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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)

(Stock code: 2333)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

The board of directors (the “**Board**”) of Great Wall Motor Company Limited (the “**Company**”) is pleased to announce the audited interim results of the Company and its subsidiaries for the six months ended 30 June 2015. This announcement, containing the full text of the 2015 Interim Report of the Company, is prepared with reference to the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of interim results. Printed version of the Company’s 2015 Interim Report will be delivered to the Company’s shareholders and will also be available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and of the Company at www.gwm.com.cn.

By order of the Board
Great Wall Motor Company Limited
Xu Hui
Company Secretary

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. Director(s) absent from the Board meeting

Position of the director(s) absent from the Board meeting	Name of the director(s) absent from the Board meeting	Reasons for being absent from the Board meeting	Representative
Independent director	Ma Li Hui (Independent non-executive director)	Work commitment	Lu Chuang

III. Deloitte Touche Tohmatsu Certified Public Accountants LLP (auditor of the Company) has issued the standard audited report for the Company without qualified opinion.

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 Ji Wen Jun, 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

The Company proposes to issue 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 per 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 the total of 3,042,423,000 share capital as of 30 June 2015. The Company also proposes to issue shares to all shareholders by way of capitalisation of capital reserve (share premium) on the basis of 10 shares for every 10 shares in issue, aggregating to 3,042,423,000 shares. After the issue of the share dividend and the capitalisation of capital reserves, the total capital of the Company will increase by 6,084,846,000 shares to 9,127,269,000 shares.

The Proposal has been considered and approved at the twelfth meeting of the fifth session of the Board. The Proposal shall be subject to the approval by the shareholders at the general meeting.

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 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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Section 1 Definitions

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

Definitions

"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 276,434,000 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"	six months ended 30 June 2015;
"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. 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. INFORMATION DISCLOSURE AND PLACE OF DOCUMENT INSPECTION

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

Section 2 Corporate Profile

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	2,009,243,000 A Shares (Total shares: 3,042,423,000 shares, H Shares: 1,033,180,000 shares)	100
H Shares	Hong Kong Stock Exchange	15 December 2003	1,033,180,000 H Shares (Total shares: 3,042,423,000 shares, A Shares: 2,009,243,000 shares)	500

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

There was no change in registration details of the Company during the Reporting Period.

Section 2 Corporate Profile

VII. OTHER RELEVANT INFORMATION

Accounting firm appointed by the Company	Deloitte Touche Tohmatsu Certified Public Accountants LLP (auditor of the Company)
Business 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 (<i>Chairman</i>) Mr. Liu Ping Fu Ms. Wang Feng Ying Mr. Hu Ke Gang Ms. Yang Zhi Juan
Non-Executive Directors	Mr. He Ping Mr. Niu Jun
Independent Non-Executive Directors	Mr. Wong Chi Hung, Stanley Mr. Lu Chuang Mr. Liang Shang Shang Mr. Ma Li Hui

Section 2 Corporate Profile

Employee Representative Supervisor

Mr. Zhu En Ze

Independent Supervisors

Ms. Zong Yi Xiang

Ms. Luo Jin Li

Audit Committee

Mr. Wong Chi Hung, Stanley

Mr. He Ping

Mr. Lu Chuang

Mr. Liang Shang Shang

Mr. Ma Li Hui

Remuneration Committee

Mr. Wei Jian Jun

Mr. Lu Chuang

Mr. Liang Shang Shang

Nomination Committee

Mr. Wei Jian Jun

Mr. Liang Shang Shang

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 last year	Increase/ decrease for the Reporting Period over the corresponding period last year (%)
Total operating revenue	37,144,776,238.53	28,527,373,341.19	30.21
Operating revenue	37,115,346,196.30	28,527,373,341.19	30.10
Net profit attributable to shareholders of the Company	4,717,052,784.60	3,954,313,743.49	19.29
Net profit attributable to shareholders of the Company after extraordinary gains/losses	4,601,476,285.91	3,901,586,405.42	17.94
Net cash flow from operating activities	7,277,045,371.22	5,162,772,458.71	40.95

Key accounting data	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	35,737,200,953.99	33,451,860,470.96	6.83
Total assets	61,361,139,500.10	61,345,252,123.45	0.03

(II) Key financial indicators

Key financial indicators	Reporting Period (January–June)	Corresponding period last year	Increase/ decrease for the Reporting Period over the corresponding period last year (%)
Basic earnings per share (RMB/share)	1.5504	1.2997	19.29
Diluted earnings per share (RMB/share)	N/A	N/A	N/A
Basic earnings per share after extraordinary gains/losses (RMB/share)	1.5124	1.2824	17.94
Weighted average return on net assets (%)	13.32	13.38	Decreased by 0.06 percentage point
Weighted average return on net assets after extraordinary gains/losses (%)	13.00	13.21	Decreased by 0.21 percentage point

Explanation on major accounting data and financial indicators

The Group optimized the product mix by focusing on the development and production of SUVs and high price-performance vehicles. The Group also enhanced its after-sales service. During the Reporting Period, the operating income of the Company was driven up by the increase in vehicle sales and proportion of SUV sales. The net profit attributable to shareholders of the Company and earnings per share increased as compared with the corresponding period of last year.

II. ITEMS AND AMOUNT OF EXTRAORDINARY GAINS/LOSSES

√ Applicable ☐ Not applicable

Item of extraordinary gains/losses	Unit: RMB Currency: RMB Amount
Profit or loss from disposal of non-current assets	-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 and in compliance with the State policies that were given at a fixed standard amount or quantity as stipulated by the State	57,505,387.31
Gains resulting from the deficit between the investment cost of subsidiaries, associates and jointly controlled entities and fair value of the investor's interests in the investee's identifiable net assets	51,644.99
Non-operating gains and losses other than the above items	55,460,614.63
Investment losses from the disposal of long-term equity investments and investment gains from the disposal of wealth management products	31,051,243.81
Gains from the equity in acquiree already held before the date of acquisition and measured at fair value	6,057,283.20
Gains (losses) from changes in fair value	-214,440.00
Effect of minority interests	-13,871.28
Effect of income tax	-24,726,877.24
Total	115,576,498.69

Section 4 Management Discussion and Analysis

OPERATING ENVIRONMENT

In the first half of 2015, despite a complex domestic and international economic environment and increasing downward pressure, the PRC economy, under government support, saw its growth staying within a reasonable range and showed a moderate but stable and sound development trend. Affected by factors like national economic restructuring and sluggish recovery of the global economy, the development of the PRC's automobile industry had slowed down. 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 2015 increased by 2.64% and 1.43% year-on-year to 12,100,000 units and 11,850,000 units respectively, reflecting that the PRC's automobile industry was entering a new normal stage with reasonable growth.

Although the PRC's automobile industry growth has slowed down, the outlook for development of the automobile industry and the Company's business remains positive, as the country's economy is maintaining a momentum of stable growth and the number of automobiles per 1,000 people in the PRC still lags behind that of developed countries, and the national income continues to increase.

During the first half of 2015, with the State's promulgation of new policies encouraging the development of new energy vehicles, proposition of "One Belt One Road" strategy, announcement of "Made in China 2025" and the emergence of Internet Plus concept, automobile industry was also undergoing significant changes. Automobile enterprises kept rolling out new energy vehicles and made mobile internet access available, indicating the automobile industry was gradually capitalizing on the Internet. Automobile will become a 4G mobile terminal.

With regard to export, owing to a sluggish global economy, along with turbulent political situation and fluctuating exchange rates in certain regions, the PRC's automobile export during the first half of 2015 decreased significantly. According to the statistics on export of automobile companies from China Association of Automobile Manufacturers, the automobile export volume during the first half of 2015 reached approximately 385,100 units, representing a decrease of approximately 13.50% from that of the same period last year. With exports showing a downward trend, domestic automobile enterprises need to continue enhancing their international market development and competitiveness, in order to drive growth in export sales volume.

Section 4 Management Discussion and Analysis

FINANCIAL REVIEW

	From 1 January 2015 to 30 June 2015 (Audited)	From 1 January 2014 to 30 June 2014 (Unaudited)	Changes %
<i>Currency: RMB Unit: RMB</i>			
Total operating revenue	37,144,776,238.53	28,527,373,341.19	30.21
Operating revenue	37,115,346,196.30	28,527,373,341.19	30.10
Revenue from sale of automobiles (Note 1)	35,541,870,686.77	27,057,974,773.45	31.35
Revenue generated from the sale of automotive parts and components	1,573,475,509.53	1,469,398,567.74	7.08
Interest income (Note 2)	29,414,897.72	0.00	100.00
Selling expenses (Note 3)	1,192,682,249.41	906,062,687.84	31.63
Administrative expenses	1,656,766,890.66	1,604,705,114.81	3.24
Financial expenses (Note 4)	218,530,709.96	-46,118,743.89	-573.84
Gross Profit	9,986,356,072.52	8,147,418,289.81	22.57
Income tax expenses	1,000,208,287.03	812,314,970.04	23.13
Net profit attributable to shareholders of the Company (Note 5)	4,717,052,784.60	3,954,313,743.49	19.29
Basic earnings per share	1.55	1.30	19.29
Gross profit margin (%)	26.91	28.56	Decreased by 1.65 percentage points
Percentage of selling expenses to operating revenue (%)	3.21	3.18	Increased by 0.03 percentage point
Percentage of administrative expenses to operating revenue (%)	4.46	5.63	Decreased by 1.17 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) Interest income was mainly resulted from the operation of Tianjin Great Wall Binyin Automotive Finance Company Ltd, our subsidiary newly established in May 2014, during the Reporting Period.

(Note 3) The increase in selling expenses was mainly due to increases in the transportation fees and after-sales service fees resulted from the increase in sales volume.

(Note 4) The increase 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.

(Note 5) The increase in net profit attributable to shareholders of the Company was mainly due to the increase in sales volume and the increase in net profit resulted from the increase in sales volume of SUVs which had higher selling price and gross margin.

Section 4 Management Discussion and Analysis

Current assets and current liabilities

	Currency: RMB Unit: RMB	
	As at 30 June 2015 (Audited)	As at 31 December 2014 (Audited)
Current assets	31,639,199,592.26	35,313,744,747.57
Including		
Cash and bank balances	4,120,630,002.58	3,394,260,013.36
Bills receivables	18,190,013,456.83	23,352,366,377.86
Accounts receivables	634,029,141.30	730,113,031.42
Inventories	4,117,090,799.15	3,470,386,550.65
Prepayments	639,217,074.66	723,332,515.18
Other receivables	1,063,479,948.15	2,896,787,792.18
Current liabilities	23,937,350,581.07	26,144,697,042.57
Including		
Advances from customers	2,083,369,039.53	3,180,045,338.74
Salaries payable	517,763,374.62	1,326,601,449.19
Other payables	1,725,270,107.06	1,778,299,444.45
Taxes payable	611,767,521.49	880,096,384.40
Bills payable	4,764,659,518.72	4,138,158,178.41
Accounts payable	12,650,125,991.78	14,093,151,931.66
Other current liabilities	767,014,150.93	672,530,061.79

Gearing ratio

	Currency: RMB Unit: RMB	
	As at 30 June 2015 (Audited)	As at 31 December 2014 (Audited)
Total liabilities	25,568,669,071.30	27,826,806,022.22
Total equity	35,792,470,428.80	33,518,446,101.23
Gearing ratio	71.44%	83.02%

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 the description of asset acquisitions and asset disposals disclosed in Part III "Asset Transactions and Mergers" of Section 6 "Significant Events" of this interim report.

Except for the transaction between the Company and Bochuang Urban Development Company Limited, the relevant acquisitions and disposals were neither connected transactions nor notifiable transactions as defined under Hong Kong Listing Rules, it is therefore not required to publish any announcements under Chapters 14 and 14A of the Hong Kong Listing Rules.

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

Section 4 Management Discussion and Analysis

Capital structure

The Group generally finances its day-to-day operations with its internal cash flows. As at 30 June 2015, the Group has pledged time deposits and banking financial products to obtain a short-term loan of HK\$942,490,357.90 (around RMB743,257,321.14). This is used to pay the dividends of the Company's H Shareholders.

Exposure to foreign exchange risk

All the Group's domestic sales were settled in RMB, while sales to overseas customers were settled in US dollars or Euros. The Group had used forward foreign exchange contracts to offset the impact of exchange rate fluctuations. 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 2015, the Group employed a total of 71,376 employees (30 June 2014: 68,509 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 6.89% of the Group's total operating revenue as at 30 June 2015 (30 June 2014: 7.79%).

Segment information

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 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	
	2015 RMB (Audited)	2014 RMB (Unaudited)
China	36,403,367,713.15	26,651,167,906.85
Algeria	149,158,587.51	68,328,591.09
Chile	116,693,971.16	226,251,926.46
Iran	71,630,638.85	159,873,591.34
Peru	46,710,795.43	31,143,409.30
United Kingdom	40,866,274.98	1,168,384.41
Other overseas countries	316,348,257.45	1,389,439,531.74
Total	37,144,776,238.53	28,527,373,341.19

Section 4 Management Discussion and Analysis

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 and associates) are primarily situated in the PRC.

The Group has not placed reliance on any single external customer which accounts for 10% or more of the Group's operating revenue.

BUSINESS REVIEW

Sales Volume of Products

Unit: unit

		From 1 January 2015 to 30 June 2015	From 1 January 2014 to 30 June 2014	Changes %
Pick-up truck	Domestic sales	51,288	56,870	-9.82
	Export	3,857	10,198	-62.18
	Sub-total	55,145	67,068	-17.78
SUV	Domestic sales	331,162	212,147	56.10
	Export	5,305	13,474	-60.63
	Sub-total	336,467	225,621	49.13
Sedan	Domestic sales	23,133	47,877	-51.68
	Export	2,980	5,176	-42.43
	Sub-total	26,113	53,053	-50.78
Other vehicles	Domestic sales	150	568	-73.59
	Export	0	0	0
	Sub-total	150	568	-73.59
Total	Domestic sales	405,733	317,462	27.81
	Export	12,142	28,848	-57.91
	Total domestic and export sales	417,875	346,310	20.67

Other vehicles: including MPVs and 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 Reporting Period, the increase in the Group's sales volume of automobiles in the PRC 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 augment after-sales service.

(1) Pick-up truck

According to the statistics of the 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 of pick-up trucks for 17 consecutive years, thereby consolidating the Company's leading market position in this respect.

Section 4 Management Discussion and Analysis

(2) SUV

During the Reporting Period, the Group achieved outstanding performance in the domestic SUV market, with steady growth in sales volume. Due to strong demand, the sales volume of the Group's flagship product "Haval H6" maintained a notable growth momentum, with a 23.98% increase in sales volume when compared to that of the same period in 2014. "Haval H2", launched in the second half of last year, also gained wide attention and had become another popular car model of the Group. Haval H9, which was launched at the end of last year, and Haval H8, which was relaunched this year, have also contributed to the increase in the sales volume, thereby further consolidating the Group's leading position in the domestic SUV market of self-owned brands.

(3) Sedan

During the Reporting Period, the Group continued to launch facelift models of sedans to maintain the sales volume of sedans.

Domestic market

Though the increase in the sales of the automobile industry as a whole was affected by the slowdown of the PRC's economic growth, demand for automobiles remained robust, as the number of automobiles per 1,000 people in the PRC still lagged behind that of developed countries and the automobile purchasing power had improved due to the increase in national income, in addition to the change in people's travelling habits. The Group strengthened its overall competitiveness through constant improvement of product quality and launch of more car models to satisfy demand of different market segments.

During the Reporting Period, revenue generated from the sale of automobiles in the domestic market amounted to RMB34,851,509,937.52, representing 93.90% of the Group's operating revenue.

In the first half of 2015, the SUV industry maintained a rapid growth rate, much faster than those of other segments in terms of sales volume and secured the No.1 position in the PRC's automobile industry in terms of growth rate. The Group's SUV products continued to sustain rapid growth and ranked first in the PRC's SUV market in terms of sales volume. "Haval H6" remained as the best-selling SUV in the domestic market for 27 months.

Overseas market

During the Reporting Period, export of automobiles from the PRC was under greater pressure, amid fluctuating foreign exchange rates and turbulent political situation etc. During the Reporting Period, the Group continued to launch new products in overseas markets and developed overseas sales network, with an aim to drive growth in overseas market sales volume.

During the Reporting Period, revenue generated from export of automobiles amounted to RMB690,360,749.25, accounting for 1.86% 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.

Section 4 Management Discussion and Analysis

Launch of new products

During the Reporting Period, the Group's super deluxe SUV model Haval H8 was launched during the Shanghai Auto Show in April 2015 after undergoing an upgrade programme for over a year. After optimization, Haval H8 is much better in terms of stable quality and performance.

In April 2015, the Group launched its first Coupe style SUV model, Haval H6 Coupe. It boasts a sporty coupe look, lavish technical configuration, safe design and powerful engine, demonstrating that the Haval brand has introduced a formidable product in the urban SUV market.

In addition, in April 2015, the Group displayed at the "2015 Shanghai International Automobile Exhibition" several of its SUV models, including Haval H1, Haval H2, Haval H5, Haval H6 (sporty version), Haval H6 (upgraded version), Haval H7, Haval H7L, Haval H8, Haval H9, Haval H6 Coupe and Dakar Rally Racecar. The Group also exhibited two concept cars — Concept R (with a red logo) and Concept B (with a blue logo) for the first time. In order to showcase its research and development prowess, the Group also put on display five powertrains, a four-wheel drive chassis for a smart new-energy car using hybrid power, and "Internet of Cars" technology.

OUTLOOK

In view of the domestic and international economic situations and intensified competition faced by the automobile market, the Group will continue to maintain a stable financial position and adopt prudent development strategy, with continuous focus on product quality and technology enhancement to achieve further market expansion.

In May 2015, the State Council announced the "Made in China 2025 Strategy", which set new energy vehicles as the window for the PRC's automobile industry to transform from "big to strong" through promoting innovative development along the entire industry chain. Moreover, in order to stimulate the new energy vehicle market, "Provisions on the Administration of Newly-established Pure Electric Passenger Vehicle Manufacturing Companies" was introduced in the first half of the year. The market entry requirements for newly established electric vehicle manufacturing companies have been lowered. It is expected that new energy vehicles are likely to demonstrate exponential growth within this year. The Group will proactively engage in the development of new energy vehicles as well as preparation for the necessary equipment for producing smart vehicles.

Amid increasingly severe competition in the automobile industry, the prices of automobiles produced by joint venture brands dropped to the price range of self-owned brands. At the same time, self-owned brand enterprises kept rolling out new models, which further intensified the competition. The Group will step up efforts in new energy vehicles while strengthening its products powered by traditional engines. The Group will also upgrade its car models to meet the requirements for high-end market, thereby improving its competitiveness and offering better products and services to its customers.

New products

With the commencement of operation of the Group's new technology centre, the Group's ability to test and validate its products will be further improved, thereby laying a foundation for launching new products in the future.

The models of the year of the Group's existing Haval H2 will be launched in the second half of 2015. 2015 Haval H6 will also be introduced in the second half of 2015. The launch of various car models will further improve the sales volume of the Company's SUV category.

Section 4 Management Discussion and Analysis

With respect to sedans, the Group will launch models of the year of existing cars in the second half of 2015, 2016 Great Wall C30 and 2016 Great Wall C50 (upgraded version). These two models will be more competitive in terms of configurations and price, which will help stimulate rebound in sedan's sales volume.

For pick-up trucks, the Group will maintain its market share through facelift and replacement of products as well as the enhancement of product mix and product performance.

Overseas market

With the introduction of the State's "One Belt One Road" policy, this will enhance export of the automobile industry.

The Group has accumulated a certain amount of sales in overseas markets, with products sold to South America, Middle East, Asia Pacific, Europe and other regions and countries. It has also established well-developed sales network in its major overseas markets. Amidst a volatile economic situation, the Company will improve its brand influence and expand overseas sales by reforming its sales approach and introducing new models.

In addition, the Group will invest, establish and operate sales companies in Russia, Australia, South Africa as well as other countries so as to improve the Company's brand influence and drive sales growth.

New facilities

Construction of the second production base in the Group's automobile plant in Xushui, Baoding has begun. It is expected to be completed in the second half of 2015.

Haval H8, Haval H9, H6 COUPE, Haval H7 and subsequent products will be produced at the Xushui plant. The Group's future high-end car models will be produced and tested at the intelligent Xushui plant, thereby ensuring the improvement of product quality.

The Group's new technology centre commenced operation in the first half of 2015. The new technology centre consists of five major areas, namely R&D centre, prototype workshop, testing centre, design centre, and data centre. The inauguration of the new technology centre will lift the Company's research and development capacity to international level, and lay a foundation for the research and development of subsequent models.

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.

Section 4 Management Discussion and Analysis

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 of the Company approved the Proposal on the Non-Public Issuance of A Shares of Great Wall Motor Company Limited on 10 July 2015 and the Proposal on the Non-Public Issuance of A Shares of Great Wall Motor Company Limited (Revised) on 28 August 2015.

The proceeds from the Non-Public Issuance of A Share 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 Non-Public Issuance of A Shares, please refer to the announcements regarding the revised proposal on the non-public issuance of A Shares published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company on 28 August 2015.

The issuance is subject to the approval by the shareholders at the general meeting of the Company and the approval of CSRC.

Preferential enterprise income tax rate for high-tech enterprises

The Company obtained the 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 10 November 2010. The certificate was valid for three years. Article 28 of "Enterprise Income Tax Law of the PRC" 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 by the Hebei Provincial Department of Science and Technology in 2013, and obtained the High-Tech Enterprise Certificate on 22 July 2013. The certificate is 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 is entitled to pay its enterprise income tax at the rate of 15% from 2013 to 2015.

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 last year	Changes (%)
Total operating revenue	37,144,776,238.53	28,527,373,341.19	30.21
Operating revenue	37,115,346,196.30	28,527,373,341.19	30.10
Operating costs	27,128,990,123.78	20,379,955,051.38	33.12
Selling expenses	1,192,682,249.41	906,062,687.84	31.63
Administrative expenses	1,656,766,890.66	1,604,705,114.81	3.24
Financial expenses	218,530,709.96	-46,118,743.89	-573.84
Net cash flows from operating activities	7,277,045,371.22	5,162,772,458.71	40.95
Net cash flows from investing activities	-4,846,624,151.11	-3,306,473,017.86	46.58
Net cash flows from financing activities	-2,297,802,965.69	-1,798,288,948.19	27.78
Research and Development expenses	1,143,368,134.68	1,156,439,599.05	-1.13

Explanation for changes of the operating revenue: Mainly due to the increase in sales volume and the proportion of sales of SUVs during the Reporting Period.

Explanation for changes of the operating costs: Mainly due to the increase in sales volume during the Reporting Period.

Explanation for changes of the selling expenses: Mainly due to the increase in transportation cost and after-sales services cost in line with the increase in sales volume during the Reporting Period.

Explanation for changes of the financial expenses: Mainly due to the recognition of the discounted land deposit of over one year as finance cost during the Reporting Period.

Explanation for changes of the net cash flows from operating activities: Mainly due to an increase in cash generated from operation due to an increase in revenue during the Reporting Period.

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

Explanation for changes of the net cash flows from financing activities: Mainly due to the increase in restricted bank deposits and dividend payment 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

On 10 July and 28 August 2015, the tenth and the twelfth meeting of the fifth session of the Board was convened respectively, in which 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) were considered and approved. According to the revised proposal, not more than 276,434,000 A Shares will be issued under the Non-Public Issuance and the aggregate amount of such A Shares will not be more than RMB12.0 billion. The net proceeds after deducting fees will be used as follows:

Unit: RMB10,000

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

The Company will seek the shareholders' approval in respect of the Non-Public Issuance of A Shares which will be valid for a period of 12 month from the passing date of the relevant resolutions at the general meeting. The Non-Public Issuance of A Shares is subject to the approval from the CSRC.

- (2) Implementation of business plans

The Company formulated and implemented its operation plan in accordance with "12th Five-Year Plan" and strategies for the year of the Company.

Section 5 Report of the Board

(II) Operation analysis by industries, products and regions

1. Principal business by industries and products

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	37,029,531,175.40	27,071,845,219.92	26.89	30.30	33.29	Decreased by 1.64 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	35,541,870,686.77	25,979,792,229.79	26.90	31.35	34.93	Decreased by 1.94 percentage points
Sale of automotive parts and components	1,185,563,512.66	861,895,939.42	27.30	9.57	5.29	Increased by 2.95 percentage points
Moulds and others	239,683,725.91	180,859,987.29	24.54	6.35	1.56	Increased by 3.56 percentage points
Provision of services	62,413,250.06	49,297,063.42	21.02	16.54	-17.08	Increased by 32.03 percentage points

Description of principal businesses by industries and products

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

2. Principal businesses by regions

Principal business by regions		
Region	Operating revenue	Increase/decrease in the operating revenue this year over last year (%)
Domestic	36,403,367,713.15	36.59
Overseas	741,408,525.38	-60.48

Description of principal business by regions

The domestic business was mainly located in the mainland China.

(III) Analysis of the core competitiveness

In spite of the fierce market competition, Great Wall Motor maintains its leading position in the market segments where it operates, which is mainly attributable to the following key factors: 1. streamlined corporate culture; 2. excellent management and leadership; 3. strengthening corporate culture of producing products of good quality by continuously improving product quality; 4. outstanding production management standards; 5. sound sales and service system; 6. high capability for vertical integration of supply chain; 7. good brand image and trustworthy quality. The Company continues to focus on its strategy of “enhancing brand values by leveraging on its quality products” to maintain its leading position in the market segments and to establish its brand as a world-class professional SUV brand.

(IV) Analysis of investments**1. Analysis of external equity investments**

Unit: RMB10,000 Currency: RMB

Investment during the Reporting Period	-22,570.40
Changes in investment	-144,717.69
Investment during the corresponding period last year	122,147.29
Increase/decrease in investment (%)	-118.48

Name of investee	Major business	Percentage of shareholding in the investee
Baoding Zhiteng Automation Technology Company Limited (保定市智騰自動化科技有限公司)	Research and development, design, manufacturing of industrial automation, transmission and controlling systems, integration of industrial robots, instruments and meters; sale, technology transfer and advisory, and after-sales services of automation equipment. (Operations which are subject to approvals can only be conducted after obtaining licences from relevant authorities)	100%
Haval Motors South Africa Proprietary Limited (哈弗南非有限公司)	Import and export of whole vehicles, sales and distribution of automobiles, sale of automotive parts and components, after-sale services of automobile and auxiliary services.	100%
Beijing Great Automotive Components Company Limited (北京格瑞特汽車零部件有限公司)	Manufacture of automotive appliance, parts and components; sales of self-produced products.	100%
Xushui Clean Heat Supplying Company Limited (徐水縣科林供熱有限公司)	Production and supply of heat, installation of heat supply system, maintenance of facilities (operations which will only be allowed upon obtaining qualification certificates), design of heat supply system and sale of ashes (operations which are subject to special approvals and licences can only be conducted after obtaining relevant licences).	0%
Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰華汽車零部件有限公司)	Design and development of automotive parts and components and automotive seating, and leasing of self-owned properties. (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).	100%

Section 5 Report of the Board

(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	5,161,265.45	5,161,265.45	Long-term equity investments	Investment
Total	495,000,000.00	/	/	495,000,000.00	5,161,265.45	5,161,265.45	/	/

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 to 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
Miyun Industrial Development Zone Branch of Agricultural Bank of China	Income-guaranteed	8,000,000	20150527	20150701	—	31,298.63	—	—	Yes	—	No	No	No	—
Baoding Branch of Bank of Communications	Income-guaranteed	90,000,000	20150528	20150828	—	1,077,041.10	—	—	Yes	—	No	No	No	—
Yonghua Branch of Industrial Commercial Bank of China	Principal guaranteed with floating interest rate	278,000,000	20150529	20150728	—	2,193,534.25	—	—	Yes	—	No	No	No	—
Yonghua Branch of Industrial Commercial Bank of China	Principal guaranteed with floating interest rate	734,000,000	20150529	20150929	—	11,872,701.37	—	—	Yes	—	No	No	No	—
Yonghua Branch of Industrial Commercial Bank of China	Principal guaranteed with floating interest rate	297,000,000	20150529	20151029	—	5,975,802.74	—	—	Yes	—	No	No	No	—
Baoding Branch of Bank of Communications	Income-guaranteed	51,000,000	20150529	20151229	—	1,435,265.75	—	—	Yes	—	No	No	No	—
Baoding Branch of Bank of Communications	Income-guaranteed	361,000,000	20150619	20151216	—	7,659,134.25	—	—	Yes	—	No	No	No	—
Baoding Branch of Bank of Communications	Income-guaranteed	30,000,000	20150626	20150730	—	112,109.59	—	—	Yes	—	No	No	No	—
Yuhua Branch of Bank of China	Income-guaranteed	20,000,000	20150629	20150714	—	32,876.71	—	—	Yes	—	No	No	No	—
Total		1,869,000,000	/	/	/	30,389,764.39			/		/	/	/	/

Outstanding principals overdue and accrued gain (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.

