiaries and other business units	**12,130,564.13**	22,820,655.84
4. Net asset of acquired subsidiaries	**37,381,964.20**	46,920,689.98
Current assets	**42,543,965.75**	3,375,544.16
Non-current assets	**11,116,294.13**	43,565,611.30
Current liabilities	**16,278,295.68**	20,465.48
Non-current liabilities	—	—
II. Disposal of subsidiaries and other business units:		
1. Price of disposal of subsidiaries and other business units	—	192,088,700.00
2. Cash and cash equivalents received from disposal of subsidiaries and other business units	—	192,088,700.00
Less: Cash and cash equivalents held by subsidiaries and other business units	—	(19,199,199.80)
3. Net cash received from disposal of subsidiaries and other business units	—	172,889,500.20
4. Net asset of subsidiaries disposed	—	174,350,749.32
Current assets	—	22,364,083.73
Non-current assets	—	210,426,543.68
Current liabilities	—	(39,048,679.14)
Non-current liabilities	—	(19,391,198.95)

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Supplementary information of cash flow statements (continued)

(3) Components of cash and cash equivalents

RMB

Item	30 June 2016 (Unaudited)	30 June 2015 (Audited)
I. Cash	**3,258,151,275.56**	3,212,998,488.19
Including: Cash in hand	**736,599.46**	2,172,375.32
Bank deposits readily to be withdrawn on demand	**3,257,414,676.10**	3,210,826,112.87
Other cash and bank balances readily to be withdrawn on demand	**—**	—
II. Cash and cash equivalent balance at the end of the period	**3,258,151,275.56**	3,212,998,488.19

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Monetary items denominated in foreign currency

Monetary items denominated in foreign currency:

RMB

Item		Closing balance of foreign currency	Exchange rate	Closing balance of RMB
Cash and bank balances				
Include:	RMB	419,243,394.16	1.0000	419,243,394.16
	USD	15,898,089.33	6.6312	105,423,409.98
	HKD	21,214.06	0.8547	18,131.02
	EUR	348,562.04	7.3750	2,570,645.06
	JPY	17,285,982.85	0.0645	1,114,790.32
	KRW	7,110.00	0.0057	40.88
	GBP	2,147.57	8.9212	19,158.90
	RUB	541.77	0.1041	56.39
	THB	130.00	0.1888	24.54
	AUD	247,240.09	4.9452	1,222,651.69
	SGD	311.00	4.9239	1,531.33
Accounts receivable				
Include:	USD	52,237,540.78	6.6312	346,397,580.42
	EUR	728,757.71	7.3750	5,374,588.11
Other accounts receivable				
Include:	USD	62,575.19	6.6312	414,948.60
	JPY	5,068,000.00	0.0645	326,840.39
	EUR	71,872.53	7.3750	530,059.92
	AUD	17,600.00	4.9452	87,035.52
Accounts payable				
Include:	EUR	615,806.93	7.3750	4,541,576.12
	USD	17,229,781.99	6.6312	114,254,130.34
	HKD	8,339.65	0.8547	7,127.65
Other accounts payable				
Include:	USD	9,677,368.00	6.6312	64,172,562.69
	EUR	13,974,846.72	7.3750	103,064,494.59
	JPY	330,998,478.00	0.0645	21,346,422.84
	CHF	2,820,436.76	6.7730	19,102,818.17

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Net current assets

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current assets	**38,232,669,656.29**	40,389,996,353.27
Less: Current liabilities	**28,329,766,669.57**	31,786,437,525.14
Net current assets	**9,902,902,986.72**	8,603,558,828.13

53. Total assets less current liabilities

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Total assets	**71,709,123,104.32**	71,910,626,770.84
Less: Current liabilities	**28,329,766,669.57**	31,786,437,525.14
Total assets less current liabilities	**43,379,356,434.75**	40,124,189,245.70

VII. CHANGES IN CONSOLIDATION SCOPE

1. Subsidiaries acquired through business combination of enterprises not under common control

(1) The business combinations not under common control during reporting period

RMB

Acquiree	Cost of shareholdings	Proportion of shareholdings (%)	Acquisition method	Acquisition date	Basis of determining acquisition date	Revenue of acquiree from acquisition date to the end of period	Net gain of acquiree from acquisition date to the end of period
Former Yanfeng Johnson	21,500,000.00	50%	Cash	Jan. 2016	note	30,959,638.65	6,138,076.42

Note: The acquisition date is the date when the acquirer actually obtains the control over the acquiree, namely when the control over net assets and operation decision of acquiree being transferred to the acquirer.

VII. CHANGES IN CONSOLIDATION SCOPE (continued)

1. Subsidiaries acquired through business combination of enterprises not under common control (continued)

(1) *The business combinations not under common control during reporting period (continued)*

Basic information of acquiree:

Baoding Yanfeng Johnson Controls Seating Co., Ltd. is a limited liability company established on 16 March 2004. Its business nature is sales and manufacture of seats and seat components of automobile. As of the acquisition date, Shanghai Yanfeng Johnson Controls Seating Co., Ltd., the Company and BILLION SUNNY DEVELOPMENT LIMITED ("BILLION SUNNY DEVELOPMENT") (subsidiary of the Company) respectively hold 50%, 25%, and 15% equity interest in Baoding Yanfeng Johnson Controls Seating Co., Ltd.. The long-term equity investment of the Company in former Yanfeng Johnson is calculated under equity method. In January 2016, the Company acquired 50% equity interest in former Yanfeng Johnson from Shanghai Yanfeng Johnson Controls Seating Co., Ltd. at consideration of RMB21.5 million, hence the Company directly held 75% equity and indirectly held 25% in the former Yanfeng Johnson, and the total equity held by the Group reached to 100%.The former Yanfeng Johnson changed from a joint venture of the Group into a subsidiary. On 7 January 2016, Baoding Yanfeng Johnson Controls Seating Co., Ltd. changed its name into "Baoding Xinyi Automobile Seating Co., Ltd."

(2) *Combination costs and goodwill*

RMB

Combination costs	Former Yanfeng Johnson
Cash	21,500,000.00
Fair value at acquisition date of existing shareholdings prior to acquisition date	18,690,982.10
Total combination costs	40,190,982.10
Less: fair value of the share of identifiable net assets obtained	37,381,964.20
Goodwill	2,809,017.90

VII. CHANGES IN CONSOLIDATION SCOPE (continued)

1. Subsidiaries acquired through business combination of enterprises not under common control (continued)

(3) Acquiree's identifiable assets and liabilities at acquisition date

RMB

	Former Yanfeng Johnson	
	Acquisition date Fair value	Acquisition date Carrying value
Current assets	42,543,965.75	42,308,001.71
Non-current assets	11,116,294.13	9,119,215.11
Current liabilities	(16,278,295.68)	(16,278,295.68)
Net assets	37,381,964.20	35,148,921.14
Less: minority interests	—	—
Net assets acquired	37,381,964.20	35,148,921.14

Note: Fair value of identifiable assets and liabilities is determinate by asset-based method.

(4) Gains or losses recalculated by fair value of existing shareholdings

RMB

Acquiree	Carrying value at acquisition date of existing shareholdings prior to acquisition date	Fair value at acquisition date of existing shareholdings prior to acquisition date	Gains or losses recalculated by fair value of existing shareholdings prior to acquisition date	Amount transferred from investment income to other comprehensive income prior to acquisition date
Former Yanfeng Johnson	18,006,939.74	18,690,982.10	684,042.36	—

2. Business combination involving enterprises under common control

There is no business combination involving enterprises under common control at end of the period.

3. Disposal of subsidiaries

There is no subsidiary being disposed at end of the period.

VII CHANGES IN CONSOLIDATION SCOPE (continued)

4. Changes in consolidation scope for other reasons

Newly established subsidiaries during the reporting period:

RMB

Name	Establishment date	Net assets at the end of reporting period	Profits at the end of reporting period
Great Wall Motor Europe Technical Center GmbH ("Europe Technical Center")	17 May 2016	32,139,766.94	(1,048,799.00)
Great Wall India Research and Development Private Limited ("India R&D")	23 June 2016	—	—

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Structure of the Group

Subsidiaries invested by the Group

RMB

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%) / Proportion of voting rights (%) Direct	Indirect
Great Wall Baoding Huabei Automobile Company Limited (保定長城華北汽車有限責任公司) ("Great Wall Huabei")	limited liability company	Gaobeidian	Gaobeidian	Manufacture of automotive parts and components	100.00	—
Great Wall Internal Combustion Engine *(Note 1)*	limited liability company	Dingxing, Baoding	Dingxing, Baoding	Manufacture of automotive parts and components	100.00	—
Baoding Great	limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Great Wall Vehicle Axles	limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Baoding Nuobo	limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Beijing Great	limited liability company	Beijing	Beijing	Manufacture of automotive parts and components	100.00	—
Baoding Great Wall Automobile After-sales Services Company Limited (保定市長城汽車售後服務有限公司) ("Great Wall After-sales")	limited liability company	Baoding	Baoding	Provision of after-sales service	100.00	—

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) *Structure of the Group (continued)*

Subsidiaries invested by the Group (continued)

RMB

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%) / Proportion of voting rights (%) Direct	Indirect
Baoding Great Wall Auto Sales Company Limited (保定長城汽車銷售有限公司) ("Great Wall Sales")	limited liability company	Baoding	Baoding	Marketing and sale of automobiles	100.00	—
Macs (Baoding) Auto A/C Systems Co., Ltd ("Macs") (麥克斯(保定)汽車空調系統有限公司) *(Note 1)*	limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Tide Technology and Trade Company Limited (泰德科貿有限公司) ("Tide Technology and Trade")	—	Hong Kong	Hong Kong	Investment and financing services	100.00	—
Russia Great Wall Closed Joint-Stock Company Limited (俄羅斯長城股份有限公司) ("Russia Great Wall")	—	Russia	Russia	Export of automobiles and related spare parts and provision of after-sales services	100.00	—
Baoding Mind Auto Component Company Limited (保定曼德汽車配件有限公司) ("Mind Component")	limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	75.00	25.00
Tianjin Lean	limited liability company	Tianjin Development zone	Tianjin Development zone	Manufacture of automotive parts and components	—	100.00
Baoding Jinggong Foundry Company Limited (保定長城精工鑄造有限公司) ("Jinggong Foundry") *(Note 1)*	limited liability company	Shunping, Baoding	Shunping, Baoding	Manufacture of steel casting and provision of after-sales service	100.00	—
Baoding Great Wall Ants Logistics Company Limited (保定市長城螞蟻物流有限公司) ("Great Wall Ants")	limited liability company	Baoding	Baoding	Logistics and ordinary goods transportation	100.00	—
Lean School	Private non-enterprise school	Baoding	Baoding	Occupational training	100.00	—
Tianjin Boxin Automobile Parts Co., Ltd. (天津博信汽車零部件有限公司) ("Tianjin Boxin")	limited liability company	Tianji	Tianji	Manufacture of automotive parts and components	100.00	—
Ningxia Great Wall Automobile Leasing Company Limited (寧夏長城汽車租賃有限公司) ("Ningxia Leasing")	limited liability company	Yinchuan Economic and Technological Development Zone	Yinchuan Economic and Technological Development Zone	Buildings rental	100.00	—
Great Wall Resource Recycling	limited liability company	Qingyuan, Baoding	Qingyuan, Baoding	Processing, recycling and sale of waste and used material	100.00	—
Baoding Exquisite Auto Mould Technology Co., Ltd. (保定市精工汽車模具技術有限公司) ("Exquisite Mould")	limited liability company	Baoding	Baoding	Research and development and manufacture of auto moulds	100.00	—

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) *Structure of the Group (continued)*

Subsidiaries invested by the Group (continued)