Section 5 Report of the Board

(2) Entrusted loans

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. Major subsidiaries and investees

(1) Major subsidiaries

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	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	1,890,000,000.00	100	100	5,274,524,302.82	2,690,305,634.65	3,673,852,594.43	585,690,458.78
Baoding Haval Auto Sales Company Limited (保定哈弗汽車銷售有限公司)	Auto selling	5,000,000.00	100	100	1,787,076,199.57	171,833,848.16	28,717,895,669.27	188,409,043.68
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	177,550,000.00	100	100	1,482,994,913.57	381,945,167.95	1,399,319,568.64	115,567,578.61
Great Wall Baoding Internal Combustion Engine Manufacturing Company Limited (保定長城內燃機製造有限公司)	Manufacturing of automotive parts and components	452,716,300.00	100	100	1,147,432,946.35	629,490,712.24	803,286,304.72	78,703,048.40
Baoding Great Wall Ants Logistics Co., Ltd (保定長城螞蟥物流有限公司)	Logistics and ordinary goods transportation services	86,000,000.00	100	100	417,173,116.97	167,554,269.63	619,057,677.30	62,348,167.83
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	140,000,000.00	100	100	704,381,944.43	283,743,563.27	334,362,646.73	53,340,042.45
Great Wall Baoding Automotive Customer Service Company Limited (保定長城汽車售後服務有限公司)	Provision of after-sales service	35,000,000.00	100	100	573,145,624.84	78,274,975.87	970,825,621.62	35,785,870.17
Baoding Great Wall Exquisite Foundry Company Limited (保定長城精工鑄造有限公司)	Manufacture of steel casting and provision of after-sales service	85,000,000.00	100	100	243,577,700.83	127,288,406.82	111,364,933.23	30,579,034.46
Baoding Great Wall Machinery Company Limited (保定長城機械有限公司)	Manufacturing of automotive parts and components	23,000,000.00	100	100	218,483,809.44	111,946,846.32	123,109,604.22	30,288,044.14
Baoding Great Wall Automotive Parts Sales Co., Ltd (保定長城汽車配件銷售有限公司)	Manufacturing of automotive components and Lubricating oil	7,000,000.00	100	100	136,962,482.58	37,831,229.10	196,164,709.15	27,331,229.10

4. Projects not using proceeds

☒ Applicable ☐ Not applicable

Unit: RMB Currency: RMB

Project	Total amount of investments	Progress	Amount invested during the Reporting Period	Accumulated amount invested	Revenue
Phase II of Construction Project of Tianjin Production Base for Great Wall Motor Passenger Vehicles	2,110,633,500.00	87.11%	45,779,800.00	1,838,570,726.83	1,482,440,909.90
Construction Project of Great Wall Motor Technology Centre	1,995,605,000.00	85.56%	565,018,700.00	1,707,429,100.00	—
Construction Project of Xushui First Production Base for Great Wall Motor Passenger Vehicles	2,906,052,270.00	95.77%	119,891,265.25	2,782,994,117.98	420,001,139.80
Construction Project of Xushui Second Production Base for Great Wall Motor Passenger Vehicles	3,397,142,970.00	53.63%	300,522,334.53	1,822,028,831.82	—
Construction Project of Xushui Third Production Base for Great Wall Motor Passenger Vehicles	3,614,304,600.00	22.91%	445,035,691.35	827,981,932.70	—
Total	14,023,738,340.00	/	1,476,247,791.13	8,979,004,709.33	/

Section 5 Report of the Board

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 2014 annual general meeting held on 12 May 2015, the Profit Distribution Proposal for the Year 2014 was considered and approved, pursuant to which the Company would pay cash dividend of RMB2,433,938,400.00 or RMB0.80 per share (tax inclusive) to the shareholders for the year of 2014. As of the date of this interim report, the cash dividend for the year of 2014 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	Yes
Number of bonus shares for every 10 shares (share)	10
Dividends for every 10 shares (RMB) (Tax inclusive)	2.50
Number of scrip shares for every shares (share)	10

Details of profit distribution proposal or proposal for capital increase by way of conversion of capital reserve

The Company proposes to issue 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 per 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 the total of 3,042,423,000 share capital as of 30 June 2015. The Company also proposes to issue shares to all shareholders by way of capitalisation of capital reserve (share premium) on the basis of 10 shares for every 10 shares in issue, aggregating to 3,042,423,000 shares. After the issue of the share dividend and the capitalisation of capital reserves, the total capital of the Company will increase by 6,084,846,000 shares to 9,127,269,000 shares.

The Proposal has been considered and approved at the twelfth meeting of the fifth session of the Board. The Proposal shall be subject to the approval by the shareholders at the general meeting.

In order to determine the H Shareholders who will be entitled to the proposed share dividends, the cash dividends and new share by way of capitalisation of capital reserve, the H Share register of members of the Company will be closed. For the period of closure of H Share register of members, please refer to the announcement of the Company dated 28 August 2015 published on the website of Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company.

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 same period 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

For details, please refer to the description of Part II “Proposal of Profit Distribution or Capitalization of Capital Reserve for the Issuance of Additional Shares” of this section.

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 four independent non-executive directors and one non-executive director of the Company. At the meeting held on 27 August 2015, the Audit Committee reviewed the 2015 interim results announcement, 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 2015 interim results announcement, 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 about 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 for 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 required for disclosure by 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
Billion Sunny Development Limited (億新發展有限公司)	Macs (Baoding) Auto A/C Systems Co., Ltd (麥克斯(保定)汽車空調系統有限公司)	4 March 2015	16,907,400	0.00	—	NO	Asset valuation	Yes	Yes	0.000	—
Dragonet International Company Limited (驕龍國際有限公司)	Beijing Great Automotive Components Co., Ltd (北京格瑞特汽車零部件有限公司)	28 May 2015	11,789,100	308,868.37	—	NO	Asset valuation	Yes	Yes	0.007	—
Shanghai Jiehua Automotive Accessories Development Co. Ltd (上海杰華汽車飾件發展有限公司)	Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰華汽車零部件有限公司)	23 June 2015	23,408,700	92,876.59	—	NO	Asset valuation	Yes	Yes	0.002	—

Section 6 Significant Events

Description of Asset Acquisitions

- (1) As at the date of this interim report, the Company completed the acquisition of the 25% equity interest in Macs (Baoding) Auto A/C Systems Co., Ltd (麥克斯 (保定) 汽車空調系統有限公司) held by Billion Sunny Development Limited (億新發展有限公司);
- (2) As at the date of this interim report, the Company completed the acquisition of the 25% equity interest in Beijing Great Automotive Components Co., Ltd (北京格瑞特汽車零部件有限公司) held by Dragonet International Company Limited (驕龍國際有限公司);
- (3) As at the date of this interim report, the Company completed the acquisition of the 50% equity interest in Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰華汽車零部件有限公司) held by Shanghai Jiehua Automotive Accessories Development Co. Ltd (上海杰華汽車飾件發展有限公司).

2. Asset disposal

Unit: RMB Currency: RMB

Counter party	Assets disposal	Date of disposal	Disposal price	Net profit contributed to the listed company by the assets from the beginning of this year to the date of disposal	Gain or loss from disposal	Is it a related party transaction? (If yes, state the basis of pricing)	Basis of pricing for the asset disposal	Has the ownership of the assets been fully transferred?	Have the obligations and liabilities been fully transferred?	Percentage of net profit contributed to the Company by the assets disposal over the total profit of the Company (%)	Relationship
Bochuang Urban Development Company Limited (博創城市建設開發有限公司)	Xushui Clean Heat Supplying Company Limited (徐水縣科林供熱有限公司)	10 June 2015	192,088,700	2,593,099.46	17,737,950.68	NO	Asset valuation	Yes	Yes	0.38	Other related party

Description of Asset Disposal

As at the date of this interim report, the Company completed the disposal of the entire equity interest in Xushui Clean Heat Supplying Company Limited (徐水縣科林供熱有限公司), which have been sold to Bochuang Urban Development Company Limited (博創城市建設開發有限公司).

Section 6 Significant Events

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 announcement

☒ 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 Yanfeng Johnson Controls Automobile Seating Co., Ltd. (保定延鋒江森汽車座椅有限公司)	Jointly controlled entity	Purchase of goods	Purchase of automotive parts and components including automobile seating	Mutually agreed price		111,923,112.26	0.41			
Total				/	/	111,923,112.26	0.41	/	/	/
Details of substantial sales return				Nil						
Necessity and continuity of related party transactions and reasons for choosing to conduct transactions with the related party (rather than other parties in the market)				The above related party transactions may facilitate the Company to purchase parts and components from nearby locations so as to save the cost and ensure the timely supply and quality of products.						
Effect of the related party transaction on the independence of the listed company				All related party transactions of the Company accounted for small proportion of all transactions and did not affect the independency of the Company.						
The dependence of the Company on the related party and relevant solutions (if any)				All related party transactions of the Company accounted for small proportion of all transactions and the Company did not rely on any related company.						
Description of related party transaction				—						

Section 6 Significant Events

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

1. Related party transactions disclosed in preliminary announcements with subsequent development or changes

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	Amount of related party transaction	Percentage of total amount of similar transactions (%)
Bochuang Urban Development Company Limited (博創城市建設開發有限公司)	A wholly-owned subsidiary of the controlling shareholder of the Company	Equity disposal	Transfer the entire equity interest in Xushui Clean Heat Supplying Company Limited (徐水縣科林供熱有限公司), a wholly-owned subsidiary of the Company, to Bochuang Urban Development Company Limited (博創城市建設開發有限公司)	Asset valuation of valuation date	192,088,700	100.00

Except for the related party transactions entered into between the Group and Hubei Kait Automotive Electronic & Electrical Systems Co., Ltd. (湖北開特汽車電子電器系統股份有限公司), Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd. (保定延鋒江森汽車座椅有限公司), 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) and Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰華汽車零部件有限公司), the material related party transactions set out above and in Note (XI) to the financial statements also constitute connected transactions and continuing connected transactions under the Hong Kong Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules or is exempt from the compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

Section 6 Significant Events

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 subsidiaries	
Total guaranteed amount to subsidiaries during the Reporting Period	1,000,000,000
Total guaranteed balance to subsidiaries as at the end of the Reporting Period (B)	—
Total guarantees (including guarantees to subsidiaries) provided by the Company	
Total guaranteed amount (A+B)	1,000,000,000
Total guaranteed amount as a percentage of the net asset value of the Company	2.79
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	—

(III) Other material contracts or transactions

During the Reporting Period, the Company had no other material contracts or transactions.

VII. PERFORMANCE OF UNDERTAKINGS

☒ Applicable ☐ Not applicable

Section 6 Significant Events

(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	Time 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	—	—
Undertakings relating to the initial public offering of the shares of the Company	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	—	—

Section 6 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Time 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	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	—	—

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.

Section 6 Significant Events

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

During the Reporting Period, the Company and its directors, supervisors, senior management, shareholders holding 5% or more of shares and de facto controller were not subject to administrative punishment and reprimand by the CSRC and the SFC or public censure by the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

X. OTHER SIGNIFICANT EVENTS

(I) Explanation of the Board on the reasons and effects of changes in accounting policies, estimates or audit methods

☐ Applicable ☒ Not applicable

(II) Explanation of the Board on the reasons and effects of rectification of material previous errors

☐ Applicable ☒ Not applicable

Section 7 Changes in Equity and Shareholders

I. CHANGES IN SHARE CAPITAL

(i) Table of changes in equity

1. Explanation for changes in equity

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

On 10 July and 28 August 2015, the tenth meeting and the twelfth of the fifth session of the Board was convened respectively, in which 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) were considered and approved by all the members of the Board. According to the revised proposal, not more than 276,434,000 A Shares will be issued under the Non-Public Issuance and the aggregate amount of such A Shares will not be more than RMB12.0 billion. The Company will seek the shareholders' approval in respect of the Non-Public Issuance of A Shares which will be valid for a period of 12 month from the passing date of the relevant resolutions at the general meeting. The Non-Public Issuance of A Shares is subject to the approval from the CSRC.

II. SHAREHOLDERS

(1) Total number of shareholders

Total number of shareholders as at the end of Reporting Period (person) 60,663

(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

Unit: shares

Shareholding of the top 10 shareholders							
Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares at the end of the Reporting Period	Percentage (%)	Number of shares with selling restrictions held	Pledged or frozen		
					State of shares	Number of shares	Nature of shareholder
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)	1,705,000,000 (A Shares)	56.04	—	Nil	—	Domestic non-state- owned legal person
HKSCC NOMINEES LIMITED	-360,500 (H Shares)	1,007,872,884 (H Shares)	33.13	—	Unknown	—	Overseas legal person
WU FEE PHILIP	0 (H Shares)	18,055,000 (H Shares)	0.59	—	Unknown	—	Overseas natural person
National Social Security Fund 102 Package	11,999,795 (A Shares)	11,999,795 (A Shares)	0.39	—	Unknown	—	Others

Section 7 Changes in Equity and Shareholders

Shareholding of the top 10 shareholders

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares at the end of the Reporting Period	Percentage (%)	Number of shares with selling restrictions held	Pledged or frozen		
					State of shares	Number of shares	Nature of shareholder
China Merchants Securities Co., Ltd — Customer Credit Transaction Backed Securities Account	2,899,077 (A股)	5,582,321 (A Shares)	0.18	—	Unknown	—	Others
BILL & MELINDA GATES FOUNDATION TRUST	5,244,590 (A Shares)	5,244,590 (A Shares)	0.17	—	Unknown	—	Others
National Social Security Fund 103 Package	-9,639,905 (A Shares)	5,004,775 (A Shares)	0.16	—	Unknown	—	Others
Bank of Communications — Huaxia BlueChip Core Mixed Securities Investment Fund (LOF)	-5,064,193 (A Shares)	4,909,013 (A Shares)	0.16	—	Unknown	—	Others
Huatai Securities Co., Ltd — Customer Credit Transaction Backed Securities Account	1,680,406 (A Shares)	4,307,629 (A Shares)	0.14	—	Unknown	—	Others
Bank of China — China AMC Return Securities Investment Fund	-348,179 (A Shares)	3,949,146 (A Shares)	0.13	—	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)	1,705,000,000 (A Shares)	RMB-denominated ordinary shares	1,705,000,000 (A Shares)
HKSCC NOMINEES LIMITED	1,007,872,884 (H Shares)	Overseas listed foreign shares	1,007,872,884 (H Shares)
WU FEE PHILIP	18,055,000 (H Shares)	Overseas listed foreign shares	18,055,000 (H Shares)
National Social Security Fund 102 Package	11,999,795 (A Shares)	RMB-denominated ordinary shares	11,999,795 (A Shares)

Section 7 Changes in Equity and Shareholders

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
China Merchants Securities Co., Ltd — Client Account of Collateral Securities for Margin Trading	5,582,321 (A Shares)	RMB-denominated ordinary shares	5,582,321 (A Shares)
BILL & MELINDA GATES FOUNDATION TRUST	5,244,590 (A Shares)	RMB-denominated ordinary shares	5,244,590 (A Shares)
National Social Security Fund 103 Package	5,004,775 (A Shares)	RMB-denominated ordinary shares	5,004,775 (A Shares)
Bank of Communications — Huaxia BlueChip Core Mixed Securities Investment Fund (LOF)	4,909,013 (A Shares)	RMB-denominated ordinary shares	4,909,013 (A Shares)
Huatai Securities Co., Ltd — Client Credit Trading Guarantee Securities Account	4,307,629 (A Shares)	RMB-denominated ordinary shares	4,307,629 (A Shares)
Bank of China — China AMC Return Securities Investment Fund	3,949,146 (A Shares)	RMB-denominated ordinary shares	3,949,146 (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	—		

Section 7 Changes in Equity and Shareholders

Shares Held by Substantial Shareholders (SFO Requirements)

As at 30 June 2015, 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	No. 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)	1,705,000,000 (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)	1,705,000,000 (L) (A Shares)	84.86	—	56.04
JPMorgan Chase & Co.	88,895,117(L) (H Shares)	—	8.60(L)	2.92
	3,828,033(S) (H Shares)	—	0.37(S)	0.13
	41,531,918(P) (H Shares)	—	4.01(P)	1.37
BlackRock, Inc.	71,050,225(L) (H Shares)	—	6.88(L)	2.34
	417,000(S) (H Shares)	—	0.04(S)	0.01
Invesco Advisers, Inc.	62,074,060(L) (H Shares)	—	6.01(L)	2.04
J O Hambro Capital Management Limited	52,172,000(L) (H Shares)	—	5.05(L)	1.71
Han Xue Juan (Note 3)	1,705,000,000 (L) (A Shares)	84.86	—	56.04
Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經營中心) (Note 4)	1,705,000,000 (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

Section 7 Changes in Equity and Shareholders

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 1588 Chang Cheng South Road, 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 2015, 62.854%, 0.125%, 0.001% and 37.02% of the 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, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經管中心) respectively. Further, 99% and 1% of the 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 2015, Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) held 62.854% 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 2015, Ms. Han Xue Juan held 0.001% 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% 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 2015, Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經管中心) held 37.02% 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 2015, 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 2015, 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 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:

Section 7 Changes in Equity and Shareholders

Name of director/ supervisor	Capacity/nature of interest	No. of shares	Approximate percentage of A Shares (%)	Approximate percentage of H Shares (%)	Approximate percentage of total number of shares (%)
Mr. Wei Jian Jun	Interests in controlled companies	1,705,000,000(L) (A Shares)	84.86	—	56.04
Mr. Hu Ke Gang	Interests of beneficial owner	30,511(L) (A Shares)	0.0015	—	0.0010
Total		1,705,030,511(L) (A Shares)	84.8615	—	56.0410

Notes:

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

Interests in Controlled Companies

As at 30 June 2015, 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 1,705,000,000 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 2015, 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 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

Unit: shares

Name	Position	Number of shares at the begin of the Reporting Period	Number of shares at the end of the Reporting Period	Change of shares during the Reporting Period	Reason for change
Hu Ke Gang	Executive Director and Deputy General Manager	30,511	30,511	0	

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

√ Applicable ☐ Not applicable

Name	Position	Change	Reason for change
Dong Ming	Deputy General Manager	Resign	Personal reason

Section 9 Financial Report (Audited)

Auditor's Report



De Shi Bao (Shen) Zi (15) No. S0241

TO THE SHAREHOLDERS OF GREAT WALL MOTOR COMPANY LIMITED:

We have audited the accompanying financial statements of Great Wall Motor Company Limited ("Great Wall Motor Company"), which comprise the Company's and consolidated balance sheets as at 30 June 2015, 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 period from 1 January 2015 to 30 June 2015, and the notes to the financial statements.

1. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management of the Company is responsible for the preparation and fair presentation of these financial statements. The responsibilities include: (1) preparing the financial statements and in accordance with Accounting Standards for Business Enterprises to achieve: fair presentation of the financial statements; (2) designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatement whether due to fraud or error.

2. CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITY

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

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

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

Section 9 Financial Report (Audited) Auditor's Report

3. AUDIT OPINION

In our opinion, the financial statements of the Company present fairly, in all material respects, the Company's and consolidated financial position as of 30 June 2015, and the Company's and consolidated results of operations and cash flows for the period from 1 January 2015 to 30 June 2015 then ended in accordance with Accounting Standards for Business Enterprises.

4. OTHER MATTERS

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 period from 1 January 2014 to 30 June 2014, and the notes to the financial statements were unaudited.

Deloitte Touche Tohmatsu CPA LLP.
Shanghai China

Chinese Certified Public Accountants

Xu Zhaohui
Zhang Luanqing
28/8/2015

Consolidated Balance Sheet

At 30 June 2015

Item	Note	2015.6.30	RMB 2014.12.31
Current Assets:			
Cash and bank balances	(VI)1	4,120,630,002.58	3,394,260,013.36
Financial assets at fair value through profit or loss	(VI)2	1,309,000,000.00	214,440.00
Bills receivable	(VI)3	18,190,013,456.83	23,352,366,377.86
Accounts receivable	(VI)4	634,029,141.30	730,113,031.42
Prepayments	(VI)5	639,217,074.66	723,332,515.18
Interest receivable	(VI)6	3,638,608.12	4,897,335.85
Dividends receivable		21,592,435.89	8,000,000.00
Other receivables	(VI)7	1,063,479,948.15	2,896,787,792.18
Inventories	(VI)8	4,117,090,799.15	3,470,386,550.65
Non-current assets due within one year	(VI)9	235,505,838.76	52,161,068.06
Other current assets	(VI)10	1,305,002,286.82	681,225,623.01
Total Current Assets		31,639,199,592.26	35,313,744,747.57
Non-current Assets:			
Loans and advances to customers	(VI)11	361,113,141.19	100,508,080.46
Available-for-sale financial assets	(VI)12	7,200,000.00	7,200,000.00
Long-term receivables	(VI)13	1,696,363,402.27	—
Long-term equity investments	(VI)14	17,007,276.33	65,990,244.87
Investment properties	(VI)15	21,781,353.73	6,344,662.41
Fixed assets	(VI)16	17,676,456,831.09	17,273,386,734.44
Construction in progress	(VI)17	6,653,375,899.94	5,274,343,890.07
Intangible assets	(VI)18	2,796,855,352.66	2,812,510,619.35
Goodwill	(VI)19	2,163,713.00	2,163,713.00
Long-term prepaid expenses		47,813,262.78	47,681,001.82
Deferred tax assets	(VI)20	441,809,674.85	441,378,429.46
Total Non-current Assets		29,721,939,907.84	26,031,507,375.88
TOTAL ASSETS		61,361,139,500.10	61,345,252,123.45

Consolidated Balance Sheet

At 30 June 2015

Item	Note	RMB	
		2015.6.30	2014.12.31
Current Liabilities:			
Short-term borrowings	(VI)21	743,257,321.14	—
Bills payable	(VI)22	4,764,659,518.72	4,138,158,178.41
Accounts payable	(VI)23	12,650,125,991.78	14,093,151,931.66
Advances from customers	(VI)24	2,083,369,039.53	3,180,045,338.74
Salaries payable	(VI)25	517,763,374.62	1,326,601,449.19
Taxes payable	(VI)26	611,767,521.49	880,096,384.40
Dividends payable		—	156,709.77
Other payables	(VI)27	1,725,270,107.06	1,778,299,444.45
Non-current liabilities due within one year	(VI)28	74,123,555.80	75,657,544.16
Other current liabilities	(VI)29	767,014,150.93	672,530,061.79
Total Current Liabilities		23,937,350,581.07	26,144,697,042.57
Non-current Liabilities:			
Deferred income	(VI)30	1,631,174,004.46	1,682,108,979.65
Deferred tax liabilities	(VI)20	144,485.77	—
Total Non-current Liabilities		1,631,318,490.23	1,682,108,979.65
TOTAL LIABILITIES		25,568,669,071.30	27,826,806,022.22
SHAREHOLDERS' EQUITY:			
Share capital	(VI)31	3,042,423,000.00	3,042,423,000.00
Capital reserve	(VI)32	4,453,654,014.42	4,453,872,204.02
Other comprehensive income	(VI)49	(95,148,308.66)	(97,592,596.69)
Surplus reserve	(VI)33	2,429,345,969.98	2,429,620,841.78
Undistributed profits	(VI)34	25,906,926,278.25	23,623,537,021.85
Total Equity Attributable to Shareholders of the Company		35,737,200,953.99	33,451,860,470.96
Minority Interests		55,269,474.81	66,585,630.27
TOTAL SHAREHOLDERS' EQUITY		35,792,470,428.80	33,518,446,101.23
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		61,361,139,500.10	61,345,252,123.45

The notes form an integral part of the financial statements.

The financial statements as set out from pages 3 to 122 have been signed by:

Wei Jianjun
Legal Representative

Wang Fengying
General Manager

Li Fengzhen
Chief Financial Officer

Ji Wenjun
Head of the Finance Section

Balance Sheet of the Company

At 30 June 2015

Item	Note	2015.6.30	RMB 2014.12.31
Current Assets:			
Cash and bank balances	(XV)1	2,360,531,346.21	978,394,101.12
Financial assets at fair value through profit or loss		1,309,000,000.00	214,440.00
Bills receivable	(XV)2	14,628,004,492.16	19,639,242,895.83
Accounts receivable	(XV)3	708,831,899.76	798,347,333.80
Prepayments		566,028,488.43	654,724,897.26
Dividends receivable		893,282,035.35	292,327,049.84
Other receivables	(XV)4	1,019,656,230.02	2,898,608,092.49
Inventories	(XV)5	3,168,018,617.71	2,027,546,852.97
Other current assets		1,089,428,393.01	659,223,478.97
Total Current Assets		25,742,781,502.65	27,948,629,142.28
Non-current Assets:			
Available-for-sale financial assets		7,200,000.00	7,200,000.00
Long-term receivable		1,696,363,402.27	—
Long-term equity investments	(XV)6	4,715,821,648.67	4,940,191,440.46
Investment properties		6,258,269.25	6,344,662.41
Fixed assets	(XV)7	14,713,599,006.55	14,329,877,913.45
Construction in progress	(XV)8	6,501,732,858.42	5,033,940,379.62
Intangible assets	(XV)9	2,523,166,483.02	2,492,077,530.55
Long-term prepaid expenses		41,271,294.82	40,439,948.41
Deferred tax assets		182,278,134.31	139,981,277.28
Other Non-current assets		5,000,000.00	5,000,000.00
Total Non-current Assets		30,392,691,097.31	26,995,053,152.18
TOTAL ASSETS		56,135,472,599.96	54,943,682,294.46

Balance Sheet of the Company

At 30 June 2015

		RMB	
Item	Note	2015.6.30	2014.12.31
Current Liabilities:			
Short-term borrowings	(XV)10	743,257,321.14	—
Bills payable	(XV)11	2,913,118,424.65	2,228,314,043.46
Accounts payable	(XV)12	13,292,303,393.46	15,007,767,900.38
Advances from customers	(XV)13	1,688,822,566.17	2,221,451,257.04
Salaries payable		315,627,966.32	927,082,210.16
Taxes payable		409,434,859.88	595,505,852.74
Other payables		1,212,895,436.77	1,241,662,471.57
Non-current liabilities due within one year	(XV)14	55,145,056.08	55,107,664.84
Other current liabilities		284,072,802.81	253,641,021.61
Total Current Liabilities		20,914,677,827.28	22,530,532,421.80
Non-current Liabilities:			
Deferred income	(XV)14	1,387,572,058.82	1,409,252,820.71
Total Non-current Liabilities		1,387,572,058.82	1,409,252,820.71
TOTAL LIABILITIES		22,302,249,886.10	23,939,785,242.51
SHAREHOLDERS' EQUITY:			
Share capital		3,042,423,000.00	3,042,423,000.00
Capital reserve	(XV)15	4,506,077,023.11	4,506,077,023.11
Surplus reserve		1,521,231,233.17	1,521,231,233.17
Undistributed profits	(XV)16	24,763,491,457.58	21,934,165,795.67
TOTAL SHAREHOLDERS' EQUITY		33,833,222,713.86	31,003,897,051.95
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		56,135,472,599.96	54,943,682,294.46

Consolidated Income Statement

For the six months ended 30 June 2015

Item	Note	RMB	
		Six months ended 2015.6.30	Six months ended 2014.6.30 (unaudited)
I. Total operating revenue		37,144,776,238.53	28,527,373,341.19
Including: Operating revenue	(VI)35	37,115,346,196.30	28,527,373,341.19
Interest income	(VI)36	29,414,897.72	—
Fee and commission income		15,144.51	—
Less: Total operating costs		31,574,004,590.92	23,829,901,261.71
Including: Operating costs	(VI)35	27,128,990,123.78	20,379,955,051.38
Business tax and surcharges	(VI)37	1,322,666,788.94	985,051,931.91
Selling expenses	(VI)38	1,192,682,249.41	906,062,687.84
Administrative expenses	(VI)39	1,656,766,890.66	1,604,705,114.81
Financial expenses	(VI)40	218,530,709.96	(46,118,743.89)
Impairment loss on assets	(VI)41	54,367,828.17	245,219.66
Add: Gains or losses from changes in fair value	(VI)42	(214,440.00)	(5,395,518.86)
Investment income	(VI)43	43,535,458.76	6,693,807.34
Including: share of profit of associates and jointly controlled entities		6,426,931.75	3,712,541.59
II. Operating profit		5,614,092,666.37	4,698,770,367.96
Add: Non-operating income	(VI)44	120,241,496.88	85,737,294.96
Including: Gains from disposal of non-current assets		703,612.83	865,110.63
Less: Non-operating expenses	(VI)45	16,818,336.68	17,992,688.14
Including: Losses from disposal of non-current assets		10,298,099.56	6,933,480.39
III. Total profit		5,717,515,826.57	4,766,514,974.78
Less: Income tax expenses	(VI)46	1,000,208,287.03	812,314,970.04
IV. Net profit	(VI)47	4,717,307,539.54	3,954,200,004.74
Net profit attributable to shareholders of the Company		4,717,052,784.60	3,954,313,743.49
Profit or loss attributable to minority interests		254,754.94	(113,738.75)
V. Net other comprehensive income after taxes		2,444,288.03	3,056,456.30
Net other comprehensive income attributable to shareholders of the Company after taxes		2,444,288.03	3,056,456.30
Items that may be reclassified subsequently to profit or loss satisfying prescribed conditions		2,444,288.03	3,056,456.30
Foreign currency translation differences	(VI)49	2,444,288.03	3,056,456.30
Net other comprehensive income attributable to minority interests after taxes		—	—
VI. Total comprehensive income:		4,719,751,827.57	3,957,256,461.04
Total comprehensive income attributable to shareholders of the Company		4,719,497,072.63	3,957,370,199.79
Total comprehensive income attributable to minority interests		254,754.94	(113,738.75)
VII. Earnings per share:			
(I) Basic earnings per share	(VI)48	1.55	1.30
(II) Diluted earnings per share	(VI)48	N/A	N/A

Income Statement of the Company

For the six months ended 30 June 2015

		RMB	
Item	Note	Six months ended 2015.6.30	Six months ended 2014.6.30 (unaudited)
I. Total operating revenue	(XV)17	35,132,760,513.37	27,038,765,505.76
Less: Operating costs	(XV)17	28,001,691,308.37	20,959,910,303.46
Business tax and surcharges	(XV)18	1,266,315,143.00	946,151,951.99
Selling expenses		324,573,957.94	304,449,789.08
Administrative expenses	(XV)19	1,439,687,705.48	1,398,005,544.46
Financial expenses		237,151,356.76	(35,648,697.91)
Impairment loss on assets		46,418,621.96	6,958,041.62
Add: Gains or losses from changes in fair value		(214,440.00)	(5,395,518.86)
Investment income	(XV)20	1,920,548,807.83	1,767,978,838.90
Including: share of profit of associates and jointly controlled entities		3,228,047.46	1,884,213.36
II. Operating profit		5,737,256,787.69	5,221,521,893.10
Add: Non-operating income		78,665,267.86	64,610,589.63
Including: Gains from disposal of non-current assets		315,796.33	117,326.11
Less: Non-operating expenses		10,138,608.05	14,672,370.82
Including: Losses from disposal of non-current assets		6,065,296.52	5,482,633.17
III. Total profit		5,805,783,447.50	5,271,460,111.91
Less: Income tax expenses	(XV)21	542,519,385.59	486,348,247.55
IV. Net profit		5,263,264,061.91	4,785,111,864.36
V. Net other comprehensive income after taxes		—	—
VI. Total comprehensive income		5,263,264,061.91	4,785,111,864.36

Consolidated Cash Flow Statement

For the six months ended 30 June 2015

Item	Note	RMB	
		Six months ended 2015.6.30	Six months ended 2014.6.30 (unaudited)
I. Cash Flows from Operating Activities:			
Cash received from selling goods and rendering services		41,803,834,426.74	34,625,251,583.18
Cash received from interest, fee and commission		30,688,769.96	—
Tax rebate received		22,661,643.28	12,942,552.43
Other cash received relating to operating activities	(VI)50(1)	81,474,158.96	89,960,177.04
Sub-total of cash inflow from operating activities		41,938,658,998.94	34,728,154,312.65
Cash paid for purchasing goods and receiving services		25,065,897,106.81	22,279,330,235.60
Cash paid for net increase in customers' loans and advance		450,686,269.52	—
Cash payments to and on behalf of employees		3,364,517,758.76	2,860,127,167.10
Taxes and surcharges paid		4,028,342,609.48	3,072,513,696.05
Other cash paid relating to operating activities	(VI)50(2)	1,752,169,883.15	1,353,410,755.19
Sub-total of cash outflow from operating activities		34,661,613,627.72	29,565,381,853.94
Net Cash Flows from Operating Activities	(VI)51(1)	7,277,045,371.22	5,162,772,458.71
II. Cash Flows from Investing Activities:			
Cash received from disposal of investments		3,637,000,000.00	1,057,000,000.00
Cash received from return on investments		43,718,763.94	2,981,265.75
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		3,892,862.96	6,118,996.99
Net cash received from disposal of subsidiaries and other business entities	(VI)51(2)	172,889,500.20	—
Other cash received relating to investing activities	(VI)50(3)	2,000,000.00	—
Sub-total of cash inflow from investing activities		3,859,501,127.10	1,066,100,262.74
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		3,177,304,622.37	3,315,573,280.60
Net cash paid for acquisition of subsidiaries and other business entities	(VI)51(2)	22,820,655.84	—
Cash paid for investment		5,506,000,000.00	1,057,000,000.00
Sub-total of cash outflow from investing activities		8,706,125,278.21	4,372,573,280.60
Net Cash Flow from Investing Activities		(4,846,624,151.11)	(3,306,473,017.86)
III. Cash Flows from Financing Activities:			
Cash received from borrowings		743,000,222.30	764,370,545.56
Cash received from investors		—	55,000,000.00
Other cash received relating to financing activities		—	—
Sub-total of cash inflow from financing activities		743,000,222.30	819,370,545.56
Cash paid for repayment of borrowings		—	182,198,866.04
Cash paid for dividends, profits distribution or interest repayment		2,434,110,662.18	2,196,621,608.21
Including: Dividend and profit paid by subsidiaries to minority shareholders		156,709.77	17,412.20
Other cash paid relating to financing activities	(VI)50(4)	606,692,525.81	238,839,019.50
Sub-total of cash outflow from financing activities		3,040,803,187.99	2,617,659,493.75
Net Cash Flow from Financing Activities		(2,297,802,965.69)	(1,798,288,948.19)

Consolidated Cash Flow Statement

For the six months ended 30 June 2015

Item	Note	RMB	
		Six months ended 2015.6.30	Six months ended 2014.6.30 (unaudited)
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate		(1,151,691.01)	4,330,118.97
V. Net Increase in Cash and Cash Equivalents		131,466,563.41	62,340,611.63
Add: Balance of cash and cash equivalents at the beginning of the period		3,081,531,924.78	5,522,642,764.49
VI. Balance of cash and cash equivalents at the end of the period	(VI)51(3)	3,212,998,488.19	5,584,983,376.12

Cash Flow Statement of the Company

For the six months ended 30 June 2015

Item	Notes	RMB	
		Six months ended 2015.6.30	Six months ended 2014.6.30 (unaudited)
I. Cash Flows from Operating Activities:			
Cash received from selling goods and rendering services		40,385,052,472.06	33,007,984,290.99
Tax rebate received		—	3,774,615.46
Other cash received relating to operating activities		47,456,473.95	69,300,692.71
Sub-total of cash inflow from operating activities		40,432,508,946.01	33,081,059,599.16
Cash paid for purchasing goods and receiving services		28,180,235,000.50	23,588,559,089.24
Cash paid to and on behalf of employees		2,428,260,962.55	2,031,035,282.76
Taxes and surcharges paid		2,975,761,870.56	2,327,575,250.33
Other cash paid relating to operating activities		754,271,339.91	857,312,171.96
Sub-total of cash outflow from operating activities		34,338,529,173.52	28,804,481,794.29
Net cash flows from operating activities	(XV)22(1)	6,093,979,772.49	4,276,577,804.87
II. Cash Flows from Investing Activities:			
Cash received from disposal of investments		3,377,088,700.00	400,000,000.00
Cash received from return on investments		1,318,280,494.11	877,282,851.89
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,447,554.13	4,610,638.68
Other cash receipts relating to investing activities		2,000,000.00	—
Sub-total of cash inflow from investing activities		4,703,816,748.24	1,281,893,490.57
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,897,728,605.02	3,028,180,129.86
Cash paid for investment		4,821,405,580.00	873,209,100.00
Net cash paid for acquisition of subsidiaries and other business entities		—	165,000,000.00
Sub-total of cash outflow from investing activities		7,719,134,185.02	4,066,389,229.86
Net Cash Flow from Investing Activities		(3,015,317,436.78)	(2,784,495,739.29)
III. Cash Flows from Financing Activities:			
Cash received from borrowings		743,000,222.30	764,370,545.56
Sub-total of cash inflow from financing activities		743,000,222.30	764,370,545.56
Cash paid for repayment of borrowings		—	182,198,866.04
Cash paid for dividends, profits distribution or interest repayment		2,433,953,952.41	2,196,604,196.01
Other cash paid relating to financing activities		624,212,127.55	903,997,839.06
Sub-total of cash outflow from financing activities		3,058,166,079.96	3,282,800,901.11
Net Cash Flow from Financing Activities		(2,315,165,857.66)	(2,518,430,355.55)

Cash Flow Statement of the Company

For the six months ended 30 June 2015

Item	Notes	RMB	
		Six months ended 2015.6.30	Six months ended 2014.6.30 (unaudited)
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate		(5,571,360.51)	2,944,058.03
V. Net Increase in Cash and Cash Equivalents		757,925,117.54	(1,023,404,231.94)
Add: Balance of cash and cash equivalents at the beginning of the period		926,209,380.56	4,074,446,337.47
VI. Balance of cash and cash equivalents at the end of the period	(XV)22(2)	1,684,134,498.10	3,051,042,105.53

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2015

RMB

Item	Six months ended 30 June 2015							
	Attributable to shareholders of the Company							Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits	Minority interests	
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' capital injection and capital reduction	—	(218,189.60)	—	—	—	—	(11,570,910.40)	(11,789,100.00)
1. Capital injection from shareholders	—	—	—	—	—	—	—	—
2. Acquisition of subsidiaries	—	—	—	—	—	—	—	—
3. Acquisition of minority interests of subsidiaries (Note (VIII)2)	—	(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 (Note(VI.)33)	—	—	—	(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

RMB

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2015

Item	Six months ended 30 June 2014 (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	3,042,423,000.00	4,453,872,204.02	(6,806,391.32)	2,281,860,702.64	—	18,224,548,503.39	12,098,824.67	28,007,996,843.40
II. Changes in the current period	—	—	3,056,456.30	—	—	1,459,526,883.49	54,712,139.28	1,517,295,479.07
(I) Total comprehensive income	—	—	3,056,456.30	—	—	3,954,313,743.49	(113,738.75)	3,957,256,461.04
(II) Shareholders' capital injection and capital reduction	—	—	—	—	—	—	55,000,000.00	55,000,000.00
1. Capital injection from shareholders	—	—	—	—	—	—	55,000,000.00	55,000,000.00
2. Acquisition of subsidiaries	—	—	—	—	—	—	—	—
3. Acquisition of minority interests of subsidiaries	—	—	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	—	(2,494,786,860.00)	(174,121.97)	(2,494,960,981.97)
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	—	—	—	—	—	(2,494,786,860.00)	(174,121.97)	(2,494,960,981.97)
6. Transfer to employee bonus and welfare fund	—	—	—	—	—	—	—	—
7. Tax refund for welfare enterprises	—	—	—	—	—	—	—	—
(IV) Transfer of shareholders' equity	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—
(V) Others	—	—	—	—	—	—	—	—
III. Balance at the end of the period	3,042,423,000.00	4,453,872,204.02	(3,749,935.02)	2,281,860,702.64	—	19,684,075,386.88	66,810,963.95	29,525,292,322.47

Statement of Changes in Shareholders' Equity of the Company

For the six months ended 30 June 2015

RMB

Item	Six months ended 30 June 2015				
	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' capital injection and capital reduction	—	—	—	—	—
1. Capital injection from shareholders	—	—	—	—	—
2. Equity settled share expenses charged to equity	—	—	—	—	—
3. Others	—	—	—	—	—
(III) Profit distribution	—	—	—	(2,433,938,400.00)	(2,433,938,400.00)
1. Transfer to surplus	—	—	—	—	—
2. Transfer to general provision	—	—	—	—	—
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. Extraction in the period	—	—	—	—	—
2. Use 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

Statement of Changes in Shareholders' Equity of the Company

For the six months ended 30 June 2015

RMB

Item	Six months ended 30 June 2014 (unaudited)				
	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	16,630,245,730.47	25,699,976,986.75
II. Changes in the current period	—	—	—	2,290,325,004.36	2,290,325,004.36
(I) Total comprehensive income	—	—	—	4,785,111,864.36	4,785,111,864.36
(II) Shareholders' capital injection and capital reduction	—	—	—	—	—
1. Capital injection from shareholders	—	—	—	—	—
2. Equity settled share expenses charged to equity	—	—	—	—	—
3. Others	—	—	—	—	—
(III) Profit distribution	—	—	—	(2,494,786,860.00)	(2,494,786,860.00)
1. Transfer to surplus	—	—	—	—	—
2. Transfer to general provision	—	—	—	—	—
3. Distribution to shareholders	—	—	—	(2,494,786,860.00)	(2,494,786,860.00)
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. Extraction in the period	—	—	—	—	—
2. Use 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	18,920,570,734.83	27,990,301,991.11

Notes to the Financial Statements

For the six months ended 30 June 2015

I. BASIC CORPORATE INFORMATION

Great Wall Motor Company Limited (hereunder “the Company”) is registered in Baoding, Hebei Province. 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 Jian Jun.

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 28 August, 2015.

For the scope of consolidated financial statements of this year refer to Note (VIII) “interests in other entities”. Changes in the scope of consolidated financial statements for this year mainly refer to Note (VII) “changes in business combination.”

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has applied the “Accounting Standards for Business Enterprises (“ASBE”)” (including the newly issued and revised ASBE in 2014) 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.

Notes to the Financial Statements

For the six months ended 30 June 2015

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.

For financial reporting purposes, fair value measurements are categorised 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 2015. 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 2015 and its consolidated operating results and consolidated cash flows of the period from 1 January 2015 to 30 June 2015.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

2. Financial year

The financial year of the Group is from 1 January to 31 December of each calendar year. The reporting period of the financial statements are from 1 January 2015 to 30 June 2015.

3. Operating cycle

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

4. Reporting currency

Renminbi is the currency of the primary economic environment where the Company and domestic subsidiaries operate, and the Company's and domestic subsidiaries' reporting currencies are both Renminbi. The reporting currency of the overseas subsidiaries of the Company is selected based on the primary economic environment where they operate. The financial statements of the Group have been prepared in Renminbi.

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.

Notes to the Financial Statements

For the six months ended 30 June 2015

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 recognised 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 Company 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 established after 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. For the subsidiaries established after business combination of enterprises under common control, their operating results and cash flow from the beginning of the period to the date of merger have been properly included in the consolidated income statement and the consolidated cash flow statement, and the comparative figures in the consolidated financial statements will be adjusted at the same time.

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.

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

Notes to the Financial Statements

For the six months ended 30 June 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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. 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 profit) 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 "translation reserve" 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.

Notes to the Financial Statements

For the six months ended 30 June 2015

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 charged 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 equivalent, bills receivable, accounts receivable, dividend 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.

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.

10.3 Impairment of financial assets

In addition to financial assets at FVTPL for the current period, the Group reviews the book value of other financial assets at each balance sheet date and provide for impairment where there is objective evidence that financial assets are impaired.

Notes to the Financial Statements

For the six months ended 30 June 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.3 Impairment of financial assets (continued)

Objective evidence of impairment on financial asset includes those observable matters listed as follows:

- (1) issuers or debtors encounter severe financial difficulties;
- (2) debtors violate terms of contract, such as breach of rulers or delay during settlement of interests or principal;
- (3) the Group gives way to debtors under financial difficulty based on economic or legal reasons;
- (4) debtors may go into liquidation or conduct other financial reorganization;
- (5) any reduction in cash flow of certain assets among a group of financial assets cannot be identified, while it is discovered that the estimated future cash flow of the financial assets has been reduced and can be measured since initial recognition after an overall evaluation based on disclosed information, including that:
 - the repayment capability of the debtor of the group of financial assets gradually deteriorates;
 - economic difficulties of the country or region where the debtor is staying appear a situation where this group of financial assets cannot be paid;
- (6) 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.
- (7) other objective evidence showing signs of impairment on financial assets.

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 financial assets measured at cost

For those equity instrument investments where there is no quoted price in active markets and the fair value of such instrument cannot be measured reliably, when impaired, the carrying amount is reduced to the present value of future discounted cash flow using the market return rate of similar financial assets, the reduced amount is recognized as impairment loss, accounted in current profit or loss. The impairment loss of such financial assets cannot be reversed once recognized.

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.

Where the entire transfer of financial assets meets conditions applicable to de-recognition, the difference between the following amounts is recognized in profit or loss for the current period: the carrying amount of the financial asset being transferred and the sum of the consideration received from the transfer and any accumulated gain or loss that had been recognized in equity.

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.

At initial recognition, financial liabilities are classified either as "financial liabilities at FVTPL" or "other financial liabilities". Financial liabilities of the Company are other financial liabilities. For other financial liabilities, related transaction costs are included in their initial recognition amounts.

Notes to the Financial Statements

For the six months ended 30 June 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.5 Classification and measurement of financial liabilities (continued)

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from de-recognition or amortization is recognized in profit or loss for the current period.

10.6 De-recognition 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.

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 both of the following conditions are satisfied:

- (1) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and
- (2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the 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.

Notes to the Financial Statements

For the six months ended 30 June 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Receivables

11.1 Receivables that are individually significant (except 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.

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 accounts receivable (%)	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

Notes to the Financial Statements

For the six months ended 30 June 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Inventory

12.1 Classification of inventories

Inventories of the Group mainly include raw materials, products, finished products and low-value consumables. Inventories are initially measured at cost. Cost of inventories includes purchasing cost, processing cost and other expenses that help deliver the inventories to the current location and situation.

12.2 Method for calculating value of inventories delivered

When inventories are delivered, weighed average method is adopted to determine the actual cost of inventories delivered.

12.3 Recognition of net realizable value of inventory

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 inventories with tremendous number and relatively low unit price, inventory impairment loss is provided according to the type of inventory. For items of inventories relating to a product line that are produced and marketed in the same geographical area with the same or similar end uses or purposes and cannot be practicable evaluated separately from other items in that product line, provision for decline in value of inventories is determined on an aggregate basis. For other inventories, inventory impairment provision is provided at the difference of cost of a single item of inventory exceeding its net realizable value.

After making the provision for inventory impairment, in the event that the factors causing inventory impairment no longer exists, and the net realizable value of an inventory is higher than its book-value, the original provision for inventory impairment shall be transferred back and incorporated into the profit or loss for the current 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 taking system

The inventory taking system shall be on a perpetual basis.

12.5 Amortization of low-value consumable 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 consumables and other turnover materials.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments

13.1 Recognition of having joint control or significant influence over the investee

Control is achieved when the Company 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. 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 business combination involving enterprises under common control, if the consideration of the combination is satisfied by cash, transfer of non-cash assets or assumption of liabilities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the owners' equity of the party being absorbed in the financial statements of the ultimate controlling party at the date of combination. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

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, appraisal and other agency expense and other administration expense occurred during combination, the acquiree shall recognise those expenditure in profit or loss.

13.3 Method for subsequent measurement and profit or loss recognition

For long-term equity investment in joint arrangement 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.

Notes to the Financial Statements

For the six months ended 30 June 2015

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

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. 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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Investment property

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 transfer after appreciation and leased construction, 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 year. Fixed assets are only recognized when its related economic benefits are likely to flow to the Group and its cost can be reliably measured. Fixed assets are initially measured at cost.

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 capitalised 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.

Notes to the Financial Statements

For the six months ended 30 June 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Fixed assets (continued)

15.2 Method for depreciation of different fixed assets

Depreciation is provided over their estimated useful lives from the month after they have reached the working condition for their intended use using the straight-line method. The useful life, estimated residual value and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciable life (year)	Estimated residual value (%)	Annual depreciation rate (%)
Buildings and structures	8–40	5	2.38–11.88
Machinery and equipment	10	5	9.50
Vehicles	4–10	5	9.50–23.75
Electronic equipment and other	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 were already of the stage and in the condition expected at the end of its useful life.

15.3 Explanation on other matters

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end. When a fixed asset is sold, transferred, retired or damaged, the Group shall recognize the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes in profit or loss for the current period.

The Group shall reassess the change in the useful life or estimated net residual value of a fixed asset or the depreciation method used at the year end. Change shall be accounted for as a change in 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 take 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 right and the buildings shall be separately accounted for as an intangible asset and fixed asset. For buildings and structures purchased, the purchase consideration shall be allocated among the land use right 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.

Notes to the Financial Statements

For the six months ended 30 June 2015

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 useful life and annual amortization rate of each category of intangible assets are as follows:

Category	Depreciable life (year)	Annual depreciation rate (%)
Land use right	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 twelve months. 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 non-current assets

The Group assesses at each balance sheet date whether there is any indication that any long term 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. Intangible assets with indefinite useful life and have not reached the usable condition should be tested for impairment annually, regardless of whether there is 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 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 year and subsequent periods of more than one year. Long-term deferred expenses are amortized evenly over the estimated benefit period.

Notes to the Financial Statements

For the six months ended 30 June 2015

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. Non-monetary employee welfare shall be measured at fair value.

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. Base on the required accrual basis and proportions in order to determine the appropriate amount of employee benefits, such employee benefits shall recognize the 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. Contingent liabilities

When related obligations of contingencies are: (1) the obligations currently assumed by the Group; (2) such obligation is likely to result in outflow of economic benefits; (3) and the amount of such obligations can be reliably measured, contingent liabilities will be recognized.

As at the balance sheet date, after considering factors such as the risks related to contingencies, uncertainties and time value of currency, contingent liabilities are measured at the best estimate on the expenses necessary for the performance of the related existing obligations.

If all or part of the cost necessary for the contingent liabilities is expected to be settled by third party, the amount of settlement, when it is basically certain to be received, is recognized as an asset separately, and the settlement amount recognized shall not be more than the carrying amount of contingent liabilities.

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 recognised 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. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the current period. 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.

Notes to the Financial Statements

For the six months ended 30 June 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Government grants (continued)

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

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the year 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 income tax assets and deferred tax liabilities

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base, and the difference between the tax base and the carrying amount of those items that are not recognized as assets or liabilities but have a tax base that can be determined according to tax laws, shall be recognized as deferred income tax assets and deferred tax liabilities using the balance sheet liability method.

All temporary differences are generally recognized for relevant deferred income tax. However, for deductible temporary difference, the Group recognizes relevant deferred income tax assets to the extent of income tax payable available for deducting deductible temporary difference. In addition, for those related to the initial recognition of goodwill and does not belong to business combination, and neither affect the accounting profit nor the temporary difference related to the initial recognition of assets or liabilities incurred in transaction of income tax payable (or deductible loss), related deferred income tax assets or liabilities will not be recognized.

The Company recognizes a deferred income tax asset for the carry forward of deductible losses and tax credits to subsequent periods, 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.

The Group recognizes deferred tax liabilities arising from the temporary difference on tax payable related to investment in subsidiaries, associates and joint ventures, unless the Group could control the timing of write back of the temporary difference, and such temporary difference is unlikely to be written back in foreseeable future. For the deductible temporary difference related to investment in subsidiaries, associates and joint ventures, the Group will only recognize deferred income tax assets when temporary difference is likely to be written back in the foreseeable future and income tax payable could be utilized to deduct the deductible temporary difference.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Income tax (continued)

25.2 Deferred income tax assets and deferred tax liabilities (continued)

At the balance sheet date, deferred income tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, according to the requirements of tax laws.

At the balance sheet date, the Company shall review the carrying amount of a deferred income tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred income tax asset to be utilized, the carrying amount of the deferred income tax asset shall be reduced. Any such reduction in amount shall be 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 income tax and deferred income tax derived from transactions and matters of shareholder's equity or directly recognized into other comprehensive income are included in shareholder's equity or other comprehensive income, and deferred income tax arising from business combination should adjust the carrying amount of goodwill, other types of current income tax and deferred income tax are included into profit or loss for the period.

25.4 Offsetting of income tax

After granted the legal rights of net settlement and with the intention to use net settlement or obtain assets, repay debt, the Group, at the same time, records the net amount after offsetting its current income tax assets and current income tax liabilities.

The Group was granted the legal rights of net settlement of current income tax assets and current income tax liabilities. Deferred income tax assets and deferred tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax collection and management authority or related to different entities liable to pay tax, but the relevant entity liable to pay tax is intended to apply net settlement of current income tax assets and liabilities or, to obtain assets, repay debt at the same time whenever every deferred income tax assets and liabilities with importance would be reversed in the future, the Group records the net amount after offsetting its current income tax assets and current income tax liabilities.

26. Operating lease

26.1 Operating lease business with the Group recorded as lessee

Lease payment for operating lease is recognized as related asset cost or profits and losses for the current period using the straight-line method over the lease term. The initial direct cost is directly accounted in profit or loss for the current period. Contingent rent is recognized as profit or loss for the current period upon occurrence.

Notes to the Financial Statements

For the six months ended 30 June 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Operating lease (continued)

26.2 Operating lease business with the Group recorded as lessor

Rental income of operating lease is recognized in profit or loss for the current period using the straight-line method over the lease term. The initial direct cost where the amount is larger is capitalized when incurred, and accounted for as profit or loss for the current period on the same basis as recognition of rental income over the entire lease period. The initial direct cost where the amount is smaller is accounted for as profit or loss for the current period when incurred. Contingent rental is accounted for as profit or loss for the twelve months in which it is incurred.

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.

Critical 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 for 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.

Provision for inventory impairment

The Group recognizes provision for inventory impairment 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.

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.

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

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

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 2015, the Group recognized deferred tax assets at RMB441,809,674.85 (as at 31 December 2014: RMB441,378,429.46) 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 2015, provisions for after-sale services amounted to RMB617,581,291.82 (as at 31 December 2014: RMB549,701,518.61). If the actual fees for after-sale services are more or less than the estimates, profits and losses of the twelve months 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.

Notes to the Financial Statements

For the six months ended 30 June 2015

V. TAXATION

1. Major tax types and tax rates

Tax type	Basis	Tax rate
Business tax	Turnover	3%.5%
Value-added tax	Sales/Purchase (Note 1)	3%.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 surtax	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: Saved from the tax incentives set out in Note (V) 2, the applicable tax rates of the relevant companies of the Group for the period from 1 January 2015 to 30 June 2015 and 2014 are listed on the above table.

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) all of which are subsidiaries of the Company, satisfied all conditions as prescribed in the Circular for deduction of 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.