RMB

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%) / Proportion of voting rights (%) Direct	Indirect
Xushui Nuobo	limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Baoding Great Wall Automobile Component Sales Co., Ltd. (保定長城汽車配件銷售有限公司) ("Xushui Component")	limited liability company	Baoding	Baoding	Sale of automotive parts and components and lubricants	100.00	—
Great Wall Dongsheng	limited liability company	Beijing	Beijing	Business information consultation	—	100.00
Haval Automotive Rental Co.,Ltd (formerly known as Baoding Great Wall Automotive Rental Co., Ltd.) (哈弗汽車租賃有限公司,原保定市長城汽車出租有限公司) ("Haval Rental")	limited liability company	Baoding	Baoding	Car rental	100.00	—
Shanghai Haval Automotive Technology Limited Company (上海哈弗汽車科技有限公司) ("Shanghai Haval")	Limited liability company	Shanghai	Shanghai	Automotive technology research,development and technical consultation	100.00	—
Haval Motors Australia Pty Ltd (哈弗汽車澳大利亞有限公司) ("Haval Australia")	—	Australia	Australia	Auto selling	53.00	47.00
Haval Motor Rus Limited Liability Company (俄羅斯哈弗汽車有限責任公司) ("Haval Russia")	—	Russia	Russia	Auto selling	—	100.00
Baoding Haval Auto Sales Company Limited (保定哈弗汽車銷售有限公司) ("Haval Auto Sales")	Limited liability company	Baoding	Baoding	Auto selling	100.00	—
Automotive Finance	Limited liability company	Tianjin	Tianjin	Automotive Finance	90.00	—
Australia Sinyos Technology And Trade Pty Ltd (澳大利亞森友斯科貿有限公司) ("Sinyos Technology and Trade")	—	Australia	Australia	Auto selling	—	100.00
Haval Motor Manufacturing Rus Limited Liability Company (俄羅斯哈弗汽車製造有限責任公司) ("Russia Manufacturing")	—	Russia	Russia	Auto manufacture	88.50	11.50
Haval Motors South Africa Proprietary Limited (哈弗汽車南非有限公司) ("Haval South Africa")	—	South Africa	South Africa	Auto selling	100.00	—
Haval Logistics Company Limited (哈弗物流有限公司) ("Haval Logistics")	Limited liability company	Baoding	Baoding	Logistics and ordinary goods transportation	100.00	—
Haval Insurance Brokers Company Limited (哈弗保險經紀有限公司) ("Haval Insurance Brokers")	Limited liability company	Baoding	Baoding	Insurance Brokers	100.00	—
Scrap recycling and dismantling Co.,Ltd. (保定長城報廢汽車回收拆解有限公司) ("Scrap carrecycling and dismantling")	Limited liability company	Baoding	Baoding	Scrap car recycling and dismantling	100.00	—

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) *Structure of the Group (continued)*

Subsidiaries invested by the Group (continued)

RMB

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%) / Proportion of voting rights (%) Direct	Indirect
Great Wall Japan Motor Co.,Ltd. (長城日本技研株式會社) ("Japan Motor")	—	Yokuhama, Japan	Yokuhama, Japan	Research and design of automobile and auto parts	—	100.00
Europe Technical Center *(Note 2)*	—	Germany	Germany	Research and design of automobile and auto parts	100.00	—
India R& D *(Note 3)*	—	India	India	Research, design and sales of automobile and auto parts	99.9	0.1

Note 1: In March 2016, the wholly-owned subsidiaries Great Wall Internal Combustion Engine, Macs and Jinggong Foundry were merged by absorption. As of 30 June 2016, the above subsidiaries were under deregistration procedure.

Note 2: Europe Technology Center is established in Germany by the Company as a wholly-owned subsidiary in May 2016. The registered capital is EUR25,000.

Note 3: India R&D is a subsidiary of the Company established in India in June 2016, of which 99.9% equity interest is held by the Company and 0.1% equity interest is held by the Company's subsidiary Tide Technology and Trade. The registered capital of India R&D is USD3.813 million. As of 30 June 2016, the Group has not made capital contribution yet.

Subsidiaries acquired through business combination not under common control:

RMB

Full name of subsidiaries	Legal form	Place of main management	Place of registration	Business nature	Proportion of shareholdings (%) / Proportion of voting rights (%) Direct	Indirect
Billion Sunny Development	—	Hong Kong	Hong Kong	Investment holding	—	100.00
Baoding Great Wall Boxiang Automotive Parts Manufacturing Company Limited ("Great Wall Boxiang") *(Note 1)*	Limited liability company	Baoding	Baoding	Design, production and sale of automotive parts and components	100.00	—
Baoding Xinyuan *(Note 1)*	Limited liability company	Baoding	Baoding	Design, production and sale of automotive parts and components	100.00	—
Baoding Jiehua Automobile Components and Accessories Company Limited ("Baoding Jiehua")	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Baoding Xinyi Automobile Seating Co., Ltd. (FormerYanfeng Johnson, "Xinyi Seating")	Limited liability company	Baoding	Baoding	Manufacture and sales of automobile seats	75.00	25.00

Note 1: In March 2016, the Company's wholly-owned subsidiaries Great Wall Boxiang and Baoding Xinyuan merged by absorbing. As of 30 June 2016, the above subsidiaries are under deregistration procedure.

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) *Structure of the Group (continued)*

Subsidiaries acquired through business combination under common control: (continued)

RMB

Full name of subsidiaries	Legal form	Place of main management	Place of registration	Business nature	Proportion of shareholdings (%) / Proportion of voting rights (%) Direct	Indirect
Tianjin Wantong	Limited liability company	Tianjin development zone	Tianjin development zone	Manufacture of automotive parts and components	—	100.00
Baoding Yixin	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	75.00	25.00

(2) *Significant non-wholly-owned subsidiary*

RMB

Full name of subsidiary	Proportion of minority shareholdings	Total profit or loss attributable to minority interests	Dividends attributable to minority interests	Closing balance of Minority interests
Automotive Finance	10%	2,653,186.33	—	58,700,210.32

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(3) Important financial information of significant non-wholly-owned subsidiary

RMB

Full name of subsidiary	30 June 2016 Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Automotive Finance	**697,550,225.25**	**648,035,714.67**	**1,345,585,939.92**	**708,683,836.68**	**49,900,000.00**	**758,583,836.68**

RMB

Full name of subsidiary	31 December 2015 Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Automotive Finance	482,282,062.37	576,596,276.20	1,058,878,338.57	448,408,098.65	50,000,000.00	498,408,098.65

RMB

Full name of subsidiary	For the period from 1 January to 30 June 2016 Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	For the period from 1 January to 30 June 2015 Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Automotive Finance	**71,263,714.53**	**26,531,863.32**	**26,531,863.32**	**51,063,589.57**	29,430,042.23	5,734,739.39	5,734,739.39	(289,788,152.81)

2. There is no transaction incurred which gives rise to changes in proportion of equity in subsidiaries held by the Company.

3. Interests in joint ventures or associates

(1) Financial information about insignificant joint venture as follows:

	Closing balance/ Amount incurred during current period	Opening balance/ Amount incurred during current period
Joint venture:		
Former Yanfeng Johnson (VII. 1)	—	18,006,939.74
Total book value of investment	—	18,006,939.74
Amount calculated on the basis of the proportion of shareholding:		
— Net profit	—	6,098,831.41
— Other comprehensive income	—	—
— Total comprehensive income	—	6,098,831.41

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Major financial instruments of the Group include cash and bank balances, designated at fair value through profit or loss, derivative financial instruments, receivables, loans and advances to customers, borrowings and payables. Detailed descriptions of these financial instruments are set out in Note (VI). The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate such risks are set out in below. The management of the Group manages and monitors such risk exposures to ensure such risks are limited to a prescribed level.

The Group applied sensitive analysis technic to analyze the reasonableness of risk variables, possible changes that may affect profit and loss or shareholders' equity. Risk variables are less likely to change isolated, whereas the correlation between variables have major effect on the changes of single risk. Thus, contents below are under the assumption that the changes of single variable are isolated.

1. Objective and policies of risk management

The objective of the risk management of the Group is to maintain an appropriate balance between risks and return so to minimize the negative effects of risks against the Group's operating results in order to maximize the benefits of shareholders. Based on such objective, the principle strategy of the Group's risk management is to identify and analyze all types of risks of the Group, establish appropriate risk tolerance thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus controlling the risk exposures within a prescribed level.

1.1 Market risk

1.1.1 Foreign exchange risk

Foreign exchange risk represents risks of loss incurred as a result of changes in exchange rates. The purchases and sales of the domestic subsidiaries of the Group are denominated in RMB and other principle operations of the Group are settled in RMB. As at the balance sheet date, except for the balances of assets denominated in USD and EUR, all assets and liabilities of the Group were denominated in RMB.

RMB

Item	30 June 2016	31 December 2015
Cash and cash equivalents	**529,613,834.27**	225,380,767.45
Accounts receivable	**351,772,168.53**	426,964,580.25
Other receivables	**1,358,884.43**	1,067,606.40
Accounts payable	**(118,802,834.11)**	(2,884,684.58)
Other payables	**(207,686,298.29)**	(216,004,048.61)

The Group manages its foreign exchange risk by purchase forward exchange contracts.

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.1 Market risk (continued)

1.1.1 Foreign exchange risk (continued)

Sensitivity analysis of foreign exchange risk

Holding other variables constant, the effects of potential reasonable changes in exchange rates on the profit and loss and equity interests before tax for the period are set out below:

RMB

Item	Fluctuation of foreign exchange rate	For the period from 1 January to 30 June 2016	
		Effects on profit	Effects on shareholders' interest
USD	5% strengthening against RMB	**13,690,462.30**	**13,690,462.30**
USD	5% weakening against RMB	**(13,690,462.30)**	**(13,690,462.30)**
EUR	5% strengthening against RMB	**(4,956,538.88)**	**(4,956,538.88)**
EUR	5% weakening against RMB	**4,956,538.88**	**4,956,538.88**
JPY	5% strengthening against RMB	**(995,239.61)**	**(995,239.61)**
JPY	5% weakening against RMB	**995,239.61**	**995,239.61**
CHF	5% strengthening against RMB	**(955,140.91)**	**(955,140.91)**
CHF	5% weakening against RMB	**955,140.91**	**955,140.91**

Note: The effects of the possible reasonable changes in the exchange rates of other foreign currencies to the profit and loss and equity interests after tax for the period are relatively insignificant.

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.1 Market risk (continued)

1.1.1 Foreign exchange risk (continued)

Sensitivity analysis of foreign exchange risk (continued)

RMB

Item	Fluctuation of foreign exchange rate	For the period from 1 January to 30 June 2015 Effects on profit	Effects on shareholders' interest
USD	5% strengthening against RMB	14,608,496.63	14,608,496.63
USD	55% weakening against RMB	(14,608,496.63)	(14,608,496.63)
EUR	5% strengthening against RMB	(4,834,295.79)	(4,834,295.79)
EUR	55% weakening against RMB	4,834,295.79	4,834,295.79
HKD	5% strengthening against RMB	(37,162,251.00)	(37,162,251.00)
HKD	5% weakening against RMB	37,162,251.00	37,162,251.00
GBP	5% strengthening against RMB	(49,567.90)	(49,567.90)
GBP	5% weakening against RMB	49,567.90	49,567.90
JPY	5% strengthening against RMB	(1,246,737.15)	(1,246,737.15)
JPY	5% weakening against RMB	1,246,737.15	1,246,737.15
AUD	5% strengthening against RMB	5,877.66	5,877.66
AUD	5% weakening against RMB	(5,877.66)	(5,877.66)

Note: The effects of the possible reasonable changes in the exchange rates of other foreign currencies to the profit and loss and equity interests after tax for the period are relatively insignificant.