V. TAXATION (continued)

2. Tax incentives and approvals (continued)

2.1 *Income tax incentives (continued)*

2.1.2 *Income tax exemption for new and high-tech enterprise*

According to 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 22 July 2013, the Company was approved and recognised as a new and high-technology enterprise in 2013 with a term of three years, and the applicable tax rate of the Company from 2013 to 2015 was 15%.

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稅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, Baoding Lean Automotive Occupational Training School (保定市精益汽車職業培訓學校) ("Lean School") and Baoding Qinchuang Property Services Company Limited (保定市勤創物業服務有限公司) ("Qinchuang Property"), 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 (include RMB200,000) between January 1, 2015 to December 31, 2017, the taxable income is reduced to 50% of its total 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稅收優惠政策的通知》) ("Cai Shui [2007] No. 92) issued by the Ministry of Finance and State Administration of Taxation, Baoding Nuobo, Baoding Great and Baoding Yixin all of which are subsidiaries of the Company, were entitled to immediate refund of value-added tax based on the number of disabled staff employed upon approval by competent authorities as their respective monthly average proportion of disabled staff to the total headcount was higher than 25% (including 25%), the respective number of disabled staff is more than 10 (including 10), and 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. The maximum refund of value added tax for each disabled staff employed was no more than RMB35,000 per person each year.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

		<i>RMB</i>
	2015.6.30	2014.12.31
Cash:		
RMB	1,158,247.93	1,001,148.28
USD	522,896.88	154,438.18
HKD	12,301.05	13,232.03
EUR	337,045.95	32,902.46
JPY	46,196.99	24,917.40
KRW	39.39	40.24
GBP	59,321.42	98,464.93
RUB	392.14	391.18
THB	23.88	24.53
AUD	34,496.71	45,216.61
SGD	1,412.98	1,438.28
Bank deposits:		
RMB	3,027,425,205.30	2,794,671,236.18
USD	6,275,476.54	196,522,890.95
HKD	4.87	4.87
EUR	7,461,158.28	72,616,033.12
JPY	657,498.44	0.05
RUB	157,198,804.62	866,827.35
GBP	11.86	4.68
AUD	8,447,034.80	15,463,077.39
CHF	—	19,636.07
ZAR	3,360,918.16	—
Other cash and bank balances:		
RMB	901,583,476.64	289,843,443.76
USD	6,048,037.75	7,497,821.68
EUR	—	15,386,823.14
Total	4,120,630,002.58	3,394,260,013.36
Include: overseas cash and bank deposits	232,080,017.11	188,498,363.55

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Cash and bank balances (continued)

As at 30 June 2015, the Group had restricted cash and bank balances of RMB907,631,514.39, in which guarantee on bank acceptance bills amounted to RMB464,568,882.59, guarantee on letter of credit amounted to RMB24,236,259.52, required reserves RMB16,626,372.28, deposited investment fund RMB5,000,000.00, pledged certificates of time deposit RMB397,000,000.00 and other guarantees amounted to RMB200,000.00.

As at 31 December 2014, the Group had restricted cash and bank balances of RMB312,728,088.58, in which guarantee on bank acceptance bills amounted to RMB188,581,950.96, guarantee on letter of credit amounted to RMB113,536,137.62, deposited investment fund RMB5,000,000.00, and other guarantees amounted to RMB5,610,000.00.

2. Financial assets at fair value through profit or loss

Category	2015.6.30	RMB 2014.12.31
Wealth management products linked to exchange rate	1,309,000,000.00	—
Derivative financial assets		
— Forward exchange contracts	—	214,440.00
Total	1,309,000,000.00	214,440.00

3. Bills receivable

(1) Classification of bills receivable:

Category	2015.6.30	RMB 2014.12.31
Bank acceptance bills	18,190,013,456.83	23,352,366,377.86
Total	18,190,013,456.83	23,352,366,377.86

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

Category	2015.6.30	RMB 2014.12.31
Bank acceptance bills	3,810,017,773.00	3,805,371,907.60
Total	3,810,017,773.00	3,805,371,907.60

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

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable (continued)

(3) *As at the end of each period, bills endorsed and discounted by the Group to other parties but undue were as follows:*

Category	RMB	
	2015.6.30	2014.12.31
Bank acceptance bills	15,984,223,641.19	9,909,310,303.90
Total	15,984,223,641.19	9,909,310,303.90

As above, those bills which were endorsed and discounted but yet undue have been terminated.

4. Accounts receivable

(1) *Accounts receivable were disclosed by category as follows:*

RMB										
Category	2015.6.30					2014.12.31				
	Carrying amount		Provision for bad debts		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)		Amount	Ratio (%)	Amount	Provision ratio (%)	
Individually significant and subject to separate provision	627,347,360.01	88.37	(70,453,178.55)	11.23	556,894,181.46	681,297,957.92	88.98	(26,133,575.13)	3.84	655,164,382.79
Accounts receivable with high risks based on the characteristics of credit risk as a group	82,534,183.33	11.63	(5,399,223.49)	6.54	77,134,959.84	82,321,497.69	10.75	(7,975,478.59)	9.69	74,346,019.10
Accounts receivable which are individually insignificant but subject to separate provision	—	—	—	—	—	2,054,226.92	0.27	(1,451,597.39)	70.66	602,629.53
Total	709,881,543.34	100.00	(75,852,402.04)	10.69	634,029,141.30	765,673,682.53	100.00	(35,560,651.11)	4.64	730,113,031.42

Accounts receivable which are individually significant and subject to separate provision:

Accounts receivable (by customers)	2015.6.30				Reason for provision	RMB
	Accounts receivable	Provision for bad debts	Provision ratio (%)			
Customer 1	328,104,623.87	(68,562,205.46)	20.90		Past due	
Customer 2	57,764,227.79	(1,674,538.36)	2.90		Past due	
Customer 3	9,807,944.24	(28,026.15)	0.29		Past due	
Customer 4	7,267,742.90	(2,174.58)	0.03		Past due	
Customer 5	3,896,728.50	(186,234.00)	4.78		Past due	
Others	220,506,092.71	—	—			
Total	627,347,360.01	(70,453,178.55)	11.23			

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

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

RMB

Aging	2015.6.30				2014.12.31			
	Amount	Ratio (%)	Provision for bad debts	Book value	Amount	Ratio (%)	Provision for bad debts	Book value
Within 1 year	677,039,004.27	95.37	(69,827,530.34)	607,211,473.93	748,324,339.41	97.73	(26,864,962.21)	721,459,377.20
1 to 2 years	26,123,878.05	3.68	(2,126,210.68)	23,997,667.37	13,314,882.10	1.74	(4,797,027.88)	8,517,854.22
2 to 3 years	2,820,000.00	0.40	—	2,820,000.00	1,760,630.00	0.23	(1,740,630.00)	20,000.00
Over 3 years	3,898,661.02	0.55	(3,898,661.02)	—	2,273,831.02	0.30	(2,158,031.02)	115,800.00
Total	709,881,543.34	100.00	(75,852,402.04)	634,029,141.30	765,673,682.53	100.00	(35,560,651.11)	730,113,031.42

Accounts receivable are agreed by the contract or agreement, the credit period is normally from 3 to 6 months, when not agreed, and not recovered within 90 days, it is regarded as beyond the credit period.

(3) *Provision for bad debts, written back or reversed bad debts during the reporting period*

Provision for bad debts amounted to RMB53,446,331.24, written back or reversed bad debts amounted to RMB13,141,080.31.

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

Customer	Amount of written back or reversed	Method of recovery	Reason for written back or reversal	Reason for recognise original provision of bad debts
Customer 1	3,265,661.67	Cash and other methods	The management of the Group exerted efforts on collecting account receivable in cash and other methods.	Past due
Total	3,265,661.67			

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(4) Accounts receivable actually written off during the reporting period

		RMB
Item		Amounts of written off
Accounts receivable actually written off		13,500.00

(5) Five units with largest amounts of accounts receivable

			RMB
Name of unit	Balance at end of the year	Percentage of total accounts receivable (%)	Amount of provision of bad debts
Customer 1	328,104,623.87	46.22	(68,562,205.46)
Customer 2	57,764,227.79	8.14	(1,674,538.36)
Customer 3	39,270,250.00	5.53	—
Customer 4	31,330,730.98	4.41	—
Customer 5	24,514,436.50	3.45	—
Total	480,984,269.14	67.75	(70,236,743.82)

5. Prepayment

(1) Prepayment by aging:

				RMB
Aging	2015.6.30		2014.12.31	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	599,431,330.71	93.78	703,929,120.97	97.33
1 to 2 years	36,789,096.19	5.75	18,642,822.77	2.57
2 to 3 years	2,992,385.88	0.47	759,651.44	0.10
Over 3 years	4,261.88	—	920.00	—
Total	639,217,074.66	100.00	723,332,515.18	100.00

Description of aging of prepayment:

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

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Prepayment (continued)

(2) Five units with largest amounts of prepayment

Name of unit	Amount	RMB Percentage of total prepayment (%)
Supplier1	79,086,787.20	12.37
Supplier2	77,775,211.80	12.17
Supplier3	37,339,327.67	5.84
Supplier4	32,843,569.80	5.14
Supplier5	31,894,542.74	4.99
Total	258,939,439.21	40.51

6. Interest receivable

Item	RMB	
	2015.6.30	2014.12.31
Interest from loans and advances to customers	3,247,449.40	768,723.25
Interest from deposit in central bank and placements with other financial institutions	391,158.72	4,128,612.60
Total	3,638,608.12	4,897,335.85

7. Other receivables

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

Category	2015.6.30					2014.12.31				
	Carrying amount		Provision for bad debts		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)		Amount	Ratio (%)	Amount	Provision ratio (%)	
Individually significant and subject to separate provision	1,038,285,671.60	97.47	(1,744,140.00)	0.17	1,036,541,531.60	2,875,977,522.70	99.21	(1,744,140.00)	0.06	2,874,233,382.70
Other receivables with high risks based on the characteristics of credit risk as a group	24,899,254.78	2.33	(45,000.00)	0.18	24,854,254.78	21,983,743.23	0.76	(188,867.45)	0.86	21,794,875.78
Other receivables which are individually insignificant but subject to separate provision	2,084,161.77	0.20	—	—	2,084,161.77	759,533.70	0.03	—	—	759,533.70
Total	1,065,269,088.15	100.00	(1,789,140.00)	0.17	1,063,479,948.15	2,898,720,799.63	100.00	(1,933,007.45)	0.07	2,896,787,792.18

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other receivables (continued)

(1) Other receivables were disclosed by category as follows: (continued)

Other receivables which are individually significant and subject to separate provision:

RMB

Other receivables	2015.06.30			Reason for provision
	Amount	Provision for bad debts	Provision ratio (%)	
Unit 1	601,342,872.60	—	—	
Unit 2	150,398,000.00	—	—	
Unit 3	127,065,403.50	—	—	
Unit 4	72,780,000.00	—	—	
Unit 5	32,782,482.41	—	—	
Unit 6	1,744,140.00	(1,744,140.00)	100.00	Unrecoverable
Others	52,172,773.09	—	—	
Total	1,038,285,671.60	(1,744,140.00)	0.17	

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

RMB

Aging	2015.6.30				2014.12.31			
	Amount	Ratio (%)	Provision for bad debts	Book value	Amount	Ratio (%)	Provision for bad debts	Book value
Within 1 year	484,078,923.67	45.44	(1,744,140.00)	482,334,783.67	589,646,670.49	20.34	(1,744,140.00)	587,902,530.49
1 to 2 years	572,305,933.16	53.73	—	572,305,933.16	2,299,768,194.53	79.34	—	2,299,768,194.53
2 to 3 years	4,495,781.54	0.42	—	4,495,781.54	6,536,723.20	0.22	—	6,536,723.20
Over 3 years	4,388,449.78	0.41	(45,000.00)	4,343,449.78	2,769,211.41	0.10	(188,867.45)	2,580,343.96
Total	1,065,269,088.15	100.00	(1,789,140.00)	1,063,479,948.15	2,898,720,799.63	100.00	(1,933,007.45)	2,896,787,792.18

(3) Provision for bad debts, written back or reversed bad debts during the reporting period:

Provision for bad debts amounted to RMB11,410.18, there were no provision written back or reversed during the reporting period.

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

Item	Amount
Other receivables actually written off	155,277.63

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other receivables (continued)

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

Nature	RMB	
	2015.6.30	2014.12.31
Petty cash	12,313,620.12	13,823,281.28
Deposits	836,428,530.23	2,702,443,697.05
Export rebates	32,782,482.41	19,104,276.99
Energy-saving subsidies	150,398,000.00	149,153,000.00
Others	33,346,455.39	14,196,544.31
Total	1,065,269,088.15	2,898,720,799.63

(6) Five units with the largest amounts of other receivables

Name of unit	Relationship with the Group	Amount	Aging	Percentage of the total other receivables (%)	Balance of provision for bad debt
Unit 1	Performance Bond	601,342,872.60	within 2 years	56.45	—
Unit 2	Energy-saving subsidies	150,398,000.00	within 3 years	14.12	—
Unit 3	Customs deposit	127,065,403.50	within 1 year	11.93	—
Unit 4	Land bid deposit	72,780,000.00	within 6 months	6.83	—
Unit 5	Export rebates	32,782,482.41	within 1 year	3.08	—
Total		984,368,758.51		92.41	—

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

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Inventory

(1) Inventory categories

RMB

Item	2015.6.30		
	Book balance	Provision for obsolete stocks	Book value
Raw materials	1,467,005,981.67	(2,191,493.88)	1,464,814,487.79
Work in progress	497,326,107.71	—	497,326,107.71
Finished goods	2,059,491,402.62	(7,460,184.70)	2,052,031,217.92
Low-valued consumables	103,091,555.57	(200,793.13)	102,890,762.44
Outsourced processing materials	28,223.29	—	28,223.29
Total	4,126,943,270.86	(9,852,471.71)	4,117,090,799.15

RMB

Item	2014.12.31		
	Book balance	Provision for obsolete stocks	Book value
Raw materials	1,031,447,542.90	(2,707,895.58)	1,028,739,647.32
Work in progress	530,241,333.32	(268,275.37)	529,973,057.95
Finished goods	1,833,988,126.35	(4,361,354.25)	1,829,626,772.10
Low-valued consumables	81,876,658.13	(210,573.96)	81,666,084.17
Outsourced processing materials	380,989.11	—	380,989.11
Total	3,477,934,649.81	(7,548,099.16)	3,470,386,550.65

(2) Provision for obsolete stocks

RMB

Inventory categories	2015.1.1	Provision for the period	Decrease for the period		2015.6.30
			Reversals	Write-offs	
Raw materials	2,707,895.58	28,448.79	(97,564.07)	(447,286.42)	2,191,493.88
Work in progress	268,275.37	—	—	(268,275.37)	—
Finished goods	4,361,354.25	7,441,313.69	(47,688.61)	(4,294,794.63)	7,460,184.70
Low-valued consumables	210,573.96	—	(9,780.83)	—	200,793.13
Total	7,548,099.16	7,469,762.48	(155,033.51)	(5,010,356.42)	9,852,471.71

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Inventory (continued)

(3) Analysis of provision for obsolete stocks

		RMB	
Item	Basis of provision for obsolete stocks	Reason for reversal or write-off of provision for obsolete stocks during the six months	Percentage of the reversal to the closing balance of such inventory during the six months (%)
Raw materials	Note 1	Note 2	0.01
Work in progress		Note 2	—
Finished goods	Note 1	Note 2	—
Low-valued consumables		Note 2	0.01

Descriptions of inventories:

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

Note 2: As the estimated net realizable value of whole vehicle products at the end of period was higher than the inventory cost as at the end of the period, the provision for obsolete stocks for the previous year was reversed. In addition, as the inventories for which impairment provision for inventory was made in the previous year had been sold during the six months, the provision for obsolete stocks had been written off.

9. Non-current assets due within one year

		RMB	
Item	Note	2015.6.30	2014.12.31
Loans due within one year	(VI) 11	235,505,838.76	52,161,068.06

10. Other current assets

		RMB	
		2015.6.30	2014.12.31
Paint for vehicles		4,009,312.48	4,102,971.02
Taxes to be credited		667,134,742.95	651,725,709.71
Mould (Note 1)		63,150,408.86	16,916,432.90
Wealth management products (Note 2)		560,000,000.00	—
Others		10,707,822.53	8,480,509.38
Total		1,305,002,286.82	681,225,623.01

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

Note 2: As at 30 June 2015, the pledged wealth management products of the Group amounted to RMB361,000,000.00.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Loans and advances to customers

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

	2015.6.30	RMB 2014.12.31
Personal loans and advances	605,663,011.18	154,976,741.66
Of which: automotive consumption loans	605,663,011.18	154,976,741.66
Total amount of loans and advances to customers	605,663,011.18	154,976,741.66
Less: impairment loss of loans	9,044,031.23	2,307,593.14
Include: individually assessed	—	—
collectively assessed	9,044,031.23	2,307,593.14
Net amount of loans and advances to customers	596,618,979.95	152,669,148.52
Less: loans and advances to customers due within one year	235,505,838.76	52,161,068.06
Loans and advances to customers	361,113,141.19	100,508,080.46

(2) Loans and advances to customers were disclosed by collaterals:

	2015.6.30		2014.12.31	
Item	Book value	Ratio (%)	Book value	Ratio (%)
Loans with collaterals	605,663,011.18	100.00	154,976,741.66	100.00
Include: secured loans	605,663,011.18	100.00	154,976,741.66	100.00
Total amount of loans and advances to customers	605,663,011.18	100.00	154,976,741.66	100.00

(3) Aging analysis on overdue secured loan:

	2015.6.30				
Item	Overdue period within 3 months (included)	Overdue period from 3 months to 1 year (included)	Overdue period from 1 year to 3 years (included)	Overdue period more than 3 years	Total
Mortgage	226,390.97	57,256.28	—	—	283,647.25
Total	226,390.97	57,256.28	—	—	283,647.25

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Loans and advances to customers (continued)

(4) Changes in provision for loans.

RMB

	Personal loans and advances		
	Individually assessed	Collectively assessed	Total
Balance at 31 December 2014	—	2,307,593.14	2,307,593.14
Provision for loans	—	6,739,537.62	6,739,537.62
Written off	—	—	—
Reversal	—	(3,099.53)	(3,099.53)
Balance at 30 June 2015	—	9,044,031.23	9,044,031.23

12. Available-for-sale financial assets

(1) Available-for-sale financial assets

RMB

Item	2015.6.30			2014.12.31		
	Carrying value	Impairment	Book value	Carrying value	Impairment	Book value
Available-for-sale equity instrument 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

(2) Available-for-sale equity instrument measured at cost at the end of reporting period

RMB

Investee	Book value				Impairment				Holding proportion in investee (%)	Cash dividend for this year
	2015.1.1	Increase	Decrease	2015.6.30	2015.1.1	Increase	Decrease	2015.6.30		
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	—	—	—	—	—	—

The above investees are non-listed companies, and fair value of investment cannot be reliably measured.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term receivables

RMB

Items	Carrying amount	2015.6.30 Impairment losses	Book value	Carrying amount	2014.12.31 Impairment losses	Book value	Range of discount rate
Performance bond	1,696,363,402.27	—	1,696,363,402.27	—	—	—	4.67%
Total	1,696,363,402.27	—	1,696,363,402.27	—	—	—	

14. Long-term equity investment

(1) The breakdown of long-term equity investment was as follows:

RMB

Investee	2015.1.1	Increase	Decrease	Gain or loss recognised under equity method	Movement in this period Adjustment other comprehensive income	Changes in other equity	Declared cash dividend or profit	Impairment	others	2015.6.30	Impairment at the end of the period
Joint-venture											
Baoding Jiehua Automobile Components and Accessories Company Limited ("Baoding Jiehua") (NOTE 1)	17,373,898.61	—	(17,403,061.79)	29,163.18	—	—	—	—	—	—	—
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd. ("Yanfeng Johnson")	48,616,346.26	—	—	6,397,768.57	—	—	(38,006,838.50)	—	—	17,007,276.33	—
Total	65,990,244.87	—	(17,403,061.79)	6,426,931.75	—	—	(38,006,838.50)	—	—	17,007,276.33	—

All of the above investees are non-listed companies.

Note 1: Baoding Jiehua is a jointly controlled entity by the Company, the Company holds 50% shares of Baoding Jiehua prior June 2015. In June 2015, the Company acquired 50% shares of Baoding Jiehua from Shanghai Jiehua Automotive Trim Development Co., Ltd. at consideration of RMB23,408,700. Upon completion of consideration transfer, the Company directly holds 100% shares of Baoding Jiehua. Baoding Jiehua changed from jointly controlled entity to a subsidiary within consolidated scope of the Company. For details, refer to Notes (VII)1,(1).

(2) There is no restriction on the ability of the investee in which the long-term equity investment held by the Group to transfer capital to the Group.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Investment properties

RMB

Item	Buildings and Properties	Land	Total
1. Original book value			
2015.1.1	6,973,669.66	—	6,973,669.66
Additions for the period	11,239,135.43	4,320,721.11	15,559,856.54
(1) Additions from business combination	11,239,135.43	4,320,721.11	15,559,856.54
Deductions for the period	—	—	—
2015.6.30	18,212,805.09	4,320,721.11	22,533,526.20
2. Accumulated amortization and depreciation			
2015.1.1	629,007.25	—	629,007.25
Additions for the period	120,136.47	3,028.75	123,165.22
(1) Provision or amortization	120,136.47	3,028.75	123,165.22
Deductions for the period	—	—	—
2015.6.30	749,143.72	3,028.75	752,172.47
3. Book value			
2015.6.30	17,463,661.37	4,317,692.36	21,781,353.73
2015.1.1	6,344,662.41	—	6,344,662.41

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Fixed assets

Fixed assets

	RMB				
Item	Properties	Equipment	Transports	Others	Total
I. Original book value					
2015.1.1	8,143,063,729.85	11,704,928,390.89	271,788,727.52	2,996,614,742.99	23,116,395,591.25
Additions for the period	211,800,282.01	799,591,320.35	152,931,154.19	316,841,918.00	1,481,164,674.55
1. Purchase	26,826,487.60	125,719,001.44	28,340,485.86	71,273,494.05	252,159,468.95
2. Transfer from construction in progress	166,278,601.03	673,872,318.91	21,210,980.71	243,850,902.57	1,105,212,803.22
3. Transfer from inventory	—	—	103,379,687.62	1,717,521.38	105,097,209.00
4. Addition from business combination	18,695,193.38	—	—	—	18,695,193.38
Deductions for the period	(98,594,328.80)	(70,619,340.64)	(8,538,802.23)	(11,837,292.01)	(189,589,763.68)
1. Disposal and scrap	(55,864.10)	(13,078,440.01)	(8,158,019.82)	(10,001,331.54)	(31,293,655.47)
2. Decrease from disposal of subsidiary	(98,538,464.70)	(57,324,821.19)	(380,782.41)	(937,043.05)	(157,181,111.35)
3. Transfer to construction in progress	—	(84,615.40)	—	(64,786.32)	(149,401.72)
4. Others	—	(131,464.04)	—	(834,131.10)	(965,595.14)
2015.6.30	8,256,269,683.06	12,433,900,370.60	416,181,079.48	3,301,619,368.98	24,407,970,502.12
II. Total accumulated depreciation					
2015.1.1	869,614,579.05	3,397,748,531.56	114,514,815.32	1,374,100,551.99	5,755,978,477.92
Additions for the period	137,059,005.02	539,949,489.27	23,736,132.01	222,798,551.01	923,543,177.31
1. Provision for this period	137,059,005.02	539,949,489.27	23,736,132.01	222,798,551.01	923,543,177.31
Deductions for the period	(5,117,464.19)	(16,047,125.52)	(6,780,973.56)	(6,417,807.52)	(34,363,370.79)
1. Disposal and scrap	(4,541.24)	(8,819,408.39)	(6,694,630.36)	(5,850,346.13)	(21,368,926.12)
2. Decrease from disposal of subsidiary	(5,112,922.95)	(7,184,668.11)	(86,343.20)	(278,967.10)	(12,662,901.36)
2. Transfer to construction in progress	—	(22,114.95)	—	(36,401.06)	(58,516.01)
4. Others	—	(20,934.07)	—	(252,093.23)	(273,027.30)
2015.6.30	1,001,556,119.88	3,921,650,895.31	131,469,973.77	1,590,481,295.48	6,645,158,284.44
III. Provision for impairment					
2015.1.1	136,268.33	47,515,780.45	—	39,378,330.11	87,030,378.89
Additions for the period	—	(624,542.62)	—	(50,449.68)	(674,992.30)
Deductions for the period	—	(624,542.62)	—	(50,449.68)	(674,992.30)
1. Disposal and scrap	—	(624,542.62)	—	(50,449.68)	(674,992.30)
2015.6.30	136,268.33	46,891,237.83	—	39,327,880.43	86,355,386.59
VI. Book value					
2015.6.30	7,254,577,294.85	8,465,358,237.46	284,711,105.71	1,671,810,193.07	17,676,456,831.09
2015.1.1	7,273,312,882.47	8,259,664,078.88	157,273,912.20	1,583,135,860.89	17,273,386,734.44

As at 30 June 2015, among the fixed assets, the net book value of properties without title certificates amounted to RMB1,851,090,048.37, (As at 31 December 2014: RMB4,357,424,590.96) and the application of relevant title certificates is in progress.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Construction in progress

(1) The breakdown of construction in progress was as follows

RMB

Project	2015.6.30			2014.12.31		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Annual production of 400,000 sets of axles and brakes	2,205,527.18	—	2,205,527.18	13,068,494.34	—	13,068,494.34
Annual production of 400,000 sets of interior and exterior decorations	789,230.77	—	789,230.77	2,965,930.53	—	2,965,930.53
Annual production of 300,000 sets of EG engines	80,196.01	—	80,196.01	3,323,198.53	—	3,323,198.53
Annual production of 400,000 sets of aluminium alloy casting	2,496,025.63	—	2,496,025.63	14,589,190.19	—	14,589,190.19
Annual production of 400,000 sets of automotive lightings	—	—	—	940,170.94	—	940,170.94
Tianjin Automobile project	179,016,962.59	—	179,016,962.59	158,070,063.06	—	158,070,063.06
Tianjin parts and components project	128,781,056.70	—	128,781,056.70	178,657,886.53	—	178,657,886.53
Tianjin branch's residential area supporting project	24,358.97	—	24,358.97	8,836,314.52	—	8,836,314.52
Industrial park phase I II III						
Reconstruction and expansion	363,278,230.08	(11,013,179.46)	352,265,050.62	270,334,425.82	(11,013,179.46)	259,321,246.36
Xindatong Reconstruction	913,108.97	—	913,108.97	913,108.97	—	913,108.97
Jiaozhuang infrastructure	1,237,562.56	—	1,237,562.56	546,016.00	—	546,016.00
Jiaozhuang equipment	113,343,170.25	—	113,343,170.25	108,414,998.56	—	108,414,998.56
New technology centre	1,388,626,549.61	—	1,388,626,549.61	1,317,596,809.79	—	1,317,596,809.79
Xushui Automobile Project	2,962,982,800.23	—	2,962,982,800.23	2,222,241,438.49	—	2,222,241,438.49
Xushui parts and components project	1,269,041,967.25	—	1,269,041,967.25	624,243,787.77	—	624,243,787.77
Xushui supporting infrastructure project	102,883,877.56	—	102,883,877.56	83,794,848.03	—	83,794,848.03
Russia 80,000 sets of automobile and residential area supporting project	6,838,044.42	—	6,838,044.42	—	—	—
Part and Components Department						
Reconstruction project	141,850,410.62	—	141,850,410.62	276,965,007.46	(144,620.00)	276,820,387.46
Total	6,664,389,079.40	(11,013,179.46)	6,653,375,899.94	5,285,501,689.53	(11,157,799.46)	5,274,343,890.07

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Construction in progress (continued)

(2) Changes in major construction in progress

											RMB
Project	Budget amount	2015.1.1	Additions for the year	Transfer to fixed assets	Other deductions	Investment to budget (%)	Accumulated capitalized interest amount	Of which: capitalized interest amount for the period	Ratio of capitalized interest amount for the period (%)	Sources of fund	2015.6.30
Annual production of 400,000 sets of axles and brakes	588,593,900.00	13,068,494.34	1,774,775.48	(12,430,853.87)	(206,888.77)	98.26	—	—	—	Raise and owned	2,205,527.18
Annual production of 400,000 sets of interior and exterior decorations	575,893,500.00	2,965,930.53	—	(2,176,699.76)	—	100.00	—	—	—	Raise and owned	789,230.77
Annual production of 300,000 sets of EG engines	547,163,800.00	3,323,198.53	1,099,185.51	(4,292,199.43)	(49,988.60)	99.65	—	—	—	Raise and owned	80,196.01
Annual production of 400,000 sets of aluminium alloy casting	303,376,600.00	14,589,190.19	—	(12,093,164.56)	—	100.00	—	—	—	Raise	2,496,025.63
Annual production of 400,000 sets of automotive lightings	180,677,200.00	940,170.94	—	(940,170.94)	—	100.00	—	—	—	Raise and owned	—
Tianjin Automobile project	4,550,415,000.00	158,070,063.06	99,227,826.19	(77,378,305.93)	(902,620.73)	96.66	—	—	—	owned	179,016,962.59
Tianjin parts and components project	1,721,180,301.46	178,657,886.53	51,901,365.95	(101,260,204.32)	(517,991.46)	87.70	—	—	—	owned	128,781,056.70
Tianjin branch's residential area supporting project	493,019,700.00	8,836,314.52	4,850,562.66	(13,662,518.21)	—	89.33	—	—	—	owned	24,358.97
Industrial park phase I II III Reconstruction and expansion	733,898,740.00	270,334,425.82	184,605,625.18	(86,803,703.28)	(4,858,117.64)	99.96	—	—	—	owned	363,278,230.08
Xindatong Reconstruction	3,093,867.00	913,108.97	229,534.19	(229,534.19)	—	100.00	—	—	—	owned	913,108.97
Jiaozhuang infrastructure	253,863,000.00	546,016.00	884,526.56	(192,980.00)	—	80.53	—	—	—	owned	1,237,562.56
Jiaozhuang equipment	1,336,504,342.00	108,414,998.56	61,725,094.99	(55,195,740.91)	(1,601,182.39)	100.00	—	—	—	owned	113,343,170.25
New technology center	1,893,518,600.00	1,317,596,809.79	195,769,081.75	(124,673,841.93)	(65,500.00)	80.41	—	—	—	owned	1,388,626,549.61
Xushui Automobile Project	10,541,374,775.00	2,222,241,438.49	1,017,950,013.97	(269,425,083.28)	(7,783,568.95)	58.18	—	—	—	owned	2,962,982,800.23
Xushui parts and components project	6,962,063,856.00	624,243,787.77	790,944,476.88	(145,554,146.86)	(592,150.54)	45.78	—	—	—	owned	1,269,041,967.25
Xushui supporting infrastructure project	806,681,120.00	83,794,848.03	36,545,843.60	(9,425,625.73)	(8,031,188.34)	32.24	—	—	—	owned	102,883,877.56
Russia 80,000 sets of automobile and residential area supporting project	2,345,055,103.10	—	6,838,044.42	—	—	0.29	—	—	—	owned	6,838,044.42
Part and Components Department Reconstruction project	566,450,382.83	276,965,007.46	68,094,417.93	(189,478,030.02)	(13,730,984.75)	82.84	—	—	—	owned	141,850,410.62
Total	34,402,823,787.39	5,285,501,689.53	2,522,440,375.26	(1,105,212,803.22)	(38,340,182.17)		—	—			6,664,389,079.40

Note: During the period, the book value of construction in progress decreased by RMB4,635,435.99 due to transfer into intangible assets.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Intangible assets

Intangible assets

RMB			
Item	Land use rights	Software and Others	Total
I. Original book value			
2015.1.1	2,969,660,054.19	129,126,156.32	3,098,786,210.51
Additions for the period	64,430,561.38	8,265,009.75	72,695,571.13
1. Purchase	55,120,000.00	3,629,573.76	58,749,573.76
2. Transfer in from construction in progress	—	4,635,435.99	4,635,435.99
3. Addition from business combination	9,310,561.38	—	9,310,561.38
Deductions for the period	(55,113,788.00)	(89,059.82)	(55,202,847.82)
1. Transfer out from disposal of subsidiary	(55,113,788.00)	(89,059.82)	(55,202,847.82)
2015.6.30	2,978,976,827.57	137,302,106.25	3,116,278,933.82
II. Total accumulated amortization			
2015.1.1	233,851,629.90	52,423,961.26	286,275,591.16
Additions for the period	30,051,594.53	5,448,893.37	35,500,487.90
1. Amortization	30,051,594.53	5,448,893.37	35,500,487.90
Deductions for the period	(2,345,247.14)	(7,250.76)	(2,352,497.90)
2015.6.30	261,557,977.29	57,865,603.87	319,423,581.16
III. Book value			
2015.6.30	2,717,418,850.28	79,436,502.38	2,796,855,352.66
2015.1.1	2,735,808,424.29	76,702,195.06	2,812,510,619.35

As at 30 June 2015, among the intangible assets, the net book value of land use rights without land use right certificates amounted to RMB36,953,965.60 (As at 31 December 2014: RMB379,528,335.25), and the application of relevant land use right certificates is in progress.

Analysis on the location and aging of land rental prepayments (land use rights) are as follows:

RMB		
Item	2015.6.30	2014.12.31
Located in mainland China — 10 to 50 years	2,717,418,850.27	2,735,808,424.29

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Goodwill

Name of investee or matters generating goodwill	2015.1.1	Additions for the period	Deductions for the period	RMB	
				2015.6.30	Impairment provision as at the end of the period
Baoding Changfu Pressings Co., Ltd. (保定長福沖壓件有限公司)	2,163,713.00	—	—	2,163,713.00	—

The above goodwill arose from the acquisition of additional 26% equity interests in Baoding Changfu Pressings Co., Ltd. (保定長福沖壓件有限公司) 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.

20. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

Item	2015.6.30		2014.12.31	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for bad debts	77,641,542.04	12,653,042.80	37,493,658.56	6,484,105.26
Provision losses for loans	3,027,289.54	756,822.39	769,197.71	192,299.43
Impairment of inventories	9,852,471.71	1,675,275.25	7,548,099.16	1,376,788.56
Impairment of fixed assets	86,355,386.59	13,758,956.19	87,030,378.89	13,873,396.84
Impairment of construction in progress	11,013,179.46	1,651,976.92	11,157,799.46	1,688,131.92
Accrued expenses which are deductible upon payment	543,652,204.91	119,222,866.06	490,019,459.53	107,041,384.74
Taxable upon receipt of advance payment	160,799,242.66	34,386,391.85	218,549,971.68	53,783,988.64
Deductible loss	28,012,702.62	6,920,060.97	59,634,690.98	14,908,672.75
Deferred income	927,377,506.86	164,698,757.82	966,646,432.78	173,639,382.02
Unrealized profit through internal transactions in consolidated financial statement	268,537,090.25	57,789,668.83	299,265,820.12	67,647,554.65
Others	226,906,938.44	37,488,054.41	28,578,770.46	8,143,245.57
Total	2,343,175,555.08	451,001,873.50	2,206,694,279.33	448,778,950.38

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

(2) Deferred tax liabilities before offsetting

RMB

Item	2015.6.30		2014.12.31	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Difference between the book value of accumulated depreciation and tax base	(55,882,427.62)	(8,435,376.26)	(40,986,831.09)	(6,148,024.66)
Held for trading financial assets	—	—	(214,440.00)	(32,166.00)
Temporary difference of interests receivable	(3,605,232.65)	(901,308.16)	(4,881,321.03)	(1,220,330.26)
Total	(59,487,660.27)	(9,336,684.42)	(46,082,592.12)	(7,400,520.92)

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

RMB

Item	2015.6.30		2014.12.31	
	Amount of deferred tax assets and liabilities after netting	Deferred tax assets and liabilities after offsetting at end of the period	Amount of deferred tax assets and liabilities after netting	Deferred tax assets after offsetting at end of the period
Deferred tax assets	(9,192,198.65)	441,809,674.85	(7,400,520.92)	441,378,429.46
Deferred tax liabilities	9,192,198.65	(144,485.77)	—	—

21. Short term borrowing

RMB

Item	2015.6.30	2014.12.31
Pledge loans (Note 1)	743,257,321.14	—
Total	743,257,321.14	—

Note 1: At the end reporting period, the balance of pledge loans were short-term borrowings due to certificates of time deposit and the pledged wealth management products from bank.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Bills payable

Category	RMB	
	2015.6.30	2014.12.31
Bank acceptance bills	4,764,659,518.72	4,138,158,178.41
Total	4,764,659,518.72	4,138,158,178.41

23. Accounts payable

(1) Accounts payable

Item	RMB	
	2015.6.30	2014.12.31
Within 1 year	12,609,360,876.89	14,038,702,703.11
1 to 2 years	25,223,046.08	35,714,726.38
2 to 3 years	11,905,802.90	15,552,947.66
Over 3 years	3,636,265.91	3,181,554.51
Total	12,650,125,991.78	14,093,151,931.66

(2) Accounts payable aged over one year with significant amount:

Item	RMB	
	2015.6.30	Reason for unsettled
Supplier 1	3,054,600.00	Payment terms have not been reached
Total	3,054,600.00	

24. Advance from customers

(1) Advance from customers

Item	RMB	
	2015.6.30	2014.12.31
Within 1 year	2,076,704,921.12	3,156,766,946.54
1 to 2 years	3,549,967.24	14,838,191.02
2 to 3 years	2,005,533.13	6,253,183.17
Over 3 years	1,108,618.04	2,187,018.01
Total	2,083,369,039.53	3,180,045,338.74

(2) There was no advance from customers aged over 1 year with significant amount during the period.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Salaries payable

(1) Salaries payable disclosed as follow:

RMB				
Item	2015.1.1	Increase	Decrease	2015.6.30
1. Short-term salaries payable	1,326,507,578.78	2,371,314,562.94	(3,180,216,504.51)	517,605,637.21
2. Post-employee benefits- defined contribution plan	93,870.41	188,239,057.84	(188,175,190.84)	157,737.41
Total	1,326,601,449.19	2,559,553,620.78	(3,368,391,695.35)	517,763,374.62

(2) Short-term salaries payable disclosed as follow:

RMB				
Item	2015.1.1	Increase	Decrease	2015.6.30
1. Salaries, bonuses, allowances and subsidies	1,054,267,106.30	2,035,583,676.39	(2,671,270,583.28)	418,580,199.41
2. Staff welfare	168,398,076.26	136,714,688.43	(300,578,672.41)	4,534,092.28
3. Staff bonuses and welfare fund	68,734,853.68	—	—	68,734,853.68
4. Social insurance premiums	24,647.21	91,655,003.17	(91,638,267.99)	41,382.39
Of which: Medical insurance	(151.67)	77,234,140.64	(77,196,638.38)	37,350.59
Work-related injury insurance	23,008.36	8,345,133.57	(8,358,256.76)	9,885.17
Maternity insurance	1,790.52	6,075,728.96	(6,083,372.85)	(5,853.37)
5. Housing provident funds	909.91	46,013,322.99	(46,005,126.30)	9,106.60
6. Labour union expenditures	28,672,927.50	25,438,035.27	(34,626,259.44)	19,484,703.33
7. Employees' education expenses	3,172,587.56	1,985,682.02	(1,957,461.20)	3,200,808.38
8. Service charge	3,236,470.36	33,924,154.67	(34,140,133.89)	3,020,491.14
Total	1,326,507,578.78	2,371,314,562.94	(3,180,216,504.51)	517,605,637.21

(3) Defined contribution plan

RMB				
Item	2015.1.1	Increase	Decrease	2015.6.30
1. Basic retirement insurance	89,330.10	173,244,665.10	(173,185,116.79)	148,878.41
2. Unemployment insurance	4,540.31	14,994,392.74	(14,990,074.05)	8,859.00
Total	93,870.41	188,239,057.84	(188,175,190.84)	157,737.41

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.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Taxes payable

Item	RMB	
	2015.6.30	2014.12.31
Value added tax	72,534,484.39	195,179,938.46
Consumption tax	146,757,542.28	210,168,355.96
Business tax	662,724.18	356,031.14
Enterprise income tax	342,029,873.21	395,943,084.57
Individual income tax	11,245,471.51	7,371,534.92
Urban maintenance and construction tax	17,931,578.20	33,881,832.63
Education surcharges	13,740,309.54	24,736,811.69
Duty stamp	6,839,875.75	8,931,011.70
Real estate tax	703,911.67	748,424.65
Others	(678,249.24)	2,779,358.68
Total	611,767,521.49	880,096,384.40

27. Other payables

(1) Other payables disclosed by nature as follow:

Item	RMB	
	2015.6.30	2014.12.31
Project payment	403,710,671.96	461,132,083.19
Equipment payment	761,766,099.31	844,039,533.67
Deposit	493,426,413.52	396,403,624.84
Others	66,366,922.27	76,724,202.75
Total	1,725,270,107.06	1,778,299,444.45

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

Item	RMB	
	2015.6.30	2014.12.31
Within 1 year	1,306,409,107.45	1,457,769,455.57
1 to 2 years	311,967,020.12	235,959,474.70
2 to 3 years	48,864,840.07	33,271,937.38
Over 3 years	58,029,139.42	51,298,576.80
Total	1,725,270,107.06	1,778,299,444.45

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Other payables (continued)

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

Item	2015.06.30	RMB
		Reason for outstanding
Unit1	17,286,934.98	Payment terms have not been reached
Unit2	13,890,587.51	Payment terms have not been reached
Unit3	12,860,455.12	Payment terms have not been reached
Unit4	10,879,335.00	Payment terms have not been reached
Unit5	8,938,000.00	Payment terms have not been reached
Total	63,855,312.61	

28. Non-current liabilities due within one year

Item	Note	2015.6.30	RMB 2014.12.31
Non-current liabilities due within one year	(VI)30	74,123,555.80	75,657,544.16

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

29. Other current liabilities

Item	2015.6.30	RMB 2014.12.31
Accrued after-sale service expenses	617,581,291.82	549,701,518.61
Accrued advertising and media service expenses	319,666.31	1,914,254.01
Accrued transportation costs	14,597,338.69	19,151,644.52
Accrued technology development expenditure	39,288,277.49	13,326,188.47
Accrued utilities fees	15,481,944.82	11,189,411.71
Accrued port charges	4,022,025.99	2,530,147.72
Others	75,723,605.81	74,716,896.75
Total	767,014,150.93	672,530,061.79

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Deferred income

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

						RMB
Type	2015.1.1	Additions for the period	Credited to Non-operating income for the period	Other movements (Note 21)	2015.06.30	related to an asset/ related to income
Infrastructure supporting fund (Note 1)	780,781,511.07	—	(12,368,414.09)	(20,107,181.71)	748,305,915.27	related to an asset
Government industrial policy supporting fund (Note 2)	368,988,894.98	—	(10,522,515.34)	—	358,466,379.64	related to an asset
Soft soil foundation subsidy (Note 3)	275,360,492.22	—	(3,057,486.98)	—	272,303,005.24	related to an asset
Hybrid power SUV development project (Note 4)	98,000,000.00	—	—	—	98,000,000.00	related to income
New technical centre infrastructure construction project (Note 5)	91,237,468.57	—	62,531.43	—	91,300,000.00	related to an asset
Tax refund for purchasing domestic manufactured equipment (Note 6)	49,589,206.03	—	(6,244,245.91)	—	43,344,960.12	related to an asset
Urban construction fund (Note 7)	55,463,050.29	—	(1,159,914.17)	—	54,303,136.12	related to an asset
Connected car project (Note 8)	12,000,000.00	—	—	—	12,000,000.00	related to an asset
Subsidies for material technological innovation projects (Note 10)	6,516,666.49	—	(575,000.02)	—	5,941,666.47	related to an asset
Development fund for SMEs (Note 11)	4,998,534.16	—	(147,739.92)	—	4,850,794.24	related to an asset
Diesel engine development project fund (Note 13)	700,000.00	—	(50,000.00)	—	650,000.00	related to an asset
New Plug-in Hybrid Power SUV (Note 12)	—	500,000.00	(317,700.00)	—	182,300.00	related to income
Engine construction project (Note 16)	12,000,000.00	—	—	—	12,000,000.00	related to an asset
The core technology of domestic automotive electronic chip (Note 17)	470,700.00	—	(65,400.00)	—	405,300.00	related to income
Subsidies for innovation demonstration enterprise (Note 18)	100,000.00	—	(31,300.00)	—	68,700.00	related to income
High grade CNC technology project (Note 20)	560,000.00	—	(29,200.00)	—	530,800.00	related to income
Fund for technology based SMEs (Note 21)	1,000,000.00	—	(855,396.84)	—	144,603.16	related to income
Development of Strategic Emerging Industry (Note 18)	—	2,000,000.00	—	—	2,000,000.00	related to an asset
Special funds to spreading and demonstrating the innovative methods from Hebei Province (Note 19)	—	150,000.00	(150,000.00)	—	—	related to income
Scientific and Technological Innovation (Note 20)	—	500,000.00	—	—	500,000.00	related to income
Total	1,757,766,523.81	3,150,000.00	(35,511,781.84)	(20,107,181.71)	1,705,297,560.26	
Less: Non-current liabilities due within one year	(75,657,544.16)				(74,123,555.80)	
Deferred	1,682,108,979.65	3,150,000.00	(35,511,781.84)	(20,107,181.71)	1,631,174,004.46	

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. 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 centre of the Company exclusively.

Note 6: This refers to value-added tax refunded to the Company and Changcheng Axles Industries (Changcheng 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 centre of the Company exclusively.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Deferred income (continued)

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.

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 "Mission Statement of Special Project on Major Technology Achievement in Hebei Province", the Hebei Provincial Department of Science and Technology issued budget index for initiate fund of New Plug-in Hybrid Power SUV Development and Industrialisation, specialise in research activities during the transformation of New Plug-in Hybrid Power SUV achievement of the Company, which was granted project funding of RMB500,000 during the reporting period.

Note 13: 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 RMB12,000,000 for the construction of the Company's engine test center project.

Note 14: According to "Major Subject of National Science and Technology-Agreement on Technology of Domestic Automotive Electronic Chip", the Company assisted to complete the project until acceptance, and amount of RMB600,000 was granted.

Note 15: According to "Mission Statement of Project by Science and Technology Department of Hebei Province", Hebei Province Department of Finance allocated fund to the Company for training expense on innovative staffs which amounted to RMB100,000.

Note 16: 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 aluminium alloy autobody parts in the major special projects of "high-end CNC machine and fundamental manufacturing equipment" and was granted project research funding amounted to RMB560,000.

Note 17: According to the "Mission Statement of Little Giant (Nurture) Enterprise Project by Hebei Science and Technology (Project No. 14C1303123005)", Baoding Science and Technology Bureau allocated fund amounted to RMB1,000,000 to Baoding Great Machinery Company Limited, a subsidiary of the Company. The fund was allocated for the development of "High-Reliability Automotive Ball Pin Assembly" project under Little Giant (Nurture) Enterprise Project by Hebei Science and Technology.

Note 18: 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 RMB2,000,000 this period.

Note 19: According to "Mission statement of Innovation Methods Project [Project NO. 2013IM020300-2]" issued by Ministry of Science and Technology, the company has been allocated special funds for spreading and demonstrating the innovative methods by Hebei Province, which was granted RMB150,000 during the reporting period.

Note 20: 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, which was amounted to RMB500,000.

Note 21: During the reporting period, the Company transferred out deferred income amounted to RMB20,107,181.71 due to disposal of subsidiary.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Share capital

As at 30 June 2015, the registered capital of the Company amounted to RMB3,042,423,000.00 and the paid up share capital amounted to RMB3,042,423,000.00. The par value of the each share was RMB1.00. The type of shares and the capital structure were as follows:

Item	Changes for the six months						RMB
	Opening balance	New issue	Bonus shares	Shares transfer from reserve	Others	Subtotal	Closing balance
For the six months ended 30 June 2015:							
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
For the six months ended 30 June 2014 (unaudited):							
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

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Capital reserves

RMB

Item	Opening balance	Additions for the six months	Deductions for the six months	Closing balance
For the six months ended 30 June 2015:				
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)
Of which: 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 (Note 1)	(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
For the six months ended 30 June 2014 (unaudited):				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserves	(55,137,945.87)	—	—	(55,137,945.87)
Of which: 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)	—	—	(37,562,103.69)
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	—	—	4,453,872,204.02

Note 1: The Company acquired the minority interests from Beijing Great Automotive Components Company Limited ("Beijing Great") in May 2015, the differences between the net identifiable assets of the additional shareholdings and acquisition cost shall accounted into capital reserve.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Surplus reserves

RMB

Item	Opening balance	Additions for the six months	Deductions for the six months	Closing balance
For the six months ended 30 June 2015:				
Statutory surplus reserves (Note 1)	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
For the six months ended 30 June 2014 (unaudited):				
Statutory surplus reserves	1,827,713,243.05	—	—	1,827,713,243.05
Discretionary surplus reserves	2,855,650.48	—	—	2,855,650.48
Enterprise expansion fund	53,119,475.87	—	—	53,119,475.87
Reserve fund	146,334,308.49	—	—	146,334,308.49
Tax credit for social welfare enterprises	251,838,024.75	—	—	251,838,024.75
Total	2,281,860,702.64	—	—	2,281,860,702.64

Note 1: In June 2015, the Company disposed its subsidiary Xushui Clean Heat Supplying Co., Ltd. ("Clean Heat"). The surplus reserves recognized by disposed subsidiary in prior years shall transfer to the Company's undistributed profits.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Undistributed profits

RMB

Item	Amount	Proportion of appropriation or allocation
For the six months ended 30 June 2015:		
Undistributed profits at the beginning of the six months	23,623,537,021.85	
Add: Net profits attributable to the shareholders of the Company of the six months	4,717,052,784.60	
Other	274,871.80	(VI).33
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 six months	25,906,926,278.25	
For the six months ended 30 June 2014 (Unaudited):		
Undistributed profits at the beginning of the six months	18,224,548,503.39	
Add: Net profits attributable to the shareholders of the Company of the six months	3,954,313,743.49	
Other		
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	(2,494,786,860.00)	(3)
Appropriation of staff incentive bonus and welfare fund	—	(2)
Undistributed profits at the end of the six months	19,684,075,386.88	

(1) Appropriation of statutory surplus reserves

As required by the Articles of Association, statutory surplus reserve shall be withdrawn at 10% of net profit. If the accumulated amount of the Company's statutory 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 statutory surplus reserve may be transferred into the share capital of the Company provided that the balance of statutory surplus reserve shall not be less than 25% of its registered capital.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Undistributed profits (continued)

(2) Appropriation of enterprise expansion fund, reserve fund and staff incentive bonus 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 dividend as approved at the shareholders' meeting for the year

The 2014 Annual General Meeting of the Company held on 12 May 2015 considered and approved the resolution regarding the profit distribution proposal for the year 2014. The Company declared the 2014 annual cash dividends of RMB0.80 per share (tax inclusive) to all shareholders, aggregating to RMB2,433,938,400.00 based on the total of 3,042,423,000.00 shares with a par value of RMB1 each.

(4) Distribution of profits after balance sheet date

In accordance with the proposition of the Board of Directors, the Board proposed scrip dividend and cash dividend to the shareholders of the Company based on a total number of 3,042,423,000.00 shares (RMB1.00 per share), a total number of 3,042,423,000 shares issued on the basis of 10 shares declared for every 10 existing shares; total cash dividend of RMB760,605,750.00 (tax inclusive) on the basis of RMB2.50 (tax inclusive) for every 10 existing shares. Such dividend distribution is subject to the approval at the extraordinary general meeting.

35. Operating revenue and operating costs

(1) Operating revenue

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Revenue from principal businesses	37,029,531,175.40	28,418,950,876.49
Of which: Revenue from the sale of automobiles	35,541,870,686.77	27,057,974,773.45
Revenue from the sale of automotive parts and components	1,185,563,512.66	1,082,054,240.37
Revenue from the sale of moulds and others	239,683,725.91	225,368,159.57
Revenue from providing services	62,413,250.06	53,553,703.10
Revenue from other businesses	85,815,020.90	108,422,464.70
Total	37,115,346,196.30	28,527,373,341.19

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Operating revenue and operating costs (continued)

(2) Operating costs

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Costs from principal businesses	27,071,845,219.92	20,310,342,836.06
Of which: Expenses from the sales of automobiles	25,979,792,229.79	19,254,220,303.22
Expenses from the sales of automotive parts and components	861,895,939.42	818,580,754.30
Expenses from the sale of moulds and others	180,859,987.29	178,088,090.68
Expenses from providing services	49,297,063.42	59,453,687.86
Expenses from other businesses	57,144,903.86	69,612,215.32
Total	27,128,990,123.78	20,379,955,051.38

36. Interest income

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Personal loans and advances	26,714,520.92	—
Due from placements with banks and other financial institutions	2,691,604.81	—
Due from placements with central bank	8,771.99	—
Total	29,414,897.72	—

37. Business tax and surcharges

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Business tax	2,284,752.94	1,104,773.41
Consumption tax	1,011,327,596.73	725,206,985.55
Urban maintenances and construction tax	168,442,230.60	142,629,034.76
Educational surcharges	124,727,793.93	102,833,827.58
Others	15,884,414.74	13,277,310.61
Total	1,322,666,788.94	985,051,931.91

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Sales expenses

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Transportation expenses	532,856,406.14	433,699,604.51
After-sale services expenses	425,968,339.42	238,189,270.77
Wages and salaries	74,110,956.66	72,629,817.04
Taxes	14,815,339.48	15,483,725.39
Advertising and media services fees	98,200,294.34	87,446,499.59
Port charges	9,209,628.70	23,654,604.09
Travelling expenses	9,353,776.45	6,479,651.09
Others	28,167,508.22	28,479,515.36
Total	1,192,682,249.41	906,062,687.84

39. Administrative expenses

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Technology development expenditures	1,143,368,134.68	1,156,439,599.05
Wages and salaries	235,748,777.24	211,065,632.32
Taxes	66,483,677.17	57,160,061.54
Depreciation and Amortization	61,980,302.64	50,588,813.68
Business reception fees	4,573,438.13	4,214,368.29
Office expenses	41,669,014.18	25,972,627.62
Repair and maintenance fees	58,961,564.56	59,277,947.43
Auditors' remuneration (Note 1)	1,499,042.39	913,163.53
Service charges	5,884,702.60	12,872,132.02
Others	36,598,237.07	26,200,769.33
Total	1,656,766,890.66	1,604,705,114.81

Note 1: Among this, the Company pay the mid-term auditors' remuneration to Deloitte with RMB1.10 million.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Finance expenses

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Pledge loan interest expenses	—	—
Less: interest income from bank deposits	(24,896,881.65)	(44,525,223.22)
Foreign currency translation differences	776,148.30	(6,665,812.80)
Interest of discount on notes	26,722,010.78	1,234,836.08
Others	215,929,432.53	3,837,456.05
Total	218,530,709.96	(46,118,743.89)

41. Impairment loss on assets

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
1. Loss on bad debts	40,316,661.11	(1,575,035.46)
2. Loss on impairment of inventory	7,314,728.97	1,820,255.12
3. Loss on impairment of fixed assets	—	—
4. Loss on impairment of construction in progress	—	—
5. Loss on impairment of loans	6,736,438.09	—
Total	54,367,828.17	245,219.66

42. Profit or loss from changes in fair value

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Profit or loss from changes in fair value from derivative financial instruments	(214,440.00)	(5,395,518.86)
Total	(214,440.00)	(5,395,518.86)

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. Investment income

Breakdown:

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Income from long-term equity investments under equity method	6,426,931.75	3,712,541.59
Income from wealth management products	13,313,293.13	2,981,265.75
Investment gains from disposal of subsidiary	17,737,950.68	—
Gains or losses measured by fair value of existing shareholdings prior to acquisition date	6,057,283.20	—
Total	43,535,458.76	6,693,807.34

There are no significant restrictions on remittance of investment gains back to the Group.