1.1.2 Interest rate risk

The Group's fair value interest rate risk of financial instruments relates primarily to fixed-rate bank borrowings (see Note (VI).20 for details). The Group aims at keeping borrowings at variable rates so as to eliminate risk of fair value change of interest.

Sensitivity analysis of interest rate risk

Sensitivity analysis of interest rate risk is based on the assumption that changes in market rate will affect the interest income or expense of financial instruments at floating rates.

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.1 Market risk (continued)

1.1.2 Interest rate risk (continued)

Sensitivity analysis of interest rate risk (continued)

In accordance with the assumption above, with no changes in other factors, the influence on profit and shareholders' interest (before tax) which caused by reasonable fluctuation of interest risk in this period were as follow:

RMB

Item	Fluctuation of interest risk	For the period from 1 January to 30 June 2016	
		Effect on profit	Effect on shareholders' interest
Loans and advances to customers	Increase 100 basis points	**9,343,300.55**	**9,343,300.55**
Loans and advances to customers	Decrease 100 basis points	**(9,343,300.55)**	**(9,343,300.55)**
Long-term borrowings	Increase 100 basis points	**(498,000.00)**	**(498,000.00)**
Long-term borrowings	Decrease 100 basis points	**498,000.00**	**498,000.00**

1.2 Credit risk

As at 30 June 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure to risks would vary according to the future changes in fair value.

The Group only transactions with third-party customers with good credit records, and the majority of sales are settled by prepayment or bank acceptance bills. In order to minimize the credit risk, the Group has 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.

The Group only accept bank acceptance bills from banks with relatively high level of credit rating; as such the risk of bill receivables is low. The Group only deposit cash and cash equivalents into banks with relatively high level of credit rating; as such the risk of cash and cash equivalents is low.

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.2 Credit risk (continued)

Only a few creditworthy third parties are granted with credit period for credit transactions. As for overseas credit transactions, the Group adopts letter of credit to settle transactions which insured by Sinosure. During the reporting period, the Group is suffered with some credit risk concentration as 62.16% accounts receivable is from top five customers (31 December 2015: 61.05%). As of 30 June 2016, the net amount of accounts receivable takes up to 1.80% of the operating income of the Group, so there is no significant credit risk in the Group.

The quantitative data of credit risks arising from notes receivable, accounts receivable, other receivables and loans and advances to customers are further disclosed in Note (VI) 2, 3, 6 and Note (VI)10 in the financial statements.

1.3 Liquidity risk

In the management of the 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 in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial assets and financial liabilities held by the Group which is based on undiscounted remaining contractual obligations by the end of each period:

RMB

	30 June 2016			
	Within 6 months	6–12 months	Over one year	Total
Short-term borrowings	**(317,945,833.33)**	**—**	**—**	**(317,945,833.33)**
Notes payable	**(5,062,643,312.34)**	**—**	**—**	**(5,062,643,312.34)**
Accounts payable	**(15,345,857,739.41)**	**(12,522,046.34)**	**—**	**(15,358,379,785.75)**
Other payables	**(1,244,017,969.51)**	**(529,949,827.74)**	**—**	**(1,773,967,797.25)**
Long-term borrowings	**(1,612,809.03)**	**(1,593,347.23)**	**(53,330,880.23)**	**(56,537,036.49)**

RMB

	31 December 2015			
	Within 6 months	6–12 months	Over one year	Total
Short-term borrowings	—	(317,700,000.00)	—	(317,700,000.00)
Notes payable	(5,480,528,560.69)	—	—	(5,480,528,560.69)
Accounts payable	(15,555,867,216.36)	(47,386,344.79)	—	(15,603,253,561.15)
Other payables	(1,001,525,228.50)	(663,908,840.61)	—	(1,665,434,069.11)
Long-term borrowings	(1,584,375.00)	(1,584,375.00)	(55,160,243.06)	(58,328,993.06)

X. FAIR VALUE

1. Fair value at the end of reporting period of assets and liabilities

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used).

Item	Fair value		Fair value level	Valuation technique and inputs
	30 June 2016	31 December 2015		
Fair value measurement on recurring basis				
Available-for-sale financial assets				
Wealth management products	**330,000,000.00**	—	Level 3	Discounted cash flow. The future cash flow is estimated on the basis of projected income rate, and discounted by discount rate which reflects the counterparty's credit risk.

2. Fair value of financial assets and financial liabilities which are not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized costs in the financial statements as at 30 June 2016 approximate their fair values.

XI. RELATED PARTIES AND TRANSACTIONS

1. Parent company of the Company

RMB

Name of company	Place of registration	Nature of business	Registered capital	Shareholding in the Company (%)	Voting rights in the Company (%)
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	Baoding	Investment	5,000,000,000.00	56.04	56.04

The ultimate controlling shareholder of the Company is Wei Jian Jun.

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in Note (VIII).

3. Joint ventures of the Company

Details of the joint ventures of the Company are set out in Note (VIII).

XI. RELATED PARTIES AND TRANSACTIONS (continued)

4. Other related parties of the Company

Name	Relationship with the company
Bochuang Urban Development Company Limited (博創城市建設開發有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Bo Chuang Property Service Co., Ltd. (保定市博創物業服務有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Zhong Tie Flower-plant Co., Ltd. (保定中鐵苗木花卉有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Clean Heat Supplying Co.Ltd. (保定科林供熱有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Kelin Engineering Test Co., Ltd. (保定科林工程檢測有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Tai Hang Pump Manufacturing Company Limited (保定市太行製泵有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Furui Landscape Co., Ltd. (保定市富瑞園林有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Rui Cheng Real Estate Development Co., Ltd. (保定瑞城房地產開發有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Great Wall Real Estate Development and Construction Co., Ltd. (保定市長城房地產開發建設集團有限公司)	Company directly controlled by controlling shareholder
Hebei Baoding Tai Hang Group Company Limited (河北保定太行集團有限責任公司)	Company directly controlled by related person
China Automobile (Beijing) Automobile Lightweight Technology Research Institute Company Limited (國汽(北京)汽車輕量化技術研究院有限公司)	Company in which the senior management hold the position of director
Baoding Tai Hang Steel Structure Construction Company Limited (保定太行鋼結構工程有限公司)	Company indirectly controlled by controlling shareholder
Hebei Baocang Expressway Co. Ltd. (河北保滄高速公路有限公司)	Ultimate controlling shareholder serving as director of the company
Baoding Great Wall Venture and Investment Co., Ltd. (保定市長城創業投資有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Lianchi District Great Wall Home Community Medical Service Center (保定市蓮池區長城家園社區衛生服務站)	Company indirectly controlled by ultimate controlling shareholder
Zhang Wen Hui	Key management executives
Zhao Guo Qing	Key management executives
Xu Hui	Key management executives
Yang Gui Yong	Key management executives
Hao Jian Min	Key management executives
Yu Wei Na	Key management executives

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions

(1) Procurement of raw materials and accessories

RMB

Related parties	Related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Former Yanfeng Johnson	Purchase of raw materials	**N/A**	111,923,112.26
Hebei Baoding Tai Hang Group Company Limited	Purchase of raw materials	**14,529.91**	11,623.93
Hubei Kait Automotive Electronic & Electrical Systems Co., Ltd	Purchase of raw materials	**N/A**	6,004,731.72
Baoding Clean Heat Supplying Co. Ltd.	Purchase of steam	**29,983,953.21**	2,080,550.52

(2) Sales of automobiles and components and parts of automobiles

RMB

Related parties	Related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Former Yanfeng Johnson	Sales of automobiles or components and parts of automobiles	**N/A**	192,265.38
Baoding Wan Wei Municipal Engineering Co. Ltd	Sales of automobiles or components and parts of automobiles	**N/A**	59,316.24
Baoding Great Wall Venture and Investment Co., Ltd.	Sales of automobiles or components and parts	**95,213.68**	—
Baoding Great Wall Real Estate Development and Construction Co., Ltd.	Sales of automobiles or components and parts	**—**	58,461.54

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(3) Purchase of fixed assets

RMB

Related parties	Related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Hebei Baoding Tai Hang Group Company Limited	Purchase of fixed assets	—	119,611.11
Baoding Furui Landscape Co., Ltd	Purchase of fixed assets	**358,605.75**	—
Former Yanfeng Johnson	Purchase of fixed assets	**N/A**	9,575,752.01

(4) Sales of fixed assets

RMB

Related parties	Related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Baoding Wan Wei Municipal Engineering Co. Ltd	Sales of fixed assets	—	37,663.33
Baoding Zhong Tie Flower-plant Co., Ltd	Sales of fixed assets	**3979.72**	1,518.53
Former Yanfeng Johnson	Sales of fixed assets	**N/A**	81,033.12
Bo Chuang Urban Development Co., Ltd.	Sales of fixed assets	—	10,803.42
Baoding Lianchi District Great Wall Home Community Medical Service Center	Sales of fixed assets	**9174.82**	—

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(5) Purchase of services

RMB

Related parties	Related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Baoding Bo Chuang Property Service Co., Ltd.	Purchase of services	**2,300.00**	130,865.00
Baoding Jiehua	Purchase of services	**N/A**	194,273.49
Bochuang Urban Development Company Limited	Purchase of services	**5,568,437.76**	2,236,332.80

(6) Rendering of services

RMB

Related parties	Related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Former Yanfeng Johnson	Rendering of services	**N/A**	403,978.52
Bochuang Urban Development Company Limited	Rendering of services	**1,114.94**	—
China Automobile (Beijing) Automobile Lightweight Technology Research Institute Company Limited	Rendering of services	**—**	141,509.43
Hebei Baocang Expressway Co. Ltd.	Rendering of services	**10,253.85**	—

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(7) Rental income and others

RMB

Related parties	Related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Baoding Ruicheng Real Estate Development Co., Ltd.	Rental income and others	**33,171.52**	61,310.98
Former Yanfeng Johnson	Claim indemnity and others	**N/A**	267,534.34
Baoding Furui Landscape Co., Ltd.	Income from transferring long-term assets	**12,036,400.00**	—
Zhang Wen Hui	Rental income	**7,122.48**	—
Zhao Guo Qing	Rental income	**7,122.48**	—
Xu Hui	Rental income	**11,395.98**	—
Yu Wei Na	Rental income	**3,798.68**	—
Hao Jian Min	Rental income	**3,561.24**	—

(8) Emolument for key management

RMB'000

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Emolument for key management	**6,114**	2,299

Key management are the individuals who are authorized and responsible for planning, supervision and control of corporate activities, including directors, general manager, chief accounting officer, deputy general managers, and other administration officers.

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(8) Emolument for key management (continued)

(a) Independent non-executive directors' remuneration

Independent non-executive directors' remuneration within the period are as follows:

RMB'000

	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Huang Zhi Xiong	**71**	71
Lu Chuang	**30**	25
Liang Shang Shang	**30**	25
Ma Li Hui	**30**	25
Total	**161**	146

The above remuneration are paid for the non-executive directors for being the director of the Company. In the reporting period, there is no outstanding remuneration due to non-executive directors (2015: nil).

(b) Executive directors, non-executive directors and supervisors

RMB'000

For the period from 30 June to 1 January 2016	fees	salaries, wages, bonus and physical benefits	Retirement benefits contribution	Total
Executive directors:				
Wei Jian Jun	**—**	**1,387**	**5**	**1,392**
Wang Feng Ying	**—**	**1,327**	**5**	**1,332**
Yang Zhi Juan	**—**	**129**	**5**	**134**
Non-executive directors:				
He Ping	**30**	**—**	**—**	**30**
Niu Jun *(Note)*	**—**	**—**	**—**	**—**
Supervisor:				
Luo Jin Li	**10**	**—**	**—**	**10**
Zong Yi Xiang	**10**	**—**	**—**	**10**
Chen Biao	**—**	**92**	**5**	**97**
Total	**50**	**2,935**	**20**	**3,005**

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(8) Emolument for key management (continued)

(b) Executive directors, non-executive directors and supervisors (continued)

RMB'000

For the period from 30 June to 1 January 2015	fees	salaries, wages, bonus and physical benefits	Retirement benefits contribution	Total
Executive directors:				
Wei Jian Jun	—	331	5	336
Liu Ping Fu	—	94	—	94
Wang Feng Ying	—	256	5	261
Hu Ke Gang	—	119	—	119
Yang Zhi Juan	—	85	5	90
Non-executive directors:				
He Ping	25	—	—	25
Niu Jun *(Note)*	—	—	—	—
Supervisor:				
Luo Jin Li	10	—	—	10
Zong Yi Xiang	10	—	—	10
Total	45	885	15	945

Note: Niu Jun has no longer served as the company's non-executive director since January 2016.

The above are paid for the executive directors as compensation for their services as being company management.

In the period, none of directors nor supervisors waived or agreed to waive any emolument, and the Group did not pay any directors nor supervisor as award or compensation for joining the Group.

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(8) Emolument for key management (continued)

(c) Five highest paid individuals

Two (2015: two) of the five highest paid individuals is listed in the above table, and analysis for the remaining three (2015: three) individuals are as follows:

RMB'000

	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Salary, bonus, allowance and other benefits	**2,089**	486
Retirement benefits contribution	**16**	16
Total	**2,105**	502

The number of employees with emoluments within the following bands:

	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
HK$0 to HK$1,000,000 (Equivalent to RMB0 to RMB854,700)	**2**	5
HK$1,000,000 to HK$2,000,000 (equivalent to RMB854,700 to RMB1,709,400)	**3**	—

XI. RELATED PARTIES AND TRANSACTIONS (continued)

6. Amounts due from/due to related parties

RMB

Item	Related parties	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Accounts receivable	Baoding Clean Heat Supplying Co. Ltd.	**—**	44,764.50
Accounts receivable	Hebei Baocang Expressway Co. Ltd.	**5,691.09**	104,075.88
Subtotal of accounts receivable		**5,691.09**	148,840.38
Other receivables	Bochuang Urban Development Company Limited	**1,478,305.60**	1,480,248.60
Subtotal of other receivables		**1,478,305.60**	1,480,248.60
Notes payable	Former Yanfeng Johnson	**N/A**	27,454,213.75
Notes payable	Baoding Clean Heat Supplying Co. Ltd.	**10,865,249.46**	3,274,814.10
Subtotal of Notes payable		**10,865,249.46**	30,729,027.85
Accounts payable	Former Yanfeng Johnson	**N/A**	24,455,380.67
Accounts payable	Hebei Baoding Tai Hang Group Company Limited	**149,122.65**	149,122.65
Accounts payable	Baoding Clean Heat Supplying Co. Ltd.	**3,324,383.85**	8,615,279.85
Accounts payable	Baoding Tai Hang Pump Manufacturing Company Limited	**480.00**	480.00
Subtotal of accounts payable		**3,473,986.50**	33,220,263.17
Other payables	Baoding Tai Hang Steel Structure Construction Company Limited	**4,779,511.85**	4,779,511.85
Other payables	Baoding Tai Hang Pump Manufacturing Company Limited	**6,526.00**	7,526.00
Other payables	Baoding Furui Landscape Co., Ltd	**200,130.90**	702,439.33
Other payables	Hebei Baoding Tai Hang Group Company Limited	**2,000.00**	22,000.00
Other payables	Former Yanfeng Johnson	**N/A**	72,351.60
Other payables	Wei Jian Jun	**—**	320,000.00
Other payables	Zhao Guo Qing	**80,409.24**	80,409.24
Other payables	Zhang Wen Hui	**61,825.13**	61,825.13
Other payables	Xu Hui	**84,542.00**	84,542.00
Other payables	Hao Jian Min	**—**	80,409.23
Other payables	Yu Wei Na	**21,718.97**	N/A
Subtotal of other payables		**5,236,664.09**	6,211,014.38
Receipts in advance	Baoding Zhong Tie Flower-plant Co., Ltd	**—**	73,600.80
Receipts in advance	Zhao Guo Qing	**29,677.16**	36,799.64
Receipts in advance	Zhang Wen Hui	**26,115.92**	33,238.40
Receipts in advance	Xu Hui	**51,282.10**	62,678.08
Receipts in advance	Hao Jian Min	**—**	37,986.72
Receipts in advance	Yu Wei Na	**18,993.31**	N/A
Subtotal of receipts in advance		**126,068.49**	244,303.64
Dividends receivable	Former Yanfeng Johnson	**N/A**	3,800,683.86
Dividends receivable	Baoding Clean Heat Supplying Co. Ltd.	**—**	5,991,068.20
Subtotal of dividends receivable:		**—**	9,791,752.06
Prepayments	Hebei Baoding Tai Hang Group Company Limited	**13,948.72**	13,948.72
Prepayments	Baoding Clean Heat Supplying Co. Ltd.	**75,785.93**	—
Subtotal of prepayments:		**89,734.65**	13,948.72

XII. COMMITMENTS

1. Significant Commitments

(1) Capital commitments

RMB'000

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Contracted for but not provided	**7,652,799**	7,822,477

(2) Operating lease commitments

As at balance sheet date, the Group had commitments under non-cancellable operating leases which due as follows:

RMB'000

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Minimum lease payments under non-cancellable operating leases:		
In the first year from the balance sheet date	**9,343**	10,469
In the second year from the balance sheet date	**7,607**	8,009
In the third year from the balance sheet date	**6,619**	6,492
Subsequent years	**31,401**	37,176
Total	**54,970**	62,146

XIII. OTHER SIGNIFICANT EVENTS

1. Segment reporting

The Group is mainly engaged in the manufacture and sales of automobiles and automotive parts and components in the PRC, and the majority of its assets are located in the PRC. The Group determined the reporting segments and disclosed the segment information according to No.3 Interpretation of Accounting Standards for Business Enterprises in 2009. The management determined the reporting segments according to the organization structure, management requirements and internal reporting system of the Group for the purposes of resource allocation and performance evaluation. As the resource allocation and performance evaluation of the Group are carried out based on the overall operation of the production and sales of automobiles and automotive parts and components, the Group has only one business segment for internal reporting purpose.

XIII. OTHER SIGNIFICANT EVENTS (continued)

1. Segment reporting (continued)

Revenue from external customers by location of revenue sources:

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Revenue from external customers in China	**41,205,491,213.28**	36,403,367,713.15
Northeast China	**2,962,747,568.40**	2,841,643,537.96
Northern China	**5,856,496,568.96**	5,925,020,590.29
Eastern China	**13,014,538,268.05**	10,535,643,906.97
Central China	**10,348,287,658.02**	8,578,882,343.18
Northwest China	**2,951,172,040.94**	3,137,254,615.50
Southwest China	**6,072,249,108.91**	5,384,922,719.25
Revenue from external customers in other countries	**466,693,675.56**	741,408,525.38
Chile	**129,124,472.25**	116,693,971.16
Iraq	**48,087,841.39**	787,502.50
Russia	**34,850,328.42**	5,931,954.41
Peru	**32,536,533.58**	46,710,795.43
Ecuador	**29,967,010.58**	34,078,715.83
Bolivia	**21,123,968.31**	20,376,080.15
UAE	**18,820,741.94**	24,560,127.24
Malaysia	**17,378,484.51**	33,707,601.78
Iran	**12,278,280.52**	71,630,638.85
Oman	**11,586,584.39**	6,560,779.24
South Africa	**5,073,159.44**	25,984,212.26
Algeria	**4,648,372.78**	149,158,587.51
Britain	**1,115,880.26**	40,866,274.98
Other overseas countries	**100,102,017.19**	164,361,284.04
Total	**41,672,184,888.84**	37,144,776,238.53

The segment reports mainly disclose the Group's non-current assets, including fixed assets, investment properties, construction in progress and investment in joint ventures, all of which are located in PRC.

The Group is not dependent on one or a few of major customers.

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

1. Cash and bank balances

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Cash:		
RMB	**223,814.32**	403,800.80
USD	**45,711.25**	86,458.84
HKD	**10,735.85**	11,780.36
EUR	**46,981.41**	59,064.13
JPY	**52,949.88**	52,827.13
KRW	**40.88**	39.18
GBP	**19,147.30**	20,638.32
RUB	**56.39**	313.16
THB	**24.54**	23.39
AUD	**5,237.26**	15,785.74
SGD	**1,531.33**	1,426.71
Bank balances:		
RMB	**1,858,337,056.02**	994,456,582.98
USD	**88,682,352.94**	11,672,973.67
HKD	**7,395.17**	335,133.95
EUR	**1,761,081.20**	8,612,635.88
JPY	**6,508.17**	49.30
GBP	**11.60**	12.50
AUD	**1,217,413.64**	791,763.23
Other cash and bank balances:		
RMB	**96,974,803.52**	435,749,689.12
USD	**—**	2,272,760.00
Total	**2,047,392,852.67**	1,454,543,758.39
Include: overseas cash and bank balances	**—**	—

As at 30 June 2016, the Company had restricted cash and bank balances of RMB96,974,803.52, all of which are guarantees for bank acceptance bills.

As at 31 December 2015, the Group had restricted cash and bank balances of RMB438,022,449.12, in which guarantee on bank acceptance bills amounted to RMB434,849,889.12 and guarantee on letter of credit amounted to RMB3,172,560.00.

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Notes receivable

(1) Classification of notes receivable

RMB

Category	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Bank acceptance bills	**23,086,807,806.33**	24,603,364,219.79
Total	**23,086,807,806.33**	24,603,364,219.79

(2) Pledged notes receivable as at the end of each period:

RMB

Category	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Bank acceptance bills	**3,592,329,774.05**	1,867,570,210.00
Total	**3,592,329,774.05**	1,867,570,210.00

Note: The Group pledged the notes receivable for the issuance of Notes payable.

(3) Bills endorsed and discounted by the Group to other parties but yet undue by the end of the period are as follows:

RMB

Category	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Bank acceptance bills	**17,060,898,366.28**	16,793,479,822.13
Total	**17,060,898,366.28**	16,793,479,822.13

The above bills which were endorsed and discounted but yet undue have been derecognized.

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Accounts receivable

(1) Accounts receivable disclosed by category are as follows:

RMB

	30 June 2016 (Unaudited)					31 December 2015 (Audited)				
	Carrying amount		Provision for bad debt			Carrying amount		Provision for bad debt		
Category	Amount	Ratio (%)	Amount	Provision ratio (%)	Book vale	Amount	Ratio (%)	Amount	Provision ratio (%)	Book vale
Receivables that are individually significant and for which bad debt provision is individually assessed	622,244,911.02	88.92	(82,441,919.22)	13.25	539,802,991.80	706,760,138.70	93.13	(65,501,530.27)	9.27	641,258,608.43
Receivables for which bad debt provision is collectively assessed on a portfolio basis of credit risk character	77,013,966.65	11.00	(2,512,697.00)	3.26	74,501,269.65	52,149,459.53	6.87	–	–	52,149,459.53
Accounts receivable that are not individually significant but for which bad debt provision is individually assessed	584,799.96	0.08	(292,400.00)	50.00	292,399.96	–	–	–	–	–
Total	699,843,677.63	100.00	(85,247,016.22)	12.18	614,596,661.41	758,909,598.23	100.00	(65,501,530.27)	8.63	693,408,067.96

Receivables that are individually significant and for which bad debt provision is individually assessed:

RMB

	30 June 2016			
Accounts receivable (by customers)	Accounts receivable	Provision for bad debts	Provision ratio (%)	Reason for provision
Customer 1	299,497,316.53	(71,981,206.43)	24.03	Past due
Customer 2	11,850,658.70	(2,579,733.10)	21.77	Past due
Customer 3	11,510,481.85	(2,282,093.18)	19.83	Past due
Customer 4	10,740,161.93	(2,465,656.72)	22.96	Past due
Customer 5	9,882,142.75	(1,878,567.38)	19.01	Past due
Customer 6	9,078,836.29	(1,248,986.85)	13.76	Past due
Customer 7	3,481,216.83	(5,675.56)	0.16	Past due
Others	266,204,096.14	—	—	—
Total	622,244,911.02	(82,441,919.22)	13.25	

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Accounts receivable (continued)

(2) Aging analysis of accounts receivable and corresponding provisions for bad debts are as follows:

RMB

Aging	30 June 2016 Carrying amount	Ratio (%)	Provision for bad debts	Book value	31 December 2015 Carrying amount	Ratio (%)	Provision for bad debts	Book value
Within 1 year	**347,927,946.97**	**49.71**	**(11,219,246.77)**	**336,708,700.20**	432,502,876.06	56.99	—	432,502,876.06
1 to 2 years	**268,587,906.08**	**38.38**	**(2,046,563.02)**	**266,541,343.06**	326,406,722.17	43.01	(65,501,530.27)	260,905,191.90
2 to 3 years	**83,327,824.58**	**11.91**	**(71,981,206.43)**	**11,346,618.15**	—	—	—	—
Total	**699,843,677.63**	**100.00**	**(85,247,016.22)**	**614,596,661.41**	758,909,598.23	100.00	(65,501,530.27)	693,408,067.96

The analysis of aging of accounts receivable is based on the time of delivering goods or providing services.