The Group has no gains on investments from listed companies.

44. Non-operating income

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

Item	RMB		
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)	Amount included in extraordinary gains and losses
Total gains from disposal of non-current assets	703,612.83	865,110.63	703,612.83
Of which: Gains from disposal of fixed assets	636,519.47	865,110.63	636,519.47
Gains from disposal of construction in progress	67,093.36	—	67,093.36
Government grants	57,505,387.31	45,937,058.34	57,505,387.31
Amount of combination costs less fair value of the share of identifiable net assets obtained (Note (VII), 1)	51,644.99	—	51,644.99
Gains from compensation	27,701,079.68	19,010,276.32	27,701,079.68
Unpayable amount	17,204,645.22	1,599,249.96	17,204,645.22
Others	17,075,126.85	18,325,599.71	17,075,126.85
Total	120,241,496.88	85,737,294.96	120,241,496.88

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Non-operating income (continued)

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

RMB			
Item	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)	related to an asset/ related to income
Infrastructure supporting fund	12,368,414.09	12,571,275.86	related to an asset
Funds in support of the industrial policy of the government	10,522,515.34	10,522,515.34	related to an asset
Welfare enterprises VAT refund (Note 1)	10,430,008.17	3,567,083.33	related to income
Domestic equipment rebate	6,244,245.91	7,889,227.10	related to an asset
Subsidies for soft soil foundation section	3,057,486.98	3,057,486.98	related to an asset
Urban construction funds	1,159,914.17	1,159,914.17	related to an asset
Special funds for technical SME development in He Bei Province	855,396.84	—	related to income
Significant technical innovation project grant	575,000.02	575,000.02	related to an asset
New plug-in SUV project	317,700.00	—	related to income
Special funds for spreading and demonstrating the innovative methods by Hebei Province	150,000.00	—	related to income
Special funds for SME development	147,739.92	147,739.92	related to an asset
Core technology of domestic automotive electronic chip	65,400.00	—	related to income
Engine development	50,000.00	50,000.00	related to an asset
Funds for demonstration innovation enterprise	31,300.00	—	related to income
High grade CNC technical project	29,200.00	—	related to income
863 plan (power)	—	2,872,800.00	related to income
New Technology center of land	—	118,685.40	related to an asset
Connected car project	—	141,485.04	related to an asset
863 plan (pure electronic motor)	—	108,010.69	related to income
New technology center construction project	(62,531.43)	—	related to an asset
Other government grants	11,563,597.30	3,155,834.49	related to income
Includes: Technical transformation project funds and foreign trade service	704,128.00	—	related to income
Innovation subsidy	500,000.00	50,000.00	related to income
Fiscal subsidy	9,040,000.00	—	related to income
Technology development bonus	1,078,000.00	100,000.00	related to income
Special subsidy for high-level talents	18,144.00	1,911,600.00	related to income
Baoding government quality reward	200,000.00	—	related to income
Others	23,325.30	1,094,234.49	related to income
Total	57,505,387.31	45,937,058.34	

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.

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Non-operating expenses

Item	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)	RMB Amount included in extraordinary gains and losses
Total loss on disposal of non-current assets	10,298,099.56	6,933,480.39	10,298,099.56
Of which: Loss on disposal of fixed assets	6,844,331.80	6,933,480.39	6,844,331.80
Loss on disposal of construction in progress	3,453,767.76	—	3,453,767.76
Donations	3,243,817.85	3,633,481.52	3,243,817.85
Expenses for compensations and fines	1,839,887.36	6,926,528.35	1,839,887.36
Others	1,436,531.91	499,197.88	1,436,531.91
Total	16,818,336.68	17,992,688.14	16,818,336.68

46. Income tax expenses

Item	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)	RMB
Current income tax	1,005,899,399.94	773,550,727.05	
Deferred income tax	(5,691,112.91)	38,764,242.99	
Total	1,000,208,287.03	812,314,970.04	

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Income tax expenses (continued)

Reconciliation between income tax expenses and accounting profits is as follows:

		RMB
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Item		
Total profit	5,717,515,826.57	4,766,514,974.78
Income tax rate	25%	25%
Income tax calculated at tax rate of 25%	1,429,378,956.64	1,191,628,743.70
Tax holidays, exemptions and concessionary rates	(354,638,873.65)	(309,038,694.89)
Additional tax deduction for research and development expenses	(83,898,559.79)	(64,206,517.29)
Tax effect of non-taxable income	(4,826,057.36)	(9,933,317.25)
Tax effect of non-deductible expenses	14,192,821.19	3,864,755.77
Total	1,000,208,287.03	812,314,970.04

47. Net profit

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

		RMB	
		Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Item	Note		
Depreciation for fixed assets	(VI)16	923,543,177.31	720,927,584.41
Depreciation and amortization for investment properties	(VI)15	123,165.22	80,971.56
Amortisation of intangible assets	(VI)18	35,500,487.90	31,177,256.73
Total amount of depreciation and amortization		959,166,830.43	752,185,812.70
Loss on disposal of non-current assets	(VI)44,45	9,594,486.73	6,068,369.76
Gross rental income from investment properties		1,034,128.46	950,000.00
Employee benefits expense	(VI)25	2,559,553,620.78	2,222,509,187.53

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. 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:

Item	Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
Net profit attributable to ordinary shareholders	4,717,052,784.60	3,954,313,743.49
Of which: Net profit attributable to continuing operations	4,717,052,784.60	3,954,313,743.49
Total	4,717,052,784.60	3,954,313,743.49

The denominator used for calculating earnings per share, being the weighted average number of outstanding ordinary shares, is calculated as follows:

Item	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Number of outstanding ordinary shares at the beginning of the period	3,042,423,000.00	3,042,423,000.00
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	3,042,423,000.00	3,042,423,000.00

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Based on the net profit attributable to shareholders of the Company:		
Basic earnings per share	4,717,052,784.60 1.55	3,954,313,743.49 1.30
Diluted earnings per share	N/A	N/A
Based on the net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	4,717,052,784.60 1.55	3,954,313,743.49 1.30
Diluted earnings per share	N/A	N/A

49. Other comprehensive income

Foreign currency translation differences

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Opening balance	(97,592,596.69)	(6,806,391.32)
Exchange differences arising on translation to presentation currency	2,444,288.03	3,056,456.30
Closing balance	(95,148,308.66)	(3,749,935.02)

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Notes to cash flow statements

(1) Other cash received relating to operating activities

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Interest income from bank deposits	24,896,881.65	44,525,223.22
Government grants	12,713,597.30	10,158,634.49
Reparations (penalty) income	27,701,079.68	19,010,276.32
Others	16,162,600.33	16,266,043.01
Total	81,474,158.96	89,960,177.04

(2) Other cash paid relating to operating activities

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Advertising and media services fee	99,794,882.04	98,329,298.87
Transportation costs and port charges	545,128,462.40	444,489,162.04
Technology development expenditures	469,570,359.60	406,320,496.90
After-sale charges and repair charges	417,050,130.77	332,416,878.40
Business entertainment expenses and office expenses	45,554,010.65	35,658,525.06
Customs deposit	71,290,242.50	—
Travelling expenses	9,353,776.45	6,479,651.09
Consultation fees	5,884,702.60	12,872,132.02
Others	88,543,316.14	16,844,610.81
Total	1,752,169,883.15	1,353,410,755.19

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Notes to cash flow statements (continued)

(3) Other cash received relating to investing activities

Item	Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
Government grants	2,000,000.00	—
Total	2,000,000.00	—

(4) Other cash paid relating to financing activities

Item	Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
Increase in restricted bank deposits	594,903,425.81	238,839,019.50
Acquired minority interests from a subsidiary	11,789,100.00	—
Total	606,692,525.81	238,839,019.50

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Supplemental information of cash flow statements

(1) Supplemental information of cash flow statements

Supplemental information	Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
1. Reconciliation of net profits and cash flow from operating activities:		
Net profits	4,717,307,539.54	3,954,200,004.74
Add: Impairment provision for assets	54,367,828.17	245,219.66
Depreciation of fixed assets	923,543,177.31	720,927,584.41
Amortization of intangible assets	35,500,487.90	31,177,256.73
Amortization of long-term prepaid expenses	5,156,433.29	3,630,195.83
Depreciation and amortization of investment properties	123,165.22	80,971.56
(Gains)/losses from change of fair value	214,440.00	5,395,518.86
(Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets	9,594,486.73	6,068,369.76
Amortization of deferred income	(35,511,781.84)	(39,214,140.52)
Financing costs/(gains)	215,004,925.61	(1,462,240.50)
Investment losses/(gains)	(43,535,458.76)	(6,693,807.34)
(Increase)/decrease in deferred tax assets	(5,458,040.82)	38,725,939.97
Increase/(Decrease) in deferred tax liabilities	144,485.77	—
(Increase)/decrease in inventories	(1,015,512,598.15)	10,485,268.93
Amount of combination costs less fair value of the share of identifiable net assets obtained	(51,644.99)	—
(Increase)/decrease in operating receivables	4,818,267,874.47	3,188,127,277.02
Increase/(decrease) in operating payables	(2,402,109,948.23)	(2,748,920,960.40)
Net cash flows from operating activities	7,277,045,371.22	5,162,772,458.71
2. Net change in cash and cash equivalents:		
Cash balance at the end of the six months	3,212,998,488.19	5,584,983,376.12
Less: Cash balance at the beginning of the six months	3,081,531,924.78	5,522,642,764.49
Net increase in cash and cash equivalents	131,466,563.41	62,340,611.63

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Supplemental information of cash flow statements (continued)

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

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
I. Acquisition of subsidiaries and other business units:		
1. Price of acquisition of subsidiaries and other business units	23,408,700.00	—
2. Cash and cash equivalents paid for acquisition of subsidiaries and other business units	23,408,700.00	—
Less: Cash and cash equivalents held by subsidiaries and other business units	(588,044.16)	—
3. Net cash paid for acquisition of subsidiaries and other business units	22,820,655.84	—
4. Net asset of acquired subsidiaries	46,920,689.98	—
Current assets	3,375,544.16	—
Non-current assets	43,565,611.30	—
Current liabilities	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)	—

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Supplemental information of cash flow statements (continued)

(3) Components of cash and cash equivalents

Item	Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
I. Cash	3,212,998,488.19	5,584,983,376.12
Of which: Cash in hand	2,172,375.32	2,080,904.87
Bank deposits readily available for payment	3,210,826,112.87	5,582,902,471.25
Other cash and bank balances readily available for payment	—	—
II. Cash and cash equivalent balance at the end of the period	3,212,998,488.19	5,584,983,376.12

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Monetary items denominated in foreign currency

Monetary items denominated in foreign currency:

Item	Closing balance of foreign currency	Exchange rate	<i>RMB</i> Closing balance of RMB
Cash			
Include: RMB	62,697,983.90	1.0000	62,697,983.90
USD	2,070,039.08	6.1136	12,655,390.93
HKD	15,598.59	0.7886	12,301.05
EUR	1,135,126.31	6.8699	7,798,204.23
JPY	14,045,816.97	0.0501	703,695.43
KRW	7,161.82	0.0055	39.39
GBP	6,153.50	9.6422	59,333.28
RUB	3,542.37	0.1107	392.14
THB	130.00	0.1837	23.88
AUD	4,715.04	4.6993	22,157.38
SGD	310.00	4.5580	1,412.98
Accounts receivable			
Include: USD	54,287,928.36	6.1136	331,894,678.80
EUR	5,126,710.15	6.8699	35,219,986.03
Other accounts receivable			
Include: USD	152,500.00	6.1136	932,324.00
JPY	539,000.00	0.0501	27,003.90
EUR	24,451.97	6.8699	167,982.59
AUD	20,300.00	4.6993	95,395.79
Accounts payable			
Include: GBP	46,000.00	9.6422	443,541.20
JPY	3,983,260.08	0.0501	199,561.33
EUR	244,374.59	6.8699	1,678,829.00
USD	356,469.75	6.1136	2,179,313.46
CAD	2,741.34	4.9232	13,496.17
Other accounts payable			
Include: USD	8,363,836.00	6.1136	51,133,147.77
EUR	20,115,760.00	6.8699	138,193,259.62
JPY	508,301,015.97	0.0501	25,465,880.90
CHF	839,400.00	6.6987	5,622,888.78
GBP	62,968.00	9.6422	607,150.05
Short-term loans			
Include: HKD	942,502,309.33	0.7886	743,257,321.14

Notes to the Financial Statements

For the six months ended 30 June 2015

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

53. Net current assets

Item	RMB	
	2015.6.30	2014.12.31
Current assets	31,639,199,592.26	35,313,744,747.57
Less: Current liabilities	(23,937,350,581.07)	(26,144,697,042.57)
Net current assets	7,701,849,011.19	9,169,047,705.00

54. Total assets less current liabilities

Item	RMB	
	2015.6.30	2014.12.31
Total assets	61,361,139,500.10	61,345,252,123.45
Less: Current liabilities	(23,937,350,581.07)	(26,144,697,042.57)
Total assets less current liabilities	37,423,788,919.03	35,200,555,080.88

VII. CHANGES IN BUSINESS COMBINATION

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

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

Acquiree	Cost of shareholdings	Proportion of shareholdings (%)	Acquisition method	Acquisition date	Basis of determining acquisition date	RMB	
						Revenue of acquiree from acquisition date to the end of period	Net gain of acquiree from acquisition date to the end of period
Baoding Jiehua	23,408,700.00	50	Cash	23 June 2015	Note	399,303.90	185,753.17

Note: Acquisition date is the date on which the acquirer effectively obtains control of the acquiree, which is the date when control of acquiree's net assets and operation decision making rights transferred to acquirer.

Basic information of acquiree:

Baoding Jiehua is established by the Company and Shanghai Jiehua Automotive Trim Development Co., Ltd. in September 2004, nature of the business is manufacturing automotive parts. Prior to acquisition date registered capital of Baoding Jiehua amounted to RMB31,308,000.00; the Company holds 50% of total shareholdings, the long-term equity investment to Baoding Jiehua accounted using equity method. In June 2015, the Company acquired 50% shareholdings from Shanghai Jiehua Automotive Trim Development Co., Ltd. with consideration amounted to RMB23,408,700.00, upon completion, the Company holds 100% shares of Baoding Jiehua.

Notes to the Financial Statements

For the six months ended 30 June 2015

VII. CHANGES IN BUSINESS COMBINATION (continued)

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

(2) Combination costs and goodwill

	RMB
Combination costs	Baoding Jiehua
Cash	23,408,700.00
Fair value at acquisition date of existing shareholdings prior to acquisition date	23,460,344.99
Total combination costs	46,869,044.99
Less: fair value of the share of identifiable net assets obtained	46,920,689.98
Amount of combination costs less fair value of the share of identifiable net assets obtained	(51,644.99)

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

	RMB	
	Baoding Jiehua	
	Acquisition date Fair value	Acquisition date Carrying value
Current assets	3,375,544.16	3,375,544.16
Non-current assets	43,565,611.30	31,451,045.17
Current liabilities	(20,465.48)	(20,465.48)
Net assets	46,920,689.98	34,806,123.85
Less: minority interests	—	—
Net assets acquired	46,920,689.98	34,806,123.85

Note: Fair value of identifiable assets and liabilities is determinate by cost method.

Notes to the Financial Statements

For the six months ended 30 June 2015

VII. CHANGES IN BUSINESS COMBINATION (continued)

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

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

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	RMB Amount transferred from investment income to other comprehensive income prior to acquisition date
Baoding Jiehua	17,403,061.79	23,460,344.99	6,057,283.20	—

2. Subsidiaries acquired through business combination of enterprises under common control

There was no subsidiaries acquired through business combination of enterprises under common control during the reporting period.

3. Disposal of subsidiaries

Losses of controlling right of subsidiary with single disposal:

Name of subsidiary	Consideration of disposal	Disposed proportion (%)	Disposal method	Date of loses of controlling rights	Determine basis of loses of controlling rights	Difference between the consideration of disposal and proportion of the carrying amount of the investment at consolidated level
Clean Heat	192,088,700.00	100	Cash	June 2015	Note	17,737,950.68

Note: The date of loses of controlling rights is when the Company loses the ability to affect financial and operational decisions over the acquiree, no longer able to gain interests from its operating activities.

Notes to the Financial Statements

For the six months ended 30 June 2015

VII. CHANGES IN BUSINESS COMBINATION (continued)

4. Other reasons of changes in scope of business combination

New established subsidiary during the reporting period:

Name	Establishment date	Net assets at the end of reporting period	RMB Profits at the end of reporting period
Havel Logistic Company Limited 哈弗物流有限公司 ("Havel Logistic")	6 May 2015 without capital injection	—	—

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Structure of the Group

Subsidiaries established by investment

Full name of subsidiaries	Place of main management	Place of registration	Business nature	RMB Proportion of shareholdings (%) Proportion of voting rights (%)	
				Directly	Indirectly
Great Wall Baoding Huabei Automobile Company Limited (保定長城華北汽車有限責任公司) ("Great Wall Huabei")	Gaobeidian	Gaobeidian	Manufacture of automotive parts and components	100.00	—
Great Wall Internal Combustion Engine (長城內燃機)	Dingxing, Baoding	Dingxing, Baoding	Manufacture of automotive parts and components	100.00	—
Baoding Great (保定格瑞)	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Changcheng Axles (長城橋業)	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Baoding Nuobo (保定諾博)	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Beijing Great (北京格瑞特)	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")	Baoding	Baoding	Provision of after-sales service	100.00	—
Baoding Great Wall Automobile Sales Company Limited (保定長城汽車銷售有限公司) ("Great Wall Sales")	Baoding	Baoding	Marketing and sale of automobiles	100.00	—

Notes to the Financial Statements

For the six months ended 30 June 2015

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries established by investment (continued)

Full name of subsidiaries	Place of main management	Place of registration	Business nature	Proportion of shareholdings (%)	
				Proportion of voting rights (%) Directly	Indirectly
Macs (Baoding) Auto A/C Systems Co., Ltd (麥克斯(保定)汽車空調系統有限公司) ("Macs")	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")	Baoding	Baoding	Manufacture of automotive parts and components	75.00	25.00
Tianjin Lean (天津精益)	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")	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")	Baoding	Baoding	Logistics and ordinary goods transportation	100.00	—
Lean School (精益學校)	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")	Tianjin	Tianjin	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")	Yinchuan Economic and Technological Development Zone	Yinchuan Economic and Technological Development Zone	Buildings rental	100.00	—
Great Wall Resource Recycling (長城再生資源)	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")	Baoding	Baoding	Research and development and manufacture of auto moulds	100.00	—

Notes to the Financial Statements

For the six months ended 30 June 2015

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries established by investment (continued)

Full name of subsidiaries	Place of main management	Place of registration	Business nature	Proportion of shareholdings (%)	
				Proportion of voting rights (%)	
				Directly	Indirectly
Nuobo Rubber Manufacturing Co., Ltd (諾博橡膠製品有限公司) ("Xushui Nuobo")	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")	Baoding	Baoding	Sale of automotive parts and components and lubricants	100.00	—
Beijing Great Wall Dongsheng Business consulting Co., Ltd. 北京長城東晟商務諮詢有限公司 ("Great Wall Dongsheng")	Beijing	Beijing	Business information consultation	—	100.00
Haval Automotive Rental Co., Ltd (originally named 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")	Baoding	Baoding	Auto Rental	100.00	—
Baoding Qingchuang Property Services Company Limited 保定市勤創物業服務有限公司 ("Qingchuang Property")	Baoding	Baoding	Property management	100.00	—
Shanghai Haval Automotive Technology Limited Company 上海哈弗汽車科技有限公司 ("Shanghai Haval")	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	—	100.00
Haval Motors 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")	Baoding	Baoding	Auto selling	100.00	—
Baoding Zhiteng Automation Technology Company Limited 保定市智騰自動化科技有限公司 ("Zhiteng Automation")	Baoding	Baoding	Industrial automation research development and manufacturing	100.00	—

Notes to the Financial Statements

For the six months ended 30 June 2015

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries established by investment (continued)

Full name of subsidiaries	Place of main management	Place of registration	Business nature	Proportion of shareholdings (%)	
				Proportion of voting rights (%) Directly	Indirectly
Tianjin Great Wall Binyin Automotive Finance Company, Limited 天津長城濱銀汽車金融有限公司 ("Automotive Finance")	Tianjin	Tianjin	Design, production and sale of automotive parts and components	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	—	100.00
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 (Note 1)	Baoding	Baoding	Logistics and ordinary goods transportation	100.00	—

Note 1: Haval Logistics Company is a wholly owned subsidiary which has been established in Baoding by the Company in May 2015, with a registered capital of RMB85 million. The Company has not injected capital as of 30 June 2015.

Notes to the Financial Statements

For the six months ended 30 June 2015

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries acquired through business combination of enterprises not under common control

Full name of subsidiaries	Place of main management	Place of registration	Business nature	RMB Proportion of shareholdings Voting rights (%)	
				direct	indirect
Billion Sunny Development Limited (億新發展有限公司) ("Billion Sunny Development")	Hong Kong	Hong Kong	Investment holding	—	100.00
Baoding Great Wall Boxiang Automotive Parts Manufacturing Company Limited (保定長城博翔汽車零部件製造 有限公司) ("Great Wall Boxiang")	Baoding	Baoding	Design, production and sale of automotive parts and components	100.00	—
Baoding Xinyuan (保定信遠)	Baoding	Baoding	Design, production and sale of automotive parts and components	75.00	25.00
Baoding Jiehua (保定杰華)	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—

Subsidiaries acquired through business combination of enterprises under common control

Full name of subsidiaries	Place of main management	Place of registration	Business nature	RMB Proportion of shareholdings (%)	
				Voting rights direct	indirect
Tianjin Wantong (天津萬通)	Tianjin Development Zone	Tianjin Development Zone	Manufacture of automotive parts and components	—	100.00
Baoding Yixin (保定億新)	Baoding	Baoding	Manufacture of automotive parts and components	75.00	25.00

Notes to the Financial Statements

For the six months ended 30 June 2015

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(2) Significant non-wholly-owned subsidiary

RMB

Full name of subsidiaries	Proportion of minority shareholdings	Total profit or loss attributable to minority interests	Dividends attributable to minority interests	Balance of Minority interests
Automotive Finance	10 (%)	573,473.94	—	55,269,474.81

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

RMB

Full name of subsidiaries	2015.6.30					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Automotive Finance	324,555,405.50	379,217,752.95	703,773,158.45	150,933,924.56	144,485.77	151,078,410.33

Full name of subsidiaries	2014.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Automotive Finance	433,012,378.03	121,007,793.54	554,020,171.57	7,060,162.84	—	7,060,162.84

RMB

Full name of subsidiaries	Six months ended 30 June 2015			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Automotive Finance	29,430,042.23	5,734,739.39	5,734,739.39	(289,788,152.81)

RMB

Full name of subsidiaries	Six months ended 30 June 2014			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Automotive Finance	—	(460,018.19)	(460,018.19)	8,327,884.94

Notes to the Financial Statements

For the six months ended 30 June 2015

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Transaction which caused changes in proportion of equity but still under control

(1) Changes in proportion of subsidiaries' equity shares

In May 2015, the Company acquired 25% shares of Beijing Great, a subsidiary of the Company from Dragonet International Company Limited at consideration of 11.79 million.

(2) Effect on minority equity and owner's equity attributable to parent company

	RMB
	Beijing Great
Consideration of acquisition	
Cash	11,789,100.00
Total consideration of acquisition	11,789,100.00
Less: net assets of the proportion shareholdings acquired	11,570,910.40
Difference	218,189.60
Of which: Adjusted capital surplus	218,189.60

3. Interests in joint ventures

(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:		
Baoding Jiehua (Note (VII).1)	—	17,373,898.61
Yanfeng Johnson	17,007,276.33	48,616,346.26
Total book value of investment	17,007,276.33	65,990,244.87
Follows were calculated by the proportion of shareholding:		
— Net profit	4,474,946.01	3,378,562.01
— Other comprehensive income	—	—
— Total comprehensive income	4,474,946.01	3,378,562.01

Notes to the Financial Statements

For the six months ended 30 June 2015

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 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 risk 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.

Item	RMB	
	2015.6.30	2014.12.31
Cash and cash equivalents	83,950,934.59	324,459,294.41
Accounts receivable	367,114,664.83	528,816,610.64
Other receivables	1,222,706.28	1,031,360.64
Short-term borrowings	(743,257,321.14)	—
Accounts payable	(4,514,741.16)	(13,564,056.00)
Other payables	(221,022,327.12)	(102,480,289.90)

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

Notes to the Financial Statements

For the six months ended 30 June 2015

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:

		Six months ended 30 June 2015	
Item	Fluctuation of foreign exchange rate	Influence on profit	Influence on shareholders' interest
USD	5% strengthening against RMB	14,608,496.63	14,608,496.63
USD	5% 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	5% 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 small.

Notes to the Financial Statements

For the six months ended 30 June 2015

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	
		Six months ended 30 June 2014	
		(unaudited)	
Item	Fluctuation of foreign exchange rate	Influence on profit	Influence on shareholders' interest
USD	5% strengthening against RMB	29,461,310.98	29,461,310.98
USD	5% weakening against RMB	(29,461,310.98)	(29,461,310.98)
EUR	5% strengthening against RMB	1,824,322.51	1,824,322.51
EUR	5% weakening against RMB	(1,824,322.51)	(1,824,322.51)
HKD	5% strengthening against RMB	(38,212,547.79)	(38,212,547.79)
HKD	5% weakening against RMB	38,212,547.79	38,212,547.79
GBP	5% strengthening against RMB	(92,097.65)	(92,097.65)
GBP	5% weakening against RMB	92,097.65	92,097.65
JPY	5% strengthening against RMB	(66,139.85)	(66,139.85)
JPY	5% weakening against RMB	66,139.85	66,139.85

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 small.

Notes to the Financial Statements

For the six months ended 30 June 2015

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

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.

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			
Six months ended 30 June 2015			
Item	Fluctuation of interest risk	Influence on profit	Influence on shareholders' interest
Bank deposit	Increase 50 basis points	20,592,288.14	20,592,288.14
Bank deposit	Decrease 50 basis points	(20,592,288.14)	(20,592,288.14)
Loans and advances to customers	Increase 100 basis points	5,966,189.80	5,966,189.80
Loans and advances to customers	Decrease 100 basis points	(5,966,189.80)	(5,966,189.80)

1.2 Credit risk

As at 30 June 2015, the biggest credit risk exposure that may cause financial loss of the Group is mainly coming from the other party of the contract could not fulfil their obligations that caused the loss on the Group's financial assets, which include the book value of a confirmed financial asset in the consolidated balance sheet. For those financial instruments that are measured by fair value, the book value reflects its risk exposure, but not its biggest risk exposure, the biggest risk exposure will change as the future fair value changes.

The Group only conducts sales with third-party customers with good credit records. In order to minimize credit risk, the Group has established a team responsible for formulating credit limit, credit approval and implementing other monitoring procedures to ensure necessary follow-up measures are carried out to recover the overdue debts. As such, the risk of bad debts is low.

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.

Notes to the Financial Statements

For the six months ended 30 June 2015

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1 Objective and policies of risk management (continued)

1.2 Credit risk (continued)

The Group does not require any collateral from its customers as it only conducts sales with the third-party customers with good credit records. The Group uses letter of credit and insurance with Sinasure to manage credit risk from overseas sales without any collateral from customers. During the reporting period, the Group had a certain level of concentration of credit risk, and the balance of accounts receivable from top five customers of the Group accounted for 67.76% (31 December 2014: 68.88%) of the total accounts receivable. As the Group only granted credit period to certain third parties with good creditability and the closing balance of the Group's accounts receivable represented 1.71% of the Group's revenue in 30 June 2015, the credit risk of the Group is not significant.

Further details regarding the quantified data of the credit risk arising from notes receivable, accounts receivable, other receivables and loans and advance of the Group are disclosed in note (VI) (3), (4) (7) and (11).

1.3 Liquidity risk

In managing liquidity risk, the Group maintains and monitors cash and cash equivalents at a level considered to be sufficient by the management in order to satisfy the operating needs of the Group and lower the effects of fluctuations in cash flows. The management of the Group monitors the utilization of bank borrowings and the compliance of the relevant borrowing agreements.