(3) Provision, collection or reversal of bad debts during the reporting period

Provision for bad debts amounted to RMB15,654,458.61; amount arising from merged by absorbing and transferred to bad debt provision amounted to RMB13,369,278.91; collection or reversal of bad debts amounted to RMB9,278,251.57.

(4) No accounts receivable have been written off during the reporting period.

(5) Top five entities with the largest balances of accounts receivable

RMB

Name of unit	Closing balance	Proportion of the amount to the total accounts receivable (%)	Amount of provision for bad debts at end of the period
Customer 1	299,497,316.53	42.79	(71,981,206.43)
Customer 2	68,157,364.40	9.74	—
Customer 3	14,064,750.79	2.01	—
Customer 4	13,236,067.80	1.89	—
Customer 5	12,287,830.72	1.76	—
Total	407,243,330.24	58.19	(71,981,206.43)

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Other receivables

(1) Other receivables disclosed by category are as follows:

RMB

Category	30 June 2016					31 December 2015				
	Carrying amount		Provision for bad debts			Carrying amount		Provision for bad debts		
	Amount	Ratio (%)	Amount	Provision ratio (%)	Book value	Amount	Ratio (%)	Amount	Provision ratio (%)	Book value
Other receivables that are individually significant and for which bad debt provision is individually assessed	**60,109,677.36**	**82.18**	**(7,641,107.37)**	**12.71**	**52,468,569.99**	59,140,913.94	85.12	(1,744,140.00)	2.95	57,396,773.94
Other receivables for which bad debt provision is collectively assessed on a portfolio basis of credit risk character	**13,034,362.00**	**17.82**	**–**	**–**	**13,034,362.00**	10,341,854.00	14.88	–	–	10,341,854.00
Other receivable that are not individually significant but for which bad debt provision is individually assessed	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Total	**73,144,039.36**	**100.00**	**(7,641,107.37)**	**10.45**	**65,502,931.99**	69,482,767.94	100.00	(1,744,140.00)	2.51	67,738,627.94

Other receivables that are individually significant and for which bad debt provision is individually assessed:

RMB

Other accounts receivable (by customers)	30 June 2016			
	Other accounts receivable	Provision for bad debts	Provision ratio (%)	Reason for provision
Entity 1	**10,200,000.00**	**—**	**—**	**—**
Entity 2	**10,000,000.00**	**—**	**—**	**—**
Entity 3	**7,935,364.59**	**—**	**—**	**—**
Entity 4	**5,896,967.37**	**(5,896,967.37)**	**100.00**	**Unrecoverable**
Entity 5	**5,000,000.00**	**—**	**—**	**—**
Entity 6	**1,744,140.00**	**(1,744,140.00)**	**100.00**	**Unrecoverable**
Others	**19,333,205.40**	**—**	**—**	**—**
Total	**60,109,677.36**	**(7,641,107.37)**	**12.71**	

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Other receivables (continued)

(2) Aging analysis of other receivables and corresponding provision for bad debts are as follows:

RMB

Aging	30 June 2016 Amount	Ratio (%)	Provision for bad debts	Book value	31 December 2015 Amount	Ratio (%)	Provision for bad debts	Book value
Within 1 year	**53,207,790.18**	**72.75**	**(5,896,967.37)**	**47,310,822.81**	49,152,196.45	70.74	—	49,152,196.45
1 to 2 years	**3,755,266.87**	**5.13**	**(1,744,140.00)**	**2,011,126.87**	18,263,052.24	26.28	(1,744,140.00)	16,518,912.24
2 to 3 years	**15,332,561.15**	**20.96**	**—**	**15,332,561.15**	1,622,763.57	2.34	—	1,622,763.57
Over 3 years	**848,421.16**	**1.16**	**—**	**848,421.16**	444,755.68	0.64	—	444,755.68
Total	**73,144,039.36**	**100.00**	**(7,641,107.37)**	**65,502,931.99**	69,482,767.94	100.00	(1,744,140.00)	67,738,627.94

(3) Provision, collection or reversal of bad debts during the reporting period:

The Company provided bad debts of RMB5,896,967.37, but did not collect or reverse bad debts during the reporting period.

(4) The Company did not write off other receivables during the reporting period.

(5) Other accounts receivable disclosed by nature are as follows:

RMB

Nature of other accounts receivable	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Petty cash	**8,621,271.26**	6,603,016.85
Deposits	**40,600,613.41**	30,075,904.44
Others	**23,922,154.69**	32,803,846.65
Total	**73,144,039.36**	69,482,767.94

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Other receivables (continued)

(6) Top five entities with the largest balances of other receivables:

RMB

Name of unit	Nature of other accounts receivable	Amount	Aging	Percentage of the total other receivables (%)	Closing balance of provision of bad debts
Entity 1	Performance bond	10,200,000.00	Within 3 year	13.94	—
Entity 2	Steel products deposits	10,000,000.00	Within 1 year	13.67	—
Entity 3	Customs deposits	7,935,364.59	Within 1 year	10.85	—
Entity 4	Equipment payments receivable	5,896,967.37	Within 1 year	8.06	(5,896,967.37)
Entity 5	Steel products deposits	5,000,000.00	Within 1 year	6.84	—
Total		39,032,331.96		53.36	(5,896,967.37)

(7) At the end of reporting period, there were no other receivables which are related to government grant.

5. Inventories

(1) Inventories categories

RMB

Item	Carrying amount	30 June 2016 Provision for decline in value of inventories	Book value
Raw materials	**1,012,953,372.33**	**(2,981,174.41)**	**1,009,972,197.92**
Work-in-progress	**632,518,830.42**	**—**	**632,518,830.42**
Finished goods	**1,147,729,530.59**	**(13,212,830.10)**	**1,134,516,700.49**
Low-valued consumables	**178,011,848.76**	**(162,467.55)**	**177,849,381.21**
Total	**2,971,213,582.10**	**(16,356,472.06)**	**2,954,857,110.04**

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

5. Inventories (continued)

(1) *Inventories categories (continued)*

RMB

Item	Carrying amount	31 December 2015 Provision for decline in value of inventories	Book value
Raw materials	834,640,913.45	(1,890,113.64)	832,750,799.81
Work-in-progress	553,760,350.06	—	553,760,350.06
Finished goods	890,285,232.83	(6,815,669.80)	883,469,563.03
Low-valued consumables	110,975,882.68	—	110,975,882.68
Total	2,389,662,379.02	(8,705,783.44)	2,380,956,595.58

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

RMB

Inventory categories	1 January 2016	Provision for the period	Transferred from merger by absorbing	Decrease for the period Reversals	Write-offs	30 June 2016
Raw materials	1,890,113.64	7,506.91	1,638,373.92	(26,308.23)	(528,511.83)	**2,981,174.41**
Work-in-progress	—	—	—	—	—	**—**
Finished goods	6,815,669.80	9,775,864.70	—	(401,512.45)	(2,977,191.95)	**13,212,830.10**
Low-valued consumables	—	—	179,363.00	—	(16,895.45)	**162,467.55**
Total	8,705,783.44	9,783,371.61	1,817,736.92	(427,820.68)	(3,522,599.23)	**16,356,472.06**

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

5. Inventories (continued)

(3) Analysis of provision for decline in value of inventories

Item	Basis of provision for decline in value of inventories	Reasons for reversal or written-off of provision for decline in value of inventories during the period	Percentage of the reversal to the closing balance of such inventory during the period (%)
Raw materials	Note 1	Note 2	—
Work-in-progress	—	—	—
Finished goods	Note 1	Note 2	0.03

Descriptions of inventories:

Note 1: As the estimated net realizable value of some vehicle products was lower than the inventory cost as at the end of reporting period, provision for decline in value of inventories had been made for raw materials and finished goods correspondingly.

Note 2: As the estimated net realizable value of some vehicle products was higher than the inventory cost as at the end of the reporting period, the provision for decline in value of inventories for the previous period has been reversed. In addition, as the inventories for which provision for decline in value has been made in the previous period was sold during the period, the provision for decline in value of inventories has been written off.

6. Long-term equity investments

The breakdown of long-term equity investments is as follows:

RMB

Item	30 June 2016 Carrying amount	30 June 2016 Impairment provision	30 June 2016 Book value	31 December 2015 Carrying amount	31 December 2015 Impairment provision	31 December 2015 Book value
Investment in subsidiary	**4,121,089,089.76**	**—**	**4,121,089,089.76**	5,021,595,119.18	—	5,021,595,119.18
Investment in associates and joint venture	**—**	**—**	**—**	8,694,561.20	—	8,694,561.20
Total	**4,121,089,089.76**	**—**	**4,121,089,089.76**	5,030,289,680.38	—	5,030,289,680.38

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

6. Long-term equity investments (continued)

The breakdown of investments in subsidiaries is as follows:

RMB

Investee	1 January 2016	Addition	Reduction	30 June 2016	Provision for impairment during the period	Closing balance of provision for bad debt
Great Wall Huabei	268,092,310.00	—	—	**268,092,310.00**	—	—
Great Wall Internal Combustion Engine *(Note 1)*	583,255,808.00	—	(583,255,808.00)	**—**	—	—
Great Wall Vehicle Axles *(Note 2)*	347,555,714.49	—	(282,220,000.00)	**65,335,714.49**	—	—
Baoding Nuobo	72,240,000.00	—	—	**72,240,000.00**	—	—
Beijing Great	12,539,100.00	—	—	**12,539,100.00**	—	—
Baoding Great	23,000,000.00	—	—	**23,000,000.00**	—	—
Great Wall After-sales	34,850,000.00	—	—	**34,850,000.00**	—	—
Macs *(Note 1)*	41,928,490.00	—	(41,928,490.00)	**—**	—	—
Tide Technology and Trade *(Note 3)*	159,353,665.00	98,000,000.00	—	**257,353,665.00**	—	—
Russia Great Wall	404,335.00	—	—	**404,335.00**	—	—
Mind Component	71,250,000.00	—	—	**71,250,000.00**	—	—
Exquisite Foundry *(Note 1)*	85,000,000.00	—	(85,000,000.00)	**—**	—	—
Baoding Yixin	9,750,000.00	—	—	**9,750,000.00**	—	—
Great Wall Ants	86,000,000.00	—	—	**86,000,000.00**	—	—
Lean School	100,000.00	—	—	**100,000.00**	—	—
Tianjin Boxin	1,891,553,510.28	—	—	**1,891,553,510.28**	—	—
Ningxia Leasing	20,000,000.00	—	—	**20,000,000.00**	—	—
Great Wall Resource Recycling	50,000,000.00	—	—	**50,000,000.00**	—	—
Great Wall Boxiang *(Note 1)*	39,116,124.26	—	(39,116,124.26)		—	—
Exquisite Mould	5,000,000.00	—	—	**5,000,000.00**	—	—
Baoding Xinyuan *(Note 1)*	73,993,920.36	—	(73,993,920.36)		—	—
Xushui Component	7,000,000.00	—	—	**7,000,000.00**	—	—
Haval Rental	25,000,000.00	—	—	**25,000,000.00**	—	—
Great Wall Sales	8,000,000.00	—	—	**8,000,000.00**	—	—
Automotive Finance	495,000,000.00	—	—	**495,000,000.00**	—	—
Shanghai Haval	1,500,000.00	—	—	**1,500,000.00**	—	—
Haval Auto Sales	5,000,000.00	—	—	**5,000,000.00**	—	—
Xushui Nuobo	255,000,000.00	—	—	**255,000,000.00**	—	—
Baoding Jie Hua	40,811,761.79	—	—	**40,811,761.79**	—	—
Haval Motors South Africa *(Note 4)*	4,300,380.00	21,611,700.00	—	**25,912,080.00**	—	—
Haval Logistics	50,000,000.00	—	—	**50,000,000.00**	—	—
Russia Manufacturing *(Note 9)*	200,000,000.00	—	—	**200,000,000.00**	—	—
Haval Insurance Brokers	50,000,000.00	—	—	**50,000,000.00**	—	—
Scrap car recycling and dismantling	5,000,000.00	—	—	**5,000,000.00**	—	—
Xinyi Seating *(Note 5)*	—	30,194,561.20	—	**30,194,561.20**	—	—
Haval Australia *(Note 6)*	—	21,773,250.00	—	**21,773,250.00**	—	—
Europe Technical center *(Note 7)*	—	33,428,802.00	—	**33,428,802.00**	—	—
Total	5,021,595,119.18	205,008,313.20	(1,105,514,342.62)	**4,121,089,089.76**	—	—

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

6. Long-term equity investment (continued)

The breakdown of investments in associates and joint venture was as follows:

RMB

Investee	1 January 2016	Movement in this period								30 June 2016	Provision for impairment during the period
		Addition	Reduction	Investment profit or loss recognized under equity method	Adjustment of other comprehensive income	Change in other equity	Declared cash dividends or profit	Provision for impairment	Others		
Investment in associates											
Former Yanfeng Johnson *(note 5)*	8,694,561.20	—	(8,694,561.20)	—	—	—	—	—	—	—	—
Sub-total	8,694,561.20	—	(8,694,561.20)	—	—	—	—	—	—	—	—
Total	8,694,561.20	—	(8,694,561.20)	—	—	—	—	—	—	—	—

Note 1: In March 2016, the wholly-owned subsidiaries Great Wall Internal Combustion Engine, Macs and Jinggong Foundry were merged by absorption. As of 30 June 2016, the above subsidiaries were under deregistration procedure.

Note 2: In April 2016, the Company reduced its capital investment in Great Wall Vehicle Axles (the wholly-owned subsidiary of the Company), hence the registered capital of Great Wall Vehicle Axles was reduced from RMB282.72 million to RMB50,000.

Note 3: In April and June 2016, the Company increased its investment in Tide Technology and Trade by RMB98 million in total, correspondingly, Tide Technology and Trade's registered capital was increased to USD24.5 million and RMB100 million. As of 30 June 2016, the capital injection is yet to be completed.

Note 4: In February 2016, the Company increased its investment in Haval South Africa by USD3.3 million.

Note 5: In January 2016, the Company acquired 50% equity interest in Yanfeng Johnson from Shanghai Yanfeng Johnson Controls Seating Co., Ltd., upon the completion of the acquisition, Yanfeng Johnson changed its name into "Baoding Xinyi Automobile Seating Co., Ltd.", and the Company holds 75% equity interest in it, and the remaining 25% equity is held by Billion Sunny Development, subsidiary of the Company.

Note 6: In February 2016, the Company increased its investment in Haval Australia by AUD4.5 million. Upon the completion of the investment injection, the Company directly holds 53% equity in Haval Australia, and the remaining 47% equity is held by Tide Technology and Trade.

Note 7: In May 2016, the Company established Europe Technical Center with registered capital of EUR 25,000.

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

7. Fixed assets

Fixed assets

RMB

Item	Buildings and structures	Machinery and equipment	Motor vehicles	Other equipment	Total
I. Original book value					
1 January 2016	8,182,125,832.21	10,862,013,389.08	99,403,225.55	2,868,292,190.48	22,011,834,637.32
Additions for the period	1,407,051,823.22	3,682,385,654.40	21,318,863.93	781,126,665.28	5,891,883,006.83
1. Purchase	44,601,236.02	136,228,791.21	798,594.76	37,280,317.18	218,908,939.17
2. Transfer from construction in progress	1,133,675,295.65	2,704,018,642.38	13,530,610.81	588,882,172.51	4,440,106,721.35
3. Increase from merger by absorbing	228,775,291.55	842,138,220.81	6,989,658.36	154,964,175.59	1,232,867,346.31
Deductions for the period	(1,204,679.14)	(117,213,469.20)	(2,390,716.15)	(20,718,293.70)	(141,527,158.19)
1. Disposal and scrap	(1,204,679.14)	(6,150,724.95)	(2,390,716.15)	(20,181,318.17)	(29,927,438.41)
2. Transfer to construction in progress	—	(107,089,747.49)	—	(14,837.61)	(107,104,585.10)
3. Others	—	(3,972,996.76)	—	(522,137.92)	(4,495,134.68)
30 June 2016	9,587,972,976.29	14,427,185,574.28	118,331,373.33	3,628,700,562.06	27,762,190,485.96
II. Total accumulated depreciation					
1 January 2016	854,385,708.92	3,385,584,661.34	31,036,751.24	1,435,187,141.61	5,706,194,263.11
Additions for the period	239,537,999.82	1,098,742,984.16	12,004,117.27	328,218,441.07	1,678,503,542.32
1. Provision for the period	143,623,300.51	620,224,921.74	7,908,452.51	230,314,294.02	1,002,070,968.78
2. Increase from merger by absorbing	95,914,699.31	478,518,062.42	4,095,664.76	97,904,147.05	676,432,573.54
Deductions for the period	(299,383.20)	(21,247,699.91)	(1,938,770.70)	(13,292,730.96)	(36,778,584.77)
1. Disposal and scrap	(299,383.20)	(3,940,097.96)	(1,938,770.70)	(13,054,798.93)	(19,233,050.79)
2. Transfer to construction in progress	—	(16,666,681.89)	—	(3,132.38)	(16,669,814.27)
3. Others	—	(640,920.06)	—	(234,799.65)	(875,719.71)
30 June 2016	1,093,624,325.54	4,463,079,945.59	41,102,097.81	1,750,112,851.72	7,347,919,220.66
III. Provision for impairment					
1 January 2016	136,268.33	42,855,846.40	—	32,323,450.76	75,315,565.49
Additions for the period	—	1,872,662.33	—	40,166,310.85	42,038,973.18
1. Provision for the period	—	1,318,099.68	—	39,741,808.82	41,059,908.50
2. Increase from merger by absorbing	—	554,562.65	—	424,502.03	979,064.68
Deductions for the period	—	(72,927.25)	—	(3,247,324.79)	(3,320,252.04)
1. Disposal and scrap	—	(72,927.25)	—	(3,247,324.79)	(3,320,252.04)
30 June 2016	136,268.33	44,655,581.48	—	69,242,436.82	114,034,286.63
IV. Book value					
30 June 2016	8,494,212,382.42	9,919,450,047.21	77,229,275.52	1,809,345,273.52	20,300,236,978.67
1 January 2016	7,327,603,854.96	7,433,572,881.34	68,366,474.31	1,400,781,598.11	16,230,324,808.72

As at 30 June 2016, among the fixed assets, the net book value of properties without title certificates amounted to RMB2,822,428,790.37 (As at 31 December 2015: RMB1,920,434,767.20) and the application of relevant title certificates is in progress.

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

8. Construction in progress

(1) The breakdown of construction in progress is as follows

RMB

Project	30 June 2016 Carrying amount	30 June 2016 Impairment provision	30 June 2016 Net book value	31 December 2015 Carrying amount	31 December 2015 Impairment provision	31 December 2015 Net book value
Annual production of 400,000 sets of aluminum alloy casting	—	—	—	2,000,568.77	—	2,000,568.77
Tianjin automobile project	**29,359,121.10**	—	**29,359,121.10**	45,684,661.20	—	45,684,661.20
Tianjin parts and components project	**142,425,059.10**	—	**142,425,059.10**	99,492,279.22	—	99,492,279.22
Industrial park phase I. II. III	**351,269,047.80**	**(11,013,179.46)**	**340,255,868.34**	258,227,920.78	(11,013,179.46)	247,214,741.32
Xindatong Reconstruction	**7,068,544.20**	—	**7,068,544.20**	6,201,363.92	—	6,201,363.92
Jiaozhuang infrastructure	**1,766,856.00**	—	**1,766,856.00**	847,696.00	—	847,696.00
Jiaozhuang equipment	**24,277,877.43**	—	**24,277,877.43**	59,216,915.95	—	59,216,915.95
New technology center	**214,893,887.07**	—	**214,893,887.07**	381,748,924.54	—	381,748,924.54
Xushui Automobile Project	**2,179,914,648.03**	—	**2,179,914,648.03**	3,737,652,655.74	—	3,737,652,655.74
Xushui parts and components project	**1,092,781,024.47**	**(83,886.55)**	**1,092,697,137.92**	1,287,617,245.49	—	1,287,617,245.49
Xushui supporting infrastructure project	**135,427,612.22**	—	**135,427,612.22**	133,248,777.99	—	133,248,777.99
Others	**268,994,735.41**	—	**268,994,735.41**	54,921,194.89	—	54,921,194.89
Total	**4,448,178,412.83**	**(11,097,066.01)**	**4,437,081,346.82**	6,066,860,204.49	(11,013,179.46)	6,055,847,025.03

(2) Changes of major construction in progress

RMB

Project	Budget amount	1 January 2016	Additions	Increase from merger by absorbing	Transfer to fixed assets	Other deductions	Investment to budget (%)	Accumulated capitalized interest amount	Of which: capitalized interest amount	Ratio of capitalized interest amount (%)	Sources of fund	30 June 2016
Annual production of 400,000 sets of automotive lightings	303,376,600.00	2,000,568.77	—	—	—	(2,000,568.77)	100.00	—	—	—	Raising fund	—
Tianjin automobile project	5,060,971,991.16	45,684,661.20	151,791,678.62	—	(167,763,347.92)	(353,870.80)	98.34	—	—	—	Own fund	**29,359,121.10**
Tianjin parts and components project	1,467,803,256.00	99,492,279.22	54,565,655.55	—	(11,298,436.82)	(334,438.85)	76.19	—	—	—	Own fund	**142,425,059.10**
Industrial park phase I. II. III	872,719,666.00	258,227,920.78	212,387,930.95	—	(110,504,696.27)	(8,842,107.66)	86.44	—	—	—	Own fund	**351,269,047.80**
Xindatong Reconstruction	9,653,783.00	6,201,363.92	867,180.28	—	—	—	100.00	—	—	—	Own fund	**7,068,544.20**
Jiaozhuang infrastructure	254,193,000.00	847,696.00	932,258.28	—	(13,098.28)	—	80.91	—	—	—	Own fund	**1,766,856.00**
Jiaozhuang equipment	1,384,811,857.00	59,216,915.95	—	—	(27,512,852.07)	(7,426,186.45)	100.00	—	—	—	Own fund	**24,277,877.43**
New technology center	1,976,539,000.00	381,748,924.54	10,163,314.92	—	(153,702,297.95)	(23,316,054.44)	79.00	—	—	—	Own fund	**214,893,887.07**
Xushui Automobile Project	11,013,118,194.00	3,737,652,655.74	989,326,816.27	—	(2,545,426,434.21)	(1,638,389.77)	74.31	—	—	—	Own fund	**2,179,914,648.03**
Xushui parts and components project	10,075,463,508.00	1,287,617,245.49	1,227,980,502.13	—	(1,375,174,395.96)	(47,642,327.19)	53.22	—	—	—	Own fund	**1,092,781,024.47**
Xushui supporting infrastructure project	683,995,500.00	133,248,777.99	32,743,256.79	—	—	(30,564,422.56)	19.80	—	—	—	Own fund	**135,427,612.22**
Others	608,018,499.10	54,921,194.89	251,560,834.22	22,975,654.28	(48,711,161.87)	(11,751,786.11)	91.07	—	—	—	Own fund	**268,994,735.41**
Total	33,710,664,854.26	6,066,860,204.49	2,932,319,428.01	22,975,654.28	(4,440,106,721.35)	(133,870,152.60)		—	—	—		**4,448,178,412.83**

Note: The decrease of RMB8,984,951.05 in construction in progress is transferred into intangible assets, and a decrease of RMB71,662,155.24 in construction in progress is transferred into investment properties.