Analysis of the maturity profile of financial liabilities of the Group based on the undiscounted remaining contractual obligations as at the end of each period are set out as follows:

RMB

Item	30/6/2015			Total
	Within 6 months	6-12 months	Over one year	
Short-term borrowings	(748,116,477.13)	—	—	(748,116,477.13)
Bills payable	(4,764,659,518.72)	—	—	(4,764,659,518.72)
Accounts payable	(12,642,402,417.63)	(7,723,574.15)	—	(12,650,125,991.78)
Other payables	(994,817,243.37)	(730,452,863.69)	—	(1,725,270,107.06)

RMB

Item	31/12/2014			Total
	Within 6 months	6-12 months	Over one year	
Bills payable	(4,138,158,178.41)	—	—	(4,138,158,178.41)
Account payable	(14,082,115,436.56)	(11,036,495.10)	—	(14,093,151,931.66)
Other payable	(897,412,949.96)	(880,886,494.49)	—	(1,778,299,444.45)
Dividends payable	—	(156,709.77)	—	(156,709.77)

Notes to the Financial Statements

For the six months ended 30 June 2015

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 main inputs
	2015.6.30	2014.12.31		
Fair value measurement				
1. Held-for-trading financial assets				
Derivative financial assets- forward exchange contracts	—	Asset RMB214,440.00	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and the contract forward rate, discounted at a rate that reflects the credit risk of various counterparties.
2. Financial assets designated at fair value through profit or loss				
Embedded derivative financial instrument — wealth management products	Asset RMB1,309,000,000.00	—	Level 2	Discounted cash flow. Future cash flows are estimated based on the contract terms and forward exchange rate discounted at a rate that reflects the credit risk of various counterparties.

Group management believes that the carrying value of the other financial assets and financial liabilities in financial statements are close to the fair value of those assets and liabilities.

Notes to the Financial Statements

For the six months ended 30 June 2015

XI. RELATED PARTIES AND TRANSACTIONS

1. Holding company of the Company

Name of company	Place of registration	Nature of business	Registered capital	RMB	
				Shareholding of holding company (%)	Shareholding of holding 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).

Notes to the Financial Statements

For the six months ended 30 June 2015

XI. RELATED PARTIES AND TRANSACTIONS (continued)

4. Other related parties of the Company

Name	Relationship with the company	RMB Code
Baoding Wan Wei Municipal Engineering Co. Ltd (保定市萬維市政工程有限公司)	Company indirectly controlled by ultimate controlling shareholder	30802820-2
Baoding Bochuang Urban Development Company Limited (博創城市建設開發有限公司)	Company indirectly controlled by ultimate controlling shareholder	68926059-X
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	58819449-0
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	73436615-9
Clean Heat (VII)3	Company indirectly controlled by ultimate controlling shareholder	05095489-X
Beijing Eastern Riwa Technology Company Limited (北京市東方日瓦科貿有限公司)	Company indirectly controlled by ultimate controlling shareholder	10299371-X
Baoding Tai Hang Pump Manufacturing Company Limited (保定市太行製泵有限公司)	Company directly controlled by controlling shareholder	10597749-1
Baoding Furui Landscape Co., Ltd (保定市富瑞園林有限公司)	Company directly controlled by controlling shareholder	78407503-4
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 controlling shareholder	06169059-4
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	70075186-8
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 natural person (Wei Tian Yan)	10596659-X
Hubei Kait Automotive Electronic & Electrical Systems Co., Ltd. (湖北開特汽車電子電器系統股份有限公司)	Independent director as an independent director of the entity	17760740-6
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)	Senior management as director of the entity	05555879-X
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	60117199-9
The Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產托管中心)	Minority shareholder of the controlling shareholder (which have significant influence)	72879122-0

Notes to the Financial Statements

For the six months ended 30 June 2015

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions

(1) Procurement of raw materials and accessories

Related parties	Related party transaction	RMB	
		Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Yanfeng Johnson	Purchase of raw materials	111,923,112.26	197,449,629.68
Hebei Baoding Tai Hang Group Company Limited	Purchase of raw materials	11,623.93	9,572.65
Hubei Kait Automotive Electronic & Electrical Systems Co., Ltd	Purchase of raw materials	6,004,731.72	—
Clean Heat	Purchase of steam	2,080,550.52	—

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

Related parties	Related party transaction	RMB	
		Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Yanfeng Johnson	Sales of automobiles or components and parts of automobiles	192,265.38	493,291.84
Baoding Wan Wei Municipal Engineering Co. Ltd	Sales of automobiles or components and parts of automobiles	59,316.24	—
Baoding Great Wall Real Estate Development and Construction Co., Ltd.	Sales of automobiles or components and parts of automobiles	58,461.54	—
Baoding Furui Landscape Co., Ltd	Sales of automobiles or components and parts of automobiles	—	59,658.12

Notes to the Financial Statements

For the six months ended 30 June 2015

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(3) Purchase of fixed assets

Related parties	Related party transaction	RMB	
		Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Hebei Baoding Tai Hang Group Company Limited	Purchase of fixed assets	119,611.11	—
Yanfeng Johnson	Purchase of fixed assets	9,575,752.01	—
Baoding Great Wall Real Estate Development and Construction Co., Ltd.	Purchase of fixed assets	—	64,800.00

(4) Sales of fixed assets

Related parties	Related party transaction	RMB	
		Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
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	1,518.53	—
Yanfeng Johnson	Sales of fixed assets	81,033.12	—
Baoding Bo Chuang City Construction Co., Ltd	Sales of fixed assets	10,803.42	—

Notes to the Financial Statements

For the six months ended 30 June 2015

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(5) Purchase of services

Related parties	Related party transaction	RMB	
		Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Baoding Bo Chuang Property Service Co., Ltd.	Purchase of services	130,865.00	8,891.40
Baoding Jiehua	Purchase of services	194,273.49	—
Baoding Bochuang Urban Development Company Limited	Purchase of services	2,236,332.80	1,075,536.00

(6) Rendering of services

Related parties	Related party transaction	RMB	
		Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Yanfeng Johnson	Rendering of services	403,978.52	981,066.13
China Automobile (Beijing) Automobile Lightweight Technology Research Institute Company Limited	Rendering of services	141,509.43	—

(7) Claims income and others

Related parties	Related party transaction	RMB	
		Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Baoding Rui Cheng Real Estate Development Co., Ltd.	Leasing income and others	61,310.98	—
Yanfeng Johnson	Claims income and others	267,534.34	480,199.73
Others	Claims income and others	—	173,778.57

Notes to the Financial Statements

For the six months ended 30 June 2015

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(8) Emolument of key management

Item	RMB'000	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Emolument of key management	33,633	28,582

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.

(a) Independent non-executive directors' remuneration

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

Name	RMB'000	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Huang Zhi Xiong	71	71
Lu Chuang	24	3
Liang Shang Shang	24	3
Ma Li Hui	24	3
Wei Lin	—	21
He Bao Yin	—	21
Li Ke Qiang	—	21
Total	143	143

There are no other remuneration payable to independent non-executive directors (2014: None).

Notes to the Financial Statements

For the six months ended 30 June 2015

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(8) Emolument of key management (continued)

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

RMB'000

Six months ended 30 June 2015	Director's emoluments	Salaries, bonus, allowance and benefit in kind	Retiring benefit	Total
Executive directors:				
Wei Jian Jun	—	5,045	5	5,050
Liu Ping Fu	—	409	—	409
Wang Feng Ying (Note 1)	—	4,948	5	4,953
Hu Ke Gang	—	1,597	—	1,597
Yang Zhi Juan	—	445	5	450
Non-executive directors:				
He Ping	24	—	—	24
Niu Jun	—	—	—	—
Supervisor:				
Zhu En Ze	—	—	—	—
Luo Jin Li	10	—	—	10
Zong Yi Xiang	10	—	—	10
Total	44	12,444	15	12,503

Notes to the Financial Statements

For the six months ended 30 June 2015

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(8) Emolument of key management (continued)

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

RMB'000

Six months ended 30 June 2014 (unaudited)	director's emoluments	Salaries, bonus, allowance and benefit in kind	Retiring benefit	Total
Executive directors:				
Wei Jian Jun	—	4,295	5	4,300
Liu Ping Fu	—	451	—	451
Wang Feng Ying (Note1)	—	4,184	5	4,189
Yang Zhi Juan	—	422	5	427
Hu Ke Gang	—	1,535	—	1,535
Non-executive directors:				
He Ping	24	—	—	24
Niu Jun	—	—	—	—
Supervisor:				
Yuan Hong Li	8	—	—	8
Zhu En Ze	—	285	—	285
Luo Jin Li	9	—	—	9
Zong Yi Xiang	1	—	—	1
Total	42	11,172	15	11,229

Note 1: Wang Feng Ying is also the Chief Executive of the Group and her emoluments disclosed above include those for services rendered by her as the Chief Executive.

No director or supervisor waived or agreed to waive any emolument during the Period. The Group did not make any payment to director or supervisor as incentive upon their joining the Group or as compensation for the loss of their offices.

Notes to the Financial Statements

For the six months ended 30 June 2015

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(8) Emolument of key management (continued)

(c) Five highest emolument individuals

Of the five individuals with the highest emoluments in the Group, the emoluments of two (2014: two) of them are included in the above table. The emoluments of the remaining three (2014: three) individuals were as follows:

	Six months ended 30 June 2015	RMB'000 Six months ended 30 June 2014 (unaudited)
Salary, bonus, allowance and other benefits	11,094	9,045
Contributions to pension	16	14
Total	11,110	9,059

Their emoluments were within the following bands:

	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
HK\$0 to HK\$1,000,000 (equivalent to RMB0 to RMB788,600)	—	—
HK\$1,000,000 to HK\$2,000,000 (equivalent to RMB788,600 to RMB1,577,200)	—	—
HK\$2,000,000 to HK\$3,000,000 (equivalent to RMB1,577,200 to RMB2,365,800)	—	—
HK\$3,000,000 to HK\$4,000,000 (equivalent to RMB2,365,800 to RMB3,154,400)	—	3
HK\$4,000,000 to HK\$5,000,000 (equivalent to RMB3,154,400 to RMB3,943,000)	3	—
HK\$5,000,000 to HK\$6,000,000 (equivalent to RMB3,943,000 to RMB4,731,600)	—	2
HK\$6,000,000 to HK\$7,000,000 (equivalent to RMB4,731,600 to RMB5,520,200)	2	—

- (9) The Company transferred 100% shares of its subsidiary Clean Heat to the related party Baoding Bochuang Urban Development Company Limited at a consideration of RMB192,088,700.00.

Notes to the Financial Statements

For the six months ended 30 June 2015

XI. RELATED PARTIES AND TRANSACTIONS (continued)

6. Amounts due from/due to related parties

		RMB	
Item	Related parties	2015.6.30	2014.12.31
Accounts receivable	Baoding Bochuang Urban Development Company Limited	7,395.60	2,465.20
Accounts receivable	Yanfeng Johnson	2,336.31	—
Sub-total:		9,731.91	2,465.20
Other receivables	Baoding Bochuang Urban Development Company Limited	613,440.00	300,000.00
Other receivables	Baoding Wan Wei Municipal Engineering Co. Ltd	—	14,525.00
Other receivables	Yanfeng Johnson	798,256.92	—
Other receivables	Clean Heat	8,725,052.74	—
Sub-total:		10,136,749.66	314,525.00
Bills payable	Yanfeng Johnson	30,561,000.00	33,010,000.00
Bills payable	Hubei Kait Automotive Electronic & Electrical Systems Co., Ltd.	—	4,262,000.00
Bills payable	Clean Heat	1,168,691.00	—
Sub-total:		31,729,691.00	37,272,000.00
Accounts payable	Yanfeng Johnson	79,224,595.86	93,581,264.45
Accounts payable	Hebei Baoding Tai Hang Group Company Limited	168,381.73	185,496.58
Accounts payable	Hubei Kait Automotive Electronic & Electrical Systems Co., Ltd.	—	4,409,016.38
Accounts payable	Clean Heat	2,300,220.13	—
Accounts payable	Baoding Taihang Steel Structure Engineering Co., Ltd.	17,114.85	—
Accounts payable	Baoding Tai Hang Pump Manufacturing Company Limited	480.00	—
Sub-total:		81,710,792.57	98,175,777.41
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	7,526.00	8,006.00
Other payables	Hebei Baoding Tai Hang Group Company Limited	17,111.11	52,000.00
Other payables	Yanfeng Johnson	12,492.27	—
Sub-total:		4,816,641.23	4,839,517.85
Advance from customers	Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding	—	34,000.00
Sub-total:		—	34,000.00
Dividends receivable	Yanfeng Johnson	15,601,367.69	8,000,000.00
Dividends receivable	Clean Heat	5,991,068.20	—
Sub-total:		21,592,435.89	8,000,000.00

Notes to the Financial Statements

For the six months ended 30 June 2015

XII. COMMITMENTS

1. Significant Commitments

(1) Capital commitments

Item	RMB'000	
	2015.6.30	2014.12.31
Contracted for but not provided	6,828,885	7,330,498
Authorised by the Board of Directors but not contracted for	7,552,874	5,664,665
Others	—	—
— Capital commitments of joint ventures not included in consolidated financial statements	—	650

(2) Operating lease commitments

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

Item	RMB'000	
	2015.6.30	2014.12.31
Minimum lease payments under non-cancellable operating leases:		
Within one year from the balance sheet date	13,477	8,032
In the second year from the balance sheet date	5,001	5,919
In the third year from the balance sheet date	2,535	2,404
Subsequent years	12,875	14,102
Total	33,888	30,457

XIII. EVENTS AFTER BALANCE SHEET DATE

In accordance with the proposition of the Board of Directors, the Board proposed scrip dividend and cash dividend to the shareholders of the Company based on a total number of 3,042,423,000.00 shares (RMB1.00 per share), an issue of a total number of 3,042,423,000 shares on the basis of 10 shares declared for every 10 existing shares; total cash dividend of RMB760,605,750.00 (tax inclusive) on the basis of RMB 2.50 (tax inclusive) for every 10 existing shares. Furthermore, an issue of a total of 3,042,423,000 shares by way of conversion of capital reserve of the Company on the basis of 10 Shares for every 10 existing Shares. Upon completion of declaration of scrip dividend and cash dividend and share issue by way of conversion of capital reserve, the share capital of the Company increase by 6,084,846,000 shares, total share capital change to 9,127,269,000 shares. Such dividend distribution is subject to the approval at the extraordinary general meeting.

Notes to the Financial Statements

For the six months ended 30 June 2015

XIV. 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.

Revenue from external customers by location of revenue sources:

		RMB
	Six months ended 30 June 2015	Six months ended 30 June 2015 (unaudited)
Item		
Revenue from external customers in China	36,403,367,713.15	26,651,167,906.85
Northeast China	2,841,643,537.96	2,225,294,666.15
Northern China	5,925,020,590.29	5,102,017,048.44
Eastern China	10,535,643,906.97	6,635,218,319.01
Central China	8,578,882,343.18	5,674,698,420.32
Northwest China	3,137,254,615.50	2,803,098,975.15
Southwest China	5,384,922,719.25	4,210,840,477.78
Revenue from external customers in other countries	741,408,525.38	1,876,205,434.34
Algeria	149,158,587.51	68,328,591.09
Chile	116,693,971.16	226,251,926.46
Iran	71,630,638.85	159,873,591.34
Peru	46,710,795.43	31,143,409.30
UK	40,866,274.98	1,168,384.41
Ecuador	34,078,715.83	60,229,515.98
Malaysia	33,707,601.78	4,589,349.66
South Africa	25,984,212.26	115,541,154.38
UAE	24,560,127.24	24,077,830.24
Bolivia	20,376,080.15	30,127,596.34
Russia	5,931,954.41	642,610,344.22
Iraq	787,502.50	135,666,556.85
Australia	5,389,311.91	132,637,350.62
Bulgaria	3,001,086.06	83,054,835.85
Others	162,531,665.31	160,904,997.60
Total	37,144,776,238.53	28,527,373,341.19

Majority of the non-current assets required to be disclosed in the segment report, including fixed assets, investment property, construction in progress and investment in jointly controlled entities and associates are located in the PRC.

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

Notes to the Financial Statements

For the six months ended 30 June 2015

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

1. Cash and bank balances

Item	RMB	
	2015.6.30	2014.12.31
Cash:		
RMB	480,040.89	363,248.30
USD	522,896.88	154,438.18
HKD	12,301.05	13,232.03
EUR	337,045.95	32,902.46
JPY	46,196.99	24,917.40
KRW	39.39	40.24
GBP	59,321.42	98,464.93
RUB	392.14	391.18
THB	23.88	24.53
AUD	22,152.78	16,903.92
SGD	1,412.98	1,438.28
Bank deposits:		
RMB	1,673,994,072.35	846,785,565.14
USD	1,401,441.63	6,088,541.94
EUR	6,599,645.62	72,609,627.12
JPY	657,498.44	0.05
GBP	11.86	4.68
AUD	3.85	4.11
CHF	—	19,636.07
Other cash and bank balances:		
RMB	670,348,810.36	46,131,340.72
USD	6,048,037.75	6,053,379.84
Total	2,360,531,346.21	978,394,101.12
Include: overseas cash and bank deposits	—	—

As at 30 June 2015, the Company had restricted cash and bank balances of RMB676,396,848.11, in which guarantee on bank acceptance bills amounted to RMB272,223,810.36, guarantee on letter of credit amounted to RMB7,173,037.75, and the pledged certificates of deposit amounted to RMB397,000,000.00.

As at 31 December 2014, the Company had restricted cash and bank balances of RMB52,184,720.56, in which guarantee on bank acceptance bills amounted to RMB39,396,340.72, guarantee on letter of credit amounted to RMB7,178,379.84, and other guarantees amounted to RMB5,610,000.00.

Notes to the Financial Statements

For the six months ended 30 June 2015

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

2. Bills receivable

(1) Classification of bills receivable

Category	RMB	
	2015.6.30	2014.12.31
Bank acceptance bills	14,628,004,492.16	19,639,242,895.83
Total	14,628,004,492.16	19,639,242,895.83

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

Category	RMB	
	2015.6.30	2014.12.31
Bank acceptance bills	1,967,567,815.97	1,827,207,120.00
Total	1,967,567,815.97	1,827,207,120.00

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

(3) As at the end of the period, bills endorsed by the Group to other parties but undue were as follows:

Category	RMB	
	2015.6.30	2014.12.31
Bank acceptance bills	19,139,054,455.63	12,751,018,545.09
Total	19,139,054,455.63	12,751,018,545.09

The above bills endorsed but yet undue have been derecognised.

Notes to the Financial Statements

For the six months ended 30 June 2015

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

3. Accounts receivable

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

RMB

Item	2015.6.30					2014.12.31				
	Carrying amount		Provision for bad debt		Book value	Carrying amount		Provision for bad debt		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)		Amount	Ratio (%)	Amount	Provision ratio (%)	
Individually significant and subject to separate provision	744,356,491.17	96.09	(65,784,287.08)	8.84	678,572,204.09	799,275,750.33	96.83	(25,172,440.39)	3.15	774,103,309.94
Accounts receivables sorted based on the characteristics of credit risk as a group	30,259,695.67	3.91	—	—	30,259,695.67	24,723,939.91	3.00	(479,916.05)	1.94	24,244,023.86
Accounts receivable which are individually insignificant but subject to separate provision	—	—	—	—	—	1,451,597.39	0.17	(1,451,597.39)	100.00	—
Total	774,616,186.84	100.00	(65,784,287.08)	8.49	708,831,899.76	825,451,287.63	100.00	(27,103,953.83)	3.28	798,347,333.80

Accounts receivable which are individually significant and subject to separate provision:

RMB

Accounts receivable (by customers)	2015.6.30			
	Accounts receivable	Provision for bad debts	Provision ratio (%)	Reason for provision
Customer 1	305,842,340.01	(64,109,748.72)	20.96	Past due
Customer 2	57,764,227.79	(1,674,538.36)	2.90	Past due
Others	380,749,923.37	—	—	
Total	744,356,491.17	(65,784,287.08)	8.84	

Notes to the Financial Statements

For the six months ended 30 June 2015

XV. 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 were as follows:

RMB

Aging	2015.6.30				2014.12.31			
	Carrying amount	Ratio (%)	Provision for bad debts	Book value	Carrying amount	Ratio (%)	Provision for bad debts	Book value
Within 1 year	743,190,405.06	95.94	(64,109,748.72)	679,080,656.34	812,775,735.33	98.47	(23,818,024.11)	788,957,711.22
1 to 2 years	31,425,781.78	4.06	(1,674,538.36)	29,751,243.42	12,559,752.30	1.52	(3,285,929.72)	9,273,822.58
2 to 3 years	—	—	—	—	—	—	—	—
Over 3 years	—	—	—	—	115,800.00	0.01	—	115,800.00
Total	774,616,186.84	100.00	(65,784,287.08)	708,831,899.76	825,451,287.63	100.00	(27,103,953.83)	798,347,333.80

(3) Provision for bad debts, written back or reversed bad debts during the reporting period

Provision for bad debts amounted to RMB47,227,447.26, written back or reversed bad debts amounted to RMB8,533,614.01 during the reporting period.

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

RMB

Customer	Amount of written back or reversal	Method of recovery	Reason for written back or reversal	Reason for recognise original provision of bad debts
Customer 1	3,265,661.67	Cash and other methods	The management of the Company exerted efforts on collecting account receivable in cash and other methods.	Past due
Total	3,265,661.67			

(4) Accounts receivable actually written off during the reporting period

RMB

Name of unit	Amounts of written off
Actual amounts written off	13,500.00

Notes to the Financial Statements

For the six months ended 30 June 2015

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

3. Accounts receivable (continued)

(5) Five units with largest amounts of accounts receivable

RMB			
Name of unit	Balance at the year end	Percentage of total accounts receivable (%)	Amount of provision of bad debts
Customer1	305,842,340.01	39.48	(64,109,748.72)
Customer2	57,764,227.79	7.46	(1,674,538.36)
Customer3	35,188,913.90	4.54	—
Customer4	31,330,730.98	4.05	—
Customer5	13,047,292.51	1.68	—
Total	443,173,505.19	57.21	(65,784,287.08)

4. Other receivables

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

RMB										
Item	2015.06.30					2014.12.31				
	Carrying amount	Provision for bad debts		Provision		Carrying amount	Provision for bad debts		Provision	
	Amount	Ratio (%)	Amount	ratio (%)	Book value	Amount	Ratio (%)	Amount	ratio (%)	Book value
Individually significant and subject to separate provision	1,007,191,487.99	98.60	(1,744,140.00)	0.17	1,005,447,347.99	2,887,568,848.91	99.56	(1,744,140.00)	0.06	2,885,824,708.91
Other receivables sorted based on the characteristics of credit risk as a group	14,253,882.03	1.40	(45,000.00)	0.32	14,208,882.03	12,828,383.58	0.44	(45,000.00)	0.35	12,783,383.58
Other receivables which are individually insignificant but subject to separate provision	—	—	—	—	—	—	—	—	—	—
Total	1,021,445,370.02	100.00	(1,789,140.00)	0.18	1,019,656,230.02	2,900,397,232.49	100.00	(1,789,140.00)	0.06	2,898,608,092.49

Notes to the Financial Statements

For the six months ended 30 June 2015

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

4. Other receivables (continued)

(1) Other receivables were disclosed by category as follows: (continued)

Other receivables which are individually significant and subject to separate provision:

RMB

Other accounts receivable (by customers)	2015.6.30			Reason for provision
	Other accounts receivable	Provision for bad debts	Provision ratio (%)	
Unit 1	601,342,872.60	—	—	
Unit 2	150,398,000.00	—	—	
Unit 3	127,065,403.50	—	—	
Unit 4	72,780,000.00	—	—	
Unit 5	10,200,000.00	—	—	
Unit 6	1,744,140.00	(1,744,140.00)	100.00	Uncoverable
Others	43,661,071.89	—	—	
Total	1,007,191,487.99	(1,744,140.00)	0.17	

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

RMB

Aging	2015.6.30				2014.12.31			
	Carrying amount	Ratio (%)	Provision for bad debts	Book value	Carrying amount	Ratio (%)	Provision for bad debts	Book value
Within 1 year	439,927,680.51	43.07	(1,744,140.00)	438,183,540.51	562,092,211.57	19.38	(1,744,140.00)	560,348,071.57
1 to 2 years	573,263,504.60	56.12	—	573,263,504.60	2,310,623,400.15	79.66	—	2,310,623,400.15
2 to 3 years	4,367,734.37	0.43	—	4,367,734.37	25,471,631.42	0.88	—	25,471,631.42
Over 3 years	3,886,450.54	0.38	(45,000.00)	3,841,450.54	2,209,989.35	0.08	(45,000.00)	2,164,989.35
Total	1,021,445,370.02	100.00	(1,789,140.00)	1,019,656,230.02	2,900,397,232.49	100.00	(1,789,140.00)	2,898,608,092.49

(3) There was no provision for bad debts during the reporting period; and there was no provision for bad debts written back or reversed bad debts during the reporting period.

(4) There was no actually written off for other receivables during the reporting period.

Notes to the Financial Statements

For the six months ended 30 June 2015

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

4. Other receivables (continued)

(5) Other accounts receivable disclosed as nature:

Nature of other accounts receivable	RMB	
	2015.6.30	2014.12.31
Petty cash	10,115,721.88	9,120,867.65
Deposit	832,567,805.37	2,698,734,012.87
Energy-saving subsidies	150,398,000.00	149,153,000.00
Export rebates	8,244,956.74	—
Others	20,118,886.03	43,389,351.97
Total	1,021,445,370.02	2,900,397,232.49

(6) Five units with largest amounts of other accounts receivable

Name of unit	Nature of other accounts receivable	RMB			Closing balance of provision of bad debts
		Amount	Aging	Percentage of the total other receivables (%)	
Unit 1	Performance bound	601,342,872.60	Within 2 years	58.87	—
Unit 2	Energy saving subsidies	150,398,000.00	Within 3 years	14.72	—
Unit 3	Customs deposit	127,065,403.50	Within 1 year	12.44	—
Unit 4	Land bid deposit	72,780,000.00	Within 6 months	7.13	—
Unit 5	Performance bound	10,200,000.00	1 to 2 years	1.00	—
Total		961,786,276.10		94.16	—

(7) There were no other accounts receivable related to government grants.

5. Inventory

(1) Inventory categories

Item	RMB		
	Book balance	2015.6.30 Provision for obsolete stocks	Book value
Raw materials	1,318,773,325.78	—	1,318,773,325.78
Work in progress	439,209,548.44	—	439,209,548.44
Finished goods	1,347,924,141.69	(7,878,426.78)	1,340,045,714.91
Low-valued consumables	69,990,028.58	—	69,990,028.58
Total	3,175,897,044.49	(7,878,426.78)	3,168,018,617.71

Notes to the Financial Statements

For the six months ended 30 June 2015

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

5. Inventory (continued)

(1) Inventory categories (continued)

RMB			
Item	Book balance	2014.12.31	Book value
		Provision for obsolete stocks	
Raw materials	790,470,922.71	(385,654.29)	790,085,268.42
Work in progress	462,780,321.69	(268,275.37)	462,512,046.32
Finished goods	727,916,780.11	(4,448,432.70)	723,468,347.41
Low-valued consumables	51,481,190.82	—	51,481,190.82
Total	2,032,649,215.33	(5,102,362.36)	2,027,546,852.97

(2) Provision for obsolete stocks

RMB					
Inventory categories	2015.1.1	Provision for the period	Decrease for the period		2015.6.30
			Reversals	Write-offs	
Raw materials	385,654.29	—	—	(385,654.29)	—
Work in progress	268,275.37	—	—	(268,275.37)	—
Finished goods	4,448,432.70	7,772,477.32	(47,688.61)	(4,294,794.63)	7,878,426.78
Total	5,102,362.36	7,772,477.32	(47,688.61)	(4,948,724.29)	7,878,426.78

(3) Analysis of provision for obsolete stocks

Item	Basis of provision for obsolete stocks	Reason for reversal or write-off of provision for obsolete stocks during the period	Percentage of the reversal to the closing balance of such inventory during the period (%)
Raw materials	—	Note 2	—
Work in progress	—	Note 2	—
Finished goods	Note 1	Note 2	—

Notes to the Financial Statements

For the six months ended 30 June 2015

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

5. Inventory (continued)

(3) Analysis of provision for obsolete stocks (continued)

Descriptions of inventories:

Note 1: As the estimated net realizable value of whole vehicle products for the reporting period was lower than the inventory cost as at the end of the period, the impairment provision for inventory had been made for finished goods.