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

9. Intangible assets

Intangible assets

RMB

Item	Land use rights	Software and others	Total
I. Original book value			
1 January 2016	3,082,390,184.45	118,838,041.72	3,201,228,226.17
Additions for the period	61,551,676.75	19,385,927.47	80,937,604.22
1. Purchase	—	3,051,749.50	3,051,749.50
2. Transfer in from construction in progress	—	8,984,951.05	8,984,951.05
3. Increase from merger by absorbing	61,551,676.75	7,349,226.92	68,900,903.67
Deductions for the period	(17,770,823.45)	(4,116,300.00)	(21,887,123.45)
1. Decrease for transferring into investment properties	(17,770,823.45)	—	(17,770,823.45)
2. Other transfer-out	—	(4,116,300.00)	(4,116,300.00)
30 June 2016	3,126,171,037.75	134,107,669.19	3,260,278,706.94
II. Total accumulated amortization			
1 January 2016	235,722,502.79	58,151,778.77	293,874,281.56
Additions for the period	43,826,645.56	9,476,833.27	53,303,478.83
1. Charged for the period	31,625,438.31	5,116,230.20	36,741,668.51
2. Increase from merger by absorbing	12,201,207.25	4,360,603.07	16,561,810.32
Deductions for the period	(1,008,694.50)	(3,255,928.97)	(4,264,623.47)
1. Decrease by transferring into investment properties	(1,008,694.50)	—	(1,008,694.50)
2. Other transfer-out	—	(3,255,928.97)	(3,255,928.97)
30 June 2016	278,540,453.85	64,372,683.07	342,913,136.92
III. Book value			
30 June 2016	2,847,630,583.90	69,734,986.12	2,917,365,570.02
1 January 2016	2,846,667,681.66	60,686,262.95	2,907,353,944.61

Prepaid lease payment (land use right) analysis by location and aging) is as follows:

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Located in mainland China — 10 to 50 years	**2,847,630,583.90**	2,846,667,681.66

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

10. Notes payable

RMB

Category	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Bank acceptance bills	**4,448,076,357.72**	3,701,669,046.17
Total	**4,448,076,357.72**	3,701,669,046.17

11. Accounts payable

(1) Accounts payable

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	**17,692,975,176.68**	17,280,203,199.27
1 to 2 years	**11,823,119.41**	9,378,897.77
2 to 3 years	**7,147,389.57**	8,378,422.84
Over 3 years	**4,766,207.34**	2,354,241.18
Total	**17,716,711,893.00**	17,300,314,761.06

The analysis of aging of accounts payable is based on the time of purchasing materials, goods or receiving services.

(2) There was no accounts payable aged over one year with significant amount during the period.

12. Receipts in advance

(1) Details of receipts in advance

RMB

Item	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	**1,180,467,616.66**	3,367,280,265.77
1 to 2 years	**12,968,606.90**	9,523,559.92
2 to 3 years	**2,703,877.31**	3,014,525.18
Over 3 years	**3,310,049.00**	1,032,813.92
Total	**1,199,450,149.87**	3,380,851,164.79

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

12. Receipts in advance (continued)

(2) Advance from customers aged over 1 year with significant amount

RMB

Item	30 June 2016	Reason for outstanding or transfer
Supplier 1	**7,546,325.29**	Payment terms have not been reached
Supplier 2	**4,914,671.96**	Payment terms have not been reached
Total	**12,460,997.25**	

13. Capital reserve

RMB

Item	Opening balance	Additions	Deductions	Closing balance
For the period from 1 January to 30 June 2016 (Unaudited):				
Capital premiums *(Note)*	**1,466,587,149.89**	**—**	**(4,116,300.00)**	**1,462,470,849.89**
Other capital reserves	**(2,933,126.78)**	**4,649,582.66**	**—**	**1,716,455.88**
Including: Transfer from capital reserve under previous standards	**(2,933,126.78)**	**—**	**—**	**(2,933,126.78)**
Translation differences of foreign capital	**—**	**—**	**—**	**—**
Reserve for revaluation gain of assets	**—**	**—**	**—**	**—**
Others *(Note)*	**—**	**4,649,582.66**	**—**	**4,649,582.66**
Total	**1,463,654,023.11**	**4,649,582.66**	**(4,116,300.00)**	**1,464,187,305.77**
For the period from 1 January to 30 June 2015 (Audited):				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserve	(2,933,126.78)	—	—	(2,933,126.78)
Including: Transfer from capital reserve under previous standards	(2,933,126.78)	—	—	(2,933,126.78)
Translation differences of foreign capital	—	—	—	—
Reserve for revaluation gain of assets	—	—	—	—
Total	4,506,077,023.11	—	—	4,506,077,023.11

Note: In March 2016, the Company merged its directly controlling wholly-owned subsidiaries, namely, Great Wall Internal Combustion Engine, Macs, Jinggong Foundry, Great Wall Boxiang, and Baoding Xinyuan, by absorbing, transferred other capital reserve arising from acquisition of the above subsidiaries' minority interest to the Company, and made capital contribution to the capital reserve recognized in the formerly subsidiary, Great Wall Internal Combustion Engine by trademark rights.

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

14. Undistributed profits

RMB

Item	Amount	Proportion of appropriation or allocation
For the period from 1 January to 30 June 2016 (Unaudited):		
Undistributed profits at the beginning of the period	**22,756,665,987.89**	
Add: Net profit	**5,775,519,713.06**	
Transfer from merger by absorbing	**199,547,880.52**	**(3)**
Less: Appropriation of statutory surplus reserves	**—**	**(1)**
Distribution of cash dividends	**(1,734,181,110.00)**	**(2)**
Capital transferred from ordinary dividend	**—**	
Undistributed profits at the end of period	**26,997,552,471.47**	
For the period from 1 January to 30 June 2015 (Audited):		
Undistributed profits at the beginning of the period	21,934,165,795.67	
Add: Net profit	5,263,264,061.91	
Less: Appropriation of statutory surplus reserves	—	(1)
Distribution of cash dividends	(2,433,938,400.00)	
Undistributed profits at the end of the period	24,763,491,457.58	

(1) Appropriation of statutory surplus reserves

As required by the Articles of Association, statuary surplus reserve shall be withdrawn at 10% of net profit. If the accumulated amount of the Company's statuary surplus reserve is over 50% of its registered capital, no provision. Subject to certain provisions of the Company Law and the Articles of Association, part of the statuary surplus reserve may be transferred into the share capital of the Company provided that the balance of statuary surplus reserve shall not be less than 25% of its registered capital.

(2) Cash dividends and share dividends being approved by the shareholders' meeting in this period.

On 17 May 2016, the 2015 shareholders' meeting approved "Proposal on Profit Distribution of 2015", of which allows the Company to distribute cash dividends of RMB0.19 (inclusive of tax) per share, amounting to RMB1,734,181,110.00 in total, based on total shares of 9,127,269,000 shares for 2015.

(3) In March 2016, the Company merged its wholly-owned subsidiaries, namely, Great Wall Internal Combustion Engine, Macs, Jinggong Foundry, Great Wall Boxiang, and Baoding Xinyuan, and transferred the above subsidiaries' net profit or loss realized from the acquisition date or incorporation date to the absorption date.

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

15. Operating income and operating costs

(1) Operating income

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Revenue from principal businesses	**40,091,859,035.23**	34,929,443,155.31
Including: Revenue from the sale of automobiles	**39,573,480,669.85**	34,271,992,290.22
Revenue from the sale of automotive parts and components	**416,289,412.81**	611,040,119.93
Revenue from the sale of moulds and others	**56,169,481.97**	13,861,848.18
Revenue from rendering of service	**45,919,470.60**	32,548,896.98
Revenue from other businesses	**231,890,248.78**	203,317,358.06
Total	**40,323,749,284.01**	35,132,760,513.37

(2) Operating costs

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Operating costs from principal businesses	**32,210,485,179.18**	27,827,861,562.57
Including: Costs of sales of automobiles	**31,822,466,317.74**	27,272,675,493.98
Costs of sales of automotive parts and components	**325,938,239.63**	510,578,584.29
Costs of sales of moulds and others	**27,984,797.04**	22,470,806.17
Costs of rendering services	**34,095,824.77**	22,136,678.13
Other operating costs	**187,387,929.08**	173,829,745.80
Total	**32,397,873,108.26**	28,001,691,308.37

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

16. Business tax and levies

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Business tax	**1,431,728.39**	968,567.46
Consumption tax	**1,189,935,739.34**	1,011,327,596.73
Urban maintenances and construction tax	**156,909,196.98**	138,611,886.62
Educational surcharges	**118,218,625.00**	101,021,989.14
Others	**15,656,466.73**	14,385,103.05
Total	**1,482,151,756.44**	1,266,315,143.00

17. Administrative expenses

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Technology development expenditures	**1,210,471,685.63**	1,088,164,036.13
Wages and salaries	**212,449,784.39**	153,756,896.61
Taxes	**70,401,937.25**	54,473,127.55
Depreciation and amortization	**94,189,556.21**	48,959,920.13
Business reception fees	**2,360,777.87**	3,870,557.63
Office expenses	**28,289,108.79**	25,745,256.50
Repair and maintenance fees	**66,039,947.59**	44,529,519.32
Auditors' remuneration	**695,722.84**	1,203,949.28
Service charges	**12,036,004.57**	4,243,852.42
Others	**43,798,481.03**	14,740,589.91
Total	**1,740,733,006.17**	1,439,687,705.48

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

18. Investment income

Breakdown:

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Income from long-term equity investments under equity method	—	3,228,047.46
Income from wealth management products	**12,669,733.40**	11,324,136.99
Income (loss) from the disposal of long-term equity investments	—	17,088,700.00
Income from long-term equity investments under cost method	**2,037,232,894.95**	1,888,907,923.38
Total	**2,049,902,628.35**	1,920,548,807.83

There are no significant restrictions on remittance of investment income of the Company.

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

19. Income tax expenses

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Current income tax	**620,728,558.40**	584,816,242.62
Deferred income tax	**(29,604,231.84)**	(42,296,857.03)
Total	**591,124,326.56**	542,519,385.59

Reconciliation between income tax expenses and accounting profits is as follows:

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Total profit	**6,366,644,039.62**	5,805,783,447.50
Income tax rate	**25%**	25%
Income tax expenses calculated at tax rate of 25%	**1,591,661,009.91**	1,451,445,861.88
Effects of applicable concessionary rate	**(390,414,401.14)**	(360,164,910.65)
Additional deduction for research and development costs	**(106,953,975.84)**	(81,428,992.72)
Tax effect of non-taxable income	**(509,855,786.03)**	(476,253,317.14)
Tax effect of non-deductible expenses	**6,687,479.66**	8,920,744.22
Total	**591,124,326.56**	542,519,385.59

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

20. Supplementary information of cash flow statements

(1) Supplementary information of cash flow statements

RMB

Supplementary information	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
1. Reconciliation of net profits to cash flow from operating activities:		
Net profit	**5,775,519,713.06**	5,263,264,061.91
Add: Impairment provision for assets	**62,772,520.39**	46,418,621.96
Depreciation of fixed assets	**1,002,070,968.78**	735,893,284.12
Amortization of intangible assets	**36,741,668.51**	30,883,307.41
Amortization of long-term prepaid expenses	**2,867,336.77**	2,430,543.84
Depreciation and amortization of investment properties	**116,060.64**	86,393.16
(Gains)/losses from change of fair value	**—**	214,440.00
(Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets, net of gains	**9,962,615.56**	5,749,500.19
Amortization of deferred income	**(36,553,302.36)**	(24,793,370.65)
Financing costs/(gains)	**4,778,931.31**	5,844,011.76
Investment losses/(gains)	**(2,049,902,628.35)**	(1,920,548,807.83)
(Increase)/decrease in deferred tax assets	**(29,604,231.84)**	(42,296,857.03)
(Increase)/decrease in inventories	**(1,018,376,117.68)**	(1,407,959,546.96)
(Increase)/decrease in operating receivables	**2,888,393,230.83**	5,369,852,722.61
Increase/(decrease) in operating payables	**(2,492,355,969.32)**	(1,971,058,532.00)
Net cash flows from operating activities	**4,156,430,796.30**	6,093,979,772.49
2. Net change in cash and cash equivalents:		
Cash balance at the end of the period	**1,950,418,049.15**	1,684,134,498.10
Less: Cash balance at the beginning of the period	**1,016,521,309.27**	926,209,380.56
Add: Cash equivalents balance at the end of the period	**—**	—
Less: Cash equivalents balance at the beginning of the period	**—**	—
Net increase in cash and cash equivalents	**933,896,739.88**	757,925,117.54

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

20. Supplementary information of cash flow statements (continued)

(2) Components of cash and cash equivalents

RMB

Item	30 June 2016 (Unaudited)	30 June 2015 (Audited)
I. Cash	**1,950,418,049.15**	1,684,134,498.10
Including: Cash in hand	**406,230.41**	1,481,824.35
Bank deposits readily to be withdrawn on demand	**1,950,011,818.74**	1,682,652,673.75
Other cash and bank balances readily to be withdrawn on demand	**—**	—
II. Cash and cash equivalent balance as at the end of the period	**1,950,418,049.15**	1,684,134,498.10

21. Related party transactions

(1) Purchases of raw materials and components

RMB

Related party	Category of related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Subsidiaries of the Company	Purchase of raw materials	**5,489,673,265.41**	7,356,749,060.48
Associates of the Company	Purchase of raw materials	**—**	90,659,860.90
Other related parties of the Company	Purchase of steam	**28,921,614.10**	2,077,205.39

(2) Sales of automobiles and components and parts of automobiles

RMB

Related party	Category of related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Subsidiaries of the Company	Sales of automobiles or components and parts of automobiles	**39,932,048,831.84**	34,168,026,252.34
Associates of the Company	Sales of automobiles or components and parts of automobiles	**—**	192,265.38
Other related parties of the Company	Sales of automobiles or components and parts of automobiles	**95,213.68**	117,777.78

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

21. Related party transactions (continued)

(3) Purchases of fixed assets and construction in progress

RMB

Related party	Category of related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Subsidiaries of the Company	Purchases of fixed assets and construction in progress	**101,496,112.03**	1,537,414.64
Associates of the Company	Purchases of fixed assets and construction in progress	**—**	9,575,752.01
Other related parties of the Company	Purchases of fixed assets and construction in progress	**358,605.75**	119,611.11

(4) Sales of fixed assets

RMB

Related party	Category of related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Subsidiaries of the Company	Sales of fixed assets	**12,647,516.75**	3,543,485.22
Associates of the Company	Sales of fixed assets	**—**	81,033.12
Other related parties of the Company	Sales of fixed assets	**13,154.54**	49,985.28

(5) Acceptance of services

RMB

Related party	Category of related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Subsidiaries of the Company	Acceptance of services	**357,794,525.82**	253,588,180.25
Associates of the Company	Acceptance of services	**—**	194,273.49
Other related parties of the Company	Acceptance of services	**5,570,737.76**	2,367,197.80

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

21. Related party transactions (continued)

(6) Rendering of services

RMB

Related party	Category of related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Subsidiaries of the Company	Rendering of services	**31,213,423.91**	37,120,913.28
Associates of the Company	Rendering of services	**—**	403,978.52
Other related parties of the Company	Rendering of services	**1,114.94**	141,509.43

(7) Claims income and others

RMB

Related party	Category of related party transaction	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Subsidiaries of the Company	Claims income and others	**(60,433,771.81)**	(27,034,429.89)
Associates of the Company	Claims income and others	**—**	(67,414.68)
Other related parties of the Company	Claims income and others	**12,036,400.00**	—

(8) Guarantee

RMB

Warrantee	Relationship with the company	Type of guarantee	Currency	Maximum guaranteed amount	Actual balance of loan borrowed by warrantee
Automotive Finance	Subsidiary of the Company	Maximum guaranteed	RMB	1,300,000,000.00	349,900,000.00

(9) Emolument of key management

RMB'000

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Emolument of key management	**5,797**	1,960

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

22. Receivables and payables of related parties

RMB

Item	Related party	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Accounts receivable	Subsidiary of the Company	**143,251,145.92**	267,588,341.26
Accounts receivable	Other related party of the Company	**—**	104,075.88
Subtotal of accounts receivable		**143,251,145.92**	267,692,417.14
Other receivables	Subsidiary of the Company	**4,444,503.78**	5,006,644.77
Other receivables	Other related party of the Company	**1,475,800.00**	1,475,800.00
Subtotal of other receivables:		**5,920,303.78**	6,482,444.77
Prepayments	Subsidiary of the Company	**40,006,251.51**	12,140,124.04
Prepayments	Other related party of the Company	**13,948.72**	13,948.72
Subtotal of prepayments:		**40,020,200.23**	12,154,072.76
Notes receivable	Subsidiary of the Company	**2,763,683.81**	7,453,380.45
Subtotal of notes receivable		**2,763,683.81**	7,453,380.45
Dividends receivable	Subsidiary of the Company	**1,275,361,013.00**	271,552,889.85
Dividends receivable	Associate of the Company	**—**	3,800,683.86
Dividends receivable	Other related party of the Company	**—**	5,991,068.20
Subtotal of dividends receivable:		**1,275,361,013.00**	281,344,641.91
Accounts payable	Subsidiary of the Company	**4,288,913,404.70**	4,885,180,836.68
Accounts payable	Associate of the Company	**—**	24,140,774.69
Accounts payable	Other related party of the Company	**3,453,898.20**	8,278,696.50
Subtotal of accounts payable		**4,292,367,302.90**	4,917,600,307.87
Other payables	Subsidiary of the Company	**23,201,251.59**	8,376,290.13
Other payables	Associate of the Company	**—**	70,855.98
Other payables	Other related party of the Company	**4,988,168.75**	5,831,477.18
Subtotal of other payables:		**28,189,420.34**	14,278,623.29
Receipts in advance	Subsidiary of the Company	**1,107,610,677.77**	3,268,425,702.41
Receipts in advance	Other related party of the Company	**—**	73,600.80
Subtotal of receipts in advance		**1,107,610,677.77**	3,268,499,303.21
Notes payable	Subsidiary of the Company	**285,243,449.81**	47,874,752.47
Notes payable	Associate of the Company	**—**	23,169,126.69
Notes payable	Other related party of the Company	**10,865,249.46**	3,274,814.10
Subtotal of notes payable		**296,108,699.27**	74,318,693.26

Supplementary

SUPPLEMENTARY

1. Breakdown of non-recurring gains and losses

RMB

Item	For the period from 1 January to 30 June 2016 (Unaudited)	For the period from 1 January to 30 June 2015 (Audited)
Profit or loss from disposal of non-current assets	**(11,539,800.09)**	(9,594,486.73)
Government grants accounted for in profit and loss account of the current period (except for government grants closely related to the corporate business that were given under at a fixed standard amount or quantity as stipulated by the State)	**64,038,766.03**	57,505,387.31
Gains resulting from the deficit between the investment cost of subsidiaries, associates and joint ventures and the share in the fair value of the investee's identifiable net assets	**—**	51,644.99
Gains from the disposal of long-term equity investments and disposal of wealth management products	**14,146,857.49**	31,051,243.81
Gains from the equity in acquiree already held before the date of acquisition and measured at fair value	**684,042.36**	6,057,283.20
Gains (losses) from changes in fair value	**—**	(214,440.00)
Non-operating gains and losses other than the above items	**53,666,288.02**	55,460,614.63
Effect of income tax	**(20,220,411.58)**	(24,726,877.24)
Effect of minority interests (net of tax)	**(8,069.32)**	(13,871.28)
Total	**100,767,672.91**	115,576,498.69

The non-recurring gains and losses of the Group was recognized in accordance with the relevant requirements of the "Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 09) — Initial Public Offering and Listing Documents" and "Explanatory Notice for Information Disclosures by Companies that Offer Securities to the Public (No. 01) — Extraordinary Gains and Losses (2008)".

SUPPLEMENTARY (continued)

2. Return on net assets and earnings per share

This calculation of return on net assets and earnings per was prepared by the Group in accordance with the relevant requirements of the "Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 09) — Calculations and Disclosures for the Return on Net Assets and Earnings per Share" (as amended in 2010) issued by the China Securities Regulatory Commission.

For the period from 1 January to 30 June 2016	Weighted average return on net assets (%)	Earnings per share Basic	Diluted
Net profit attributable to holders of ordinary shares of the Company	**12.15**	**0.54**	**N/A**
Net profit attributable to holders of ordinary shares of the Company, after deducting extraordinary gains and losses	**11.90**	**0.53**	**N/A**

For the period from 1 January to 30 June 2015	Weighted average return on net assets (%)	Earnings per share Basic	Diluted
Net profit attributable to holders of ordinary shares of the Company	13.32	0.52	N/A
Net profit attributable to holders of ordinary shares of the Company, after deducting extraordinary gains and losses	13.00	0.50	N/A

Note: the Company increased its share capital by RMB6,084,846,000.00 in December 2015 in the means of transferring capital from capital reserve and issuring dividends, hence the total share capital reached to RMB9,127,269,000.00, which is the basis for recalculation EPS of the Company for the period from 1 January to 30 June 2015.

The supplementary information provided by the management of Great Wall Motor Company Limited was endorsed by the followings on 26 August 2016:

Legal Representative:

General Manager:

Chief Financial Officer:

Person in charge of the accounting body:

26 August 2016

Section 10 Index of Documents Available for Inspection

Index of Documents Available for Inspection	Financial Statements Signed and Sealed by the Legal Representative, Person-in-charge of the Accounting Affairs and Person-in-charge of the Accounting Department.
Index of Documents Available for Inspection	The Original Auditor's Report With the Seal of the Accounting Firm and Signatures and Seals of the Certified Public Accountants.

Chairman: Wei Jian Jun
Submission date approved by the Board: 26 August 2016





長城汽車股份有限公司

GREAT WALL MOTOR COMPANY LIMITED*