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

6. Long-term equity investment

The breakdown of long-term equity investments was as follows:

RMB

Item	2015.6.30			2014.12.31		
	Carrying amount	Impairment losses	Book value	Carrying amount	Impairment losses	Book value
Investment in subsidiary	4,707,626,919.18	—	4,707,626,919.18	4,898,818,277.39	—	4,898,818,277.39
Investment in associates and joint venture	8,194,729.49	—	8,194,729.49	41,373,163.07	—	41,373,163.07
Total	4,715,821,648.67	—	4,715,821,648.67	4,940,191,440.46	—	4,940,191,440.46

Notes to the Financial Statements

For the six months ended 30 June 2015

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

6. Long-term equity investment (continued)

The breakdown of investments in subsidiary was as follows:

					RMB	
Investee	2015.1.1	Addition	Reduction	2015.6.30	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	583,255,808.00	—	—	583,255,808.00	—	—
Changcheng Axles	347,555,714.49	—	—	347,555,714.49	—	—
Baoding Nuobo	72,240,000.00	—	—	72,240,000.00	—	—
Beijing Great (Note 1)	750,000.00	11,789,100.00	—	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 2)	25,021,090.00	16,907,400.00	—	41,928,490.00	—	—
Tide Technology and Trade	159,353,665.00	—	—	159,353,665.00	—	—
Russia Great Wall	404,335.00	—	—	404,335.00	—	—
Mind Component	71,250,000.00	—	—	71,250,000.00	—	—
Exquisite Foundry	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	39,116,124.26	—	—	39,116,124.26	—	—
Exquisite Mould	5,000,000.00	—	—	5,000,000.00	—	—
Baoding Xinyuan	47,025,720.36	—	—	47,025,720.36	—	—
Xushui Component	7,000,000.00	—	—	7,000,000.00	—	—
Clean Heat (Note 3)	175,000,000.00	—	(175,000,000.00)	—	—	—
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	—	—
Qinchuang Property	8,000,000.00	—	—	8,000,000.00	—	—
Shanghai Haval	1,500,000.00	—	—	1,500,000.00	—	—
Haval Auto Sales	5,000,000.00	—	—	5,000,000.00	—	—
Xushui Nuobo (Note 4)	255,000,000.00	—	—	255,000,000.00	—	—
Zhiteng Automation	100,000,000.00	—	(90,000,000.00)	10,000,000.00	—	—
Baoding Jie Hua (Note 5)	—	40,811,761.79	—	40,811,761.79	—	—
Haval Motors South Africa (Note 6)	—	4,300,380.00	—	4,300,380.00	—	—
Total	4,898,818,277.39	73,808,641.79	(265,000,000.00)	4,707,626,919.18	—	—

Notes to the Financial Statements

For the six months ended 30 June 2015

XV. 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:

	2015.1.1	Addition	Reduction	Investment profit or loss recognised under equity method	Adjustment of other comprehensive income	Change in other equity	Declared cash dividends or profit	Provision for impairment	Others	2015.6.30	Provision for impairment during the period
Investments in joint venture											
Baoding Jiehua (NOTE 5)	17,373,898.61	—	(17,403,061.79)	29,163.18	—	—	—	—	—	—	—
Sub-total	17,373,898.61	—	(17,403,061.79)	29,163.18	—	—	—	—	—	—	—
Investment in associate											
Yanfeng Johnson	23,999,264.46	—	—	3,198,884.28	—	—	(19,003,419.25)	—	—	8,194,729.49	—
Sub-total	23,999,264.46	—	—	3,198,884.28	—	—	(19,003,419.25)	—	—	8,194,729.49	—
Total	41,373,163.07	—	(17,403,061.79)	3,228,047.46	—	—	(19,003,419.25)	—	—	8,194,729.49	—

Note 1: In May 2015, the Company acquired 25% shares of Beijing Great from Dragonet. International Company, upon completion of acquisition, the Company holds 100% shares of Beijing Great directly.

Note 2: In March, the Company acquired 25% shares of Macs from Billion Sunny Development, a subsidiary of the Company, upon completion of acquisition, the Company holds 100% shares of Macs directly.

Note 3: In June 2015, the Company transferred 100% shares of Clean Heat a subsidiary of the Company to Bochuang Urban Development Company Limited, upon completion of transfer, the Company was no longer a shareholder of Clean Heat.

Note 4: In January 2015, the Company reduced the registered capital of Zhiteng Automation by RMB90 million, upon completion of reduction, the registered capital of Zhiteng Automation reduced from RMB100 million to RMB10 million.

Note 5: In June 2015, the Company acquired 50% shares of Baoding Jiehua from Shanghai Jiehua Automotive Trim Development Co., Ltd, upon completion of acquisition, the Company hold 100% shares of Baoding Jiehua along with the 50% shares the Company holds originally.

Note 6: In May 2015, the Company injected capital to Haval Motors South Africa, upon completion of the capital injection, the registered capital of Haval Motors South Africa changed from ZAR1,000 to ZAR7 million.

Notes to the Financial Statements

For the six months ended 30 June 2015

XV. 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					
2015.1.1	6,812,338,312.47	9,288,663,881.57	60,444,966.71	2,477,195,644.74	18,638,642,805.49
Additions for the period	186,250,280.27	672,571,365.08	37,356,388.06	232,648,082.26	1,128,826,115.67
1. Purchase	23,436,746.45	76,120,825.41	19,822,199.39	18,605,740.59	137,985,511.84
2. Transfer from					
construction in progress	162,813,533.82	596,450,539.67	17,534,188.67	214,042,341.67	990,840,603.83
Deductions for the period	(334,045.36)	(5,177,002.71)	(2,183,393.82)	(11,384,831.86)	(19,079,273.75)
1. Disposal and scrap	(334,045.36)	(5,065,741.87)	(2,183,393.82)	(10,902,642.53)	(18,485,823.58)
2. Others	—	(111,260.84)	—	(482,189.33)	(593,450.17)
2015.6.30	6,998,254,547.38	9,956,058,243.94	95,617,960.95	2,698,458,895.14	19,748,389,647.41
II. Total accumulated depreciation					
2015.1.1	629,193,631.39	2,476,087,694.34	19,971,577.25	1,104,670,010.29	4,229,922,913.27
Additions for the period	106,608,465.55	446,289,748.63	7,240,119.97	175,754,949.97	735,893,284.12
1. Provision for this period	106,608,465.55	446,289,748.63	7,240,119.97	175,754,949.97	735,893,284.12
Deductions for the period	(34,044.92)	(2,821,503.41)	(1,067,771.49)	(5,401,141.37)	(9,324,461.19)
1. Disposal and scrap	(34,044.92)	(2,819,964.41)	(1,067,771.49)	(5,399,066.77)	(9,320,847.59)
2. Others	—	(1,539.00)	—	(2,074.60)	(3,613.60)
2015.6.30	735,768,052.02	2,919,555,939.56	26,143,925.73	1,275,023,818.89	4,956,491,736.20
III. Provision for impairment					
2015.1.1	136,268.33	44,949,729.61	—	33,755,980.83	78,841,978.77
Additions for the period	—	—	—	—	—
Deductions for the period	—	(492,624.43)	—	(50,449.68)	(543,074.11)
1. Disposal and scrap	—	(492,624.43)	—	(50,449.68)	(543,074.11)
2015.6.30	136,268.33	44,457,105.18	—	33,705,531.15	78,298,904.66
IV. Book value					
2015.6.30	6,262,350,227.03	6,992,045,199.20	69,474,035.22	1,389,729,545.10	14,713,599,006.55
2015.1.1	6,183,008,412.75	6,767,626,457.62	40,473,389.46	1,338,769,653.62	14,329,877,913.45

As at 30, June 2015, among the fixed assets, the net book value of properties without title certificates amounted to RMB1,821,469,033.79 (As at 31, December 2014: RMB3,765,364,205.15) and the application of relevant title certificates is in progress.

Notes to the Financial Statements

For the six months ended 30 June 2015

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

8. Construction in progress

(1) The breakdown of construction in progress was as follows

RMB

Project	2015.6.30			2014.12.31		
	Book balance	Impairment provision	Net book value	Book balance	Impairment provision	Net book value
Annual production of 300,000 sets of EG engines	80,196.01	—	80,196.01	3,323,198.53	—	3,323,198.53
Annual production of 400,000 sets of aluminium alloy casting	2,496,025.63	—	2,496,025.63	20,411,508.93	—	20,411,508.93
Annual production of 400,000 sets of automotive lightings	—	—	—	940,170.94	—	940,170.94
Tianjin automobile project	179,016,962.59	—	179,016,962.59	158,070,063.06	—	158,070,063.06
Tianjin branch's parts and components project	77,710,811.07	—	77,710,811.07	60,950,625.76	—	60,950,625.76
Tianjin branch's residential area supporting project	24,358.97	—	24,358.97	8,836,314.52	—	8,836,314.52
Industrial park phase I. II. III	363,278,230.08	(11,013,179.46)	352,265,050.62	270,334,425.82	(11,013,179.46)	259,321,246.36
Xindatong Reconstruction	913,108.97	—	913,108.97	913,108.97	—	913,108.97
Jiaozhuang infrastructure	1,237,562.56	—	1,237,562.56	546,016.00	—	546,016.00
Jiaozhuang equipment	113,343,170.25	—	113,343,170.25	108,414,998.56	—	108,414,998.56
New technology center	1,388,626,549.61	—	1,388,626,549.61	1,317,596,809.79	—	1,317,596,809.79
Xushui Automobile Project	2,962,983,100.70	—	2,962,983,100.70	2,222,241,438.49	—	2,222,241,438.49
Xushui parts and components project	1,252,384,783.30	—	1,252,384,783.30	604,513,692.85	—	604,513,692.85
Xushui supporting infrastructure project	102,883,877.56	—	102,883,877.56	67,708,439.46	—	67,708,439.46
Others	67,767,300.58	—	67,767,300.58	200,152,747.40	—	200,152,747.40
Total	6,512,746,037.88	(11,013,179.46)	6,501,732,858.42	5,044,953,559.08	(11,013,179.46)	5,033,940,379.62

Notes to the Financial Statements

For the six months ended 30 June 2015

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

8. Construction in progress (continued)

(2) Changes of major construction in progress

											RMB
Project	Budget amount	2015.1.1	Additions	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	2015.6.30
Annual production of 300,000 sets of EG engines	547,163,800.00	3,323,198.53	1,099,185.51	(4,292,199.43)	(49,988.60)	99.65	—	—	—	Raise and owned	80,196.01
Annual production of 400,000 sets of aluminium alloy casting	303,376,600.00	20,411,508.93	—	(17,915,483.30)	—	100.00	—	—	—	Raise	2,496,025.63
Annual production of 400,000 sets of automotive lightings	180,677,200.00	940,170.94	—	(940,170.94)	—	100.00	—	—	—	Raise and owned	0.00
Tianjin automobile project	4,550,415,000.00	158,070,063.06	99,227,826.19	(77,378,305.93)	(902,620.73)	96.66	—	—	—	Owned	179,016,962.59
Tianjin branch's parts and components project	929,899,100.00	60,950,625.76	47,485,128.91	(30,724,943.60)	—	92.19	—	—	—	Owned	77,710,811.07
Tianjin branch's residential area supporting project	493,019,700.00	8,836,314.52	4,850,562.66	(13,662,518.21)	—	89.33	—	—	—	Owned	24,358.97
Industrial park phase I, II, III	733,898,740.00	270,334,425.82	184,747,499.53	(86,803,703.28)	(4,999,991.99)	99.96	—	—	—	Owned	363,278,230.08
Xindatong Reconstruction	3,093,867.00	913,108.97	229,534.19	(229,534.19)	—	100.00	—	—	—	Owned	913,108.97
Jiaozhuang infrastructure	253,863,000.00	546,016.00	884,526.56	(192,980.00)	—	80.53	—	—	—	Owned	1,237,562.56
Jiaozhuang equipment	1,336,504,342.00	108,414,998.56	61,725,094.99	(55,195,740.91)	(1,601,182.39)	100.00	—	—	—	Owned	113,343,170.25
New technology center	1,893,518,600.00	1,317,596,809.79	195,769,081.75	(124,673,841.93)	(65,500.00)	80.41	—	—	—	Owned	1,388,626,549.61
Xushui Automobile Project	10,541,374,775.00	2,222,241,438.49	1,017,950,314.44	(269,425,083.28)	(7,783,568.95)	58.18	—	—	—	Owned	2,962,983,100.70
Xushui parts and components project	6,962,063,856.00	604,513,692.85	788,084,841.16	(138,312,434.35)	(1,901,316.36)	43.81	—	—	—	Owned	1,252,384,783.30
Xushui supporting infrastructure project	593,250,000.00	67,708,439.46	35,175,438.10	—	—	17.34	—	—	—	Owned	102,883,877.56
Others	341,922,188.70	200,152,747.40	39,405,206.33	(171,093,664.48)	(696,988.67)	89.85	—	—	—	Owned	67,767,300.58
Total	29,664,040,768.70	5,044,953,559.08	2,476,634,240.32	(990,840,603.83)	(18,001,157.69)						6,512,746,037.88

Note: During the period, the book value of construction in progress decreased by RMB4,635,435.99 due to transfer into intangible assets.

Notes to the Financial Statements

For the six months ended 30 June 2015

XV. 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			
2015.1.1	2,619,582,799.98	98,815,130.13	2,718,397,930.11
Additions for the period	55,120,000.00	6,852,259.88	61,972,259.88
1. Purchase	55,120,000.00	2,216,823.89	57,336,823.89
2. Transfer in from construction in progress		4,635,435.99	4,635,435.99
Deductions for the period			
2015.6.30	2,674,702,799.98	105,667,390.01	2,780,370,189.99
II. Total accumulated amortization			
2015.1.1	178,247,620.76	48,072,778.80	226,320,399.56
Additions for the period	26,888,490.48	3,994,816.93	30,883,307.41
Deductions for the period		—	—
2015.6.30	205,136,111.24	52,067,595.73	257,203,706.97
III. Book value			
2015.6.30	2,469,566,688.74	53,599,794.28	2,523,166,483.02
2015.1.1	2,441,335,179.22	50,742,351.33	2,492,077,530.55

Analysis on the location and aging of prepaid lease payments (land use rights) is as follows:

RMB		
Item	2015.6.30	2014.12.31
Located in mainland China — 10 to 50 years	2,469,566,688.74	2,441,335,179.22

10. Short term borrowing

RMB		
Category	2015.6.30	2014.12.31
Pledge loans (Note 1)	743,257,321.14	—
Total	743,257,321.14	—

Note 1: At the end of reporting period, the balance of pledge loans were amounts due to the certificates of deposit and the pledged bank wealth management products.

Notes to the Financial Statements

For the six months ended 30 June 2015

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

11. Bills payable

Category	RMB	
	2015.6.30	2014.12.31
Bank acceptance bills	2,913,118,424.65	2,228,314,043.46
Total	2,913,118,424.65	2,228,314,043.46

12. Accounts payable

(1) Accounts payable

Item	RMB	
	2015.6.30	2014.12.31
Within 1 year	13,252,411,282.86	14,943,116,529.09
1 to 2 years	21,441,865.16	44,161,866.60
2 to 3 years	13,840,875.94	15,504,507.04
Over 3 years	4,609,369.50	4,984,997.65
Total	13,292,303,393.46	15,007,767,900.38

(2) Accounts payable aged over one year with significant amount

Item	RMB	
	2015.6.30	Reason for unsettled
Supplier1	12,206,866.52	Payment terms have not been reached
Supplier2	3,054,600.00	Payment terms have not been reached
Total	15,261,466.52	

13. Advances from customers

(1) Advance from customers

Item	RMB	
	2015.6.30	2014.12.31
Within 1 year	1,683,506,874.34	2,198,256,861.74
1 to 2 years	2,247,365.65	14,806,867.86
2 to 3 years	2,004,733.48	6,250,534.77
Over 3 years	1,063,592.70	2,136,992.67
Total	1,688,822,566.17	2,221,451,257.04

(2) There was no significant advance from customers aged over 1 year.

Notes to the Financial Statements

For the six months ended 30 June 2015

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

14. Deferred income

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

						RMB
Category	2015.1.1	Additions for the period	Credited to Non-operating income for the period	Other movements	2015.6.30	related to an asset/ related to income
Infrastructure supporting fund (Note 1)	760,376,003.21	—	(12,070,087.94)	—	748,305,915.27	related to an asset
Government industrial policy supporting fund (Note 2)	225,327,961.48	—	(2,782,818.76)	—	222,545,142.72	related to an asset
Soft soil foundation subsidy (Note 3)	154,931,485.58	—	(1,694,096.96)	—	153,237,388.62	related to an asset
Hybrid power SUV development project (Note 4)	98,000,000.00	—	—	—	98,000,000.00	related to income
New technical centre infrastructure construction project (Note 5)	91,237,468.57	—	62,531.43	—	91,300,000.00	related to an asset
Tax refund for purchasing domestic manufactured equipment (Note 6)	48,660,483.09	—	(6,105,384.25)	—	42,555,098.84	related to an asset
Urban construction fund (Note 7)	55,463,050.29	—	(1,159,914.17)	—	54,303,136.12	related to an asset
Connected car project (Note 8)	12,000,000.00	—	—	—	12,000,000.00	related to an asset
Subsidies for material technological innovation projects (Note 9)	4,533,333.33	—	(400,000.00)	—	4,133,333.33	related to an asset
Diesel engine development project fund (Note 10)	700,000.00	—	(50,000.00)	—	650,000.00	related to an asset
New plug-in SUV project (Note 11)	—	500,000.00	(317,700.00)	—	182,300.00	related to income
Engine construction project (Note 12)	12,000,000.00	—	—	—	12,000,000.00	related to an asset
The core technology of domestic automotive electronic chip (Note 13)	470,700.00	—	(65,400.00)	—	405,300.00	related to income
Subsidies for innovation demonstration enterprise (Note 14)	100,000.00	—	(31,300.00)	—	68,700.00	related to income
High grade CNC technology project (Note 15)	560,000.00	—	(29,200.00)	—	530,800.00	related to income
Emerging industry development project	—	2,000,000.00	—	—	2,000,000.00	related to an asset
Special funds to spreading and demonstrating the innovative methods by Hebei Province (Note 17)	—	150,000.00	(150,000.00)	—	—	related to income
Scientific innovation incentive Subsidy (Note 18)	—	500,000.00	—	—	500,000.00	related to income
Total	1,464,360,485.55	3,150,000.00	(24,793,370.65)	—	1,442,717,114.90	
Less: Non-current liabilities due within one year	(55,107,664.84)				(55,145,056.08)	
Deferred income	1,409,252,820.71	3,150,000.00	(24,793,370.65)	—	1,387,572,058.82	

Notes to the Financial Statements

For the six months ended 30 June 2015

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

14. 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 Wantong and 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 subsidy from Tianjin Economic-Technological Development Area.

Note 4: According to the “Notice regarding allocate incentive fund in advance for the new energy vehicles industry technological innovation project by Bureau of Finance in Baoding”, the reward fund is allocated due to “Brand-new Plug-in Hybrid Power SUV Development Project” by the Company, which has met the financial incentive fund criteria for the new energy vehicles industry technological innovation project.

Note 5: According to the “Notice regarding the Central Infrastructure Investment Expenditure Budget (Fund Allocated) for Revitalization of Industry and Technological Transformation in 2012 by Bureau of Finance in Baoding”, the Bureau of Finance in Southern Baoding allocated the Central Infrastructure Expenditure Budget (Allocated Fund) for the construction project of the new technology centre of the Company exclusively.

Note 6: This refers to value-added tax refunded to the Company and Changcheng Axles Industries, 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 Heibei Province”, the Bureau of Finance and Development and Reform in Baoding for the development of front installed telematics services platform and terminals based on the Big Dipper 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. 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 centre of the Company exclusively.

Note 10: 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.

Notes to the Financial Statements

For the six months ended 30 June 2015

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

14. Deferred income (continued)

Note 11: According to "Mission Statement of Special Project on Major Technology Achievement in Heibei Province", the Hebei Provincial Department of Science and Technology issued budget index for initiate fund of New Plug-in Hybrid Power SUV Development and Industrialisation in 2014, specialise in research activities during the transformation of New Plug-in Hybrid Power SUV achievement of the Company, which was granted project funding of RMB500,000 during the reporting period.

Note12: 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 RMB12,000,000 for the construction of the Company's engine test center project.

Note13: According to "Major Subject of National Science and Technology-Agreement on Technology of Domestic Automotive Electronic Chip", the Company assisted to complete the project until acceptance, and amount of RMB600,000 was granted.

Note 14: According to " Mission Statement of Project by Science and Technology Department of Hebei Province", Hebei Province Department of Finance allocated fund to the Company for training expense on innovative staffs which amounted to RMB100,000.

Note 15: 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 pf aluminium alloy autobody parts in the major special projects of "high-end CNC machine and fundamental manufacturing equipment" and was granted project research funding amounted to RMB560,000.

Note 16: 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 RMB2,000,000.

Note 17: According to "Mission statement of Innovation of Methods Project [Project NO. 2013IM020300-2]" issued by Ministry of Science and Technology, the Company has been allocated special funds to spreading and demonstrating the innovative methods by Hebei Province, which was granted RMB150,000 during the reporting period.

Note 18: According to "Implementation Plan of Incentive Subsidy Project on Scientific and Technological Innovation in 2015" issued by Baoding Bureau of Finance, the Company has been allocated special funds to the project of development, research and industrialization in 2.0L Gasoline Direct Injection Engine from Baoding Bureau of Finance, which amounted to RMB500,000.

Notes to the Financial Statements

For the six months ended 30 June 2015

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

15. Capital reserve

Item	RMB			
	Opening balance	Additions for the six months	Deductions for the six months	Closing balance
Six months ended 30 June 2015				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserves	(2,933,126.78)	—	—	(2,933,126.78)
Of which: Transfer from capital reserves				
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
Six months ended 30 June 2014 (unaudited)				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserves	(2,933,126.78)	—	—	(2,933,126.78)
Of which: Transfer from capital reserves				
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

Notes to the Financial Statements

For the six months ended 30 June 2015

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

16. Undistributed profits

Item	Amount	RMB Proportion of appropriation or allocation
Six months ended 30 June 2015		
Undistributed profits at the beginning of the six months	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)	(2)
Undistributed profits at the end of the six months	24,763,491,457.58	
Six months ended 30 June 2014 (Unaudited)		
Undistributed profits at the beginning of the six months	16,630,245,730.47	
Add: Net profit	4,785,111,864.36	
Less: Appropriation of statutory surplus reserves	—	(1)
Distribution of cash dividends	(2,494,786,860.00)	(2)
Undistributed profits at the end of the six months	18,920,570,734.83	

(1) Appropriation of statutory surplus reserves

As required by the Articles of Association, statutory surplus reserve shall be withdrawn at 10% of net profit. If the accumulated amount of the Company's statutory 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 statutory surplus reserve may be transferred into the share capital of the Company provided that the balance of statutory surplus reserve shall not be less than 25% of its registered capital.

(2) Cash dividend as approved at the shareholders' meeting for the period

The 2014 annual general meeting of the Company held on 12 May 2015 considered and approved the resolution regarding the profit distribution proposal for the year 2014. The Company declared the 2014 annual cash dividend of RMB0.80 per share (tax inclusive) to all shareholders, aggregating to RMB2,433,938,400.00 based on the total of 3,042,423,000.00 shares with a par value of RMB1 each.

(3) Distribution of profits after balance sheet date

In accordance with the proposition of the Board of Directors, the Board proposed scrip dividend and cash dividend to the shareholders of the Company based on a total number of 3,042,423,000.00 shares (RMB1.00 per share), a total number of 3,042,423,000 shares issued on the basis of 10 shares declared for every 10 existing shares; total cash dividend of RMB760,605,750.00 (tax inclusive) on the basis of RMB2.50 (tax inclusive) for every 10 existing shares. Such dividend distribution is subject to the approval at the extraordinary general meeting.

Notes to the Financial Statements

For the six months ended 30 June 2015

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

17. Operating revenue and operating costs

(1) Operating revenue

Item	Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
Revenue from principal businesses	34,929,443,155.31	26,827,163,537.89
Of which: Revenue from the sale of automobiles	34,271,992,290.22	26,014,504,542.74
Revenue from the sale of automotive parts and components	611,040,119.93	776,570,429.58
Revenue from the sale of moulds and others	13,861,848.18	18,871,402.32
Revenue from render service	32,548,896.98	17,217,163.25
Revenue from other businesses	203,317,358.06	211,601,967.87
Total	35,132,760,513.37	27,038,765,505.76

(2) Operating costs

		RMB
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Item		
Operating costs from principal businesses	27,827,861,562.57	20,783,099,185.41
Of which: Costs incurred from the sale of automobiles	27,272,675,493.98	20,119,047,489.12
Costs incurred from the sale of automotive parts and components	510,578,584.29	621,080,638.64
Costs incurred from the sale of mould and others	22,470,806.17	15,692,123.42
Costs incurred from render service	22,136,678.13	27,278,934.23
Costs incurred from other businesses	173,829,745.80	176,811,118.05
Total	28,001,691,308.37	20,959,910,303.46

Notes to the Financial Statements

For the six months ended 30 June 2015

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

18. Business tax and surcharges

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Business tax	968,567.46	953,951.17
Consumption tax	1,011,327,596.73	725,206,985.55
Urban maintenances and construction tax	138,611,886.62	121,006,489.68
Educational surcharges	101,021,989.14	86,574,867.41
Others	14,385,103.05	12,409,658.18
Total	1,266,315,143.00	946,151,951.99

19. Administrative expenses

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Technology development expenditures	1,088,164,036.13	1,094,557,734.02
Wages and salaries	153,756,896.61	134,660,468.93
Taxes	54,473,127.55	46,065,141.73
Depreciation and amortization	48,959,920.13	38,543,172.34
Business reception fees	3,870,557.63	3,714,522.07
Office expenses	25,745,256.50	11,955,371.36
Repair and maintenance fees	44,529,519.32	39,942,085.13
Auditors' remuneration	1,203,949.28	744,411.32
Service charges	4,243,852.42	11,275,844.85
Others	14,740,589.91	16,546,792.71
Total	1,439,687,705.48	1,398,005,544.46

Notes to the Financial Statements

For the six months ended 30 June 2015

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

20. Investment income

Breakdown

Item	Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
Income from long-term equity investments under equity method	3,228,047.46	1,884,213.36
Income from wealth management products	11,324,136.99	2,012,054.79
Income (loss) from the disposal of long-term equity investments	17,088,700.00	—
Income from long-term equity investments under cost method	1,888,907,923.38	1,764,082,570.75
Total	1,920,548,807.83	1,767,978,838.90

There is no significant restriction on remittance of investment income back to the Company.

21. Income tax expenses

Item	Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
Current income tax	584,816,242.62	482,725,488.01
Deferred income tax	(42,296,857.03)	3,622,759.54
Total	542,519,385.59	486,348,247.55

Reconciliation between income tax expenses and accounting profits is as follows:

Item	Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
Total profit	5,805,783,447.50	5,271,460,111.91
Income tax rate	25%	25%
Income tax expenses calculated at tax rate of 25%	1,451,445,861.88	1,317,865,027.98
Tax holidays, exemptions and concessionary rates	(360,164,910.65)	(324,770,214.62)
Additional deduction for research and development costs	(81,428,992.72)	(61,233,527.28)
Tax effect of non-taxable income	(476,253,317.14)	(448,040,773.29)
Tax effect of non-deductible expenses	8,920,744.22	2,527,734.76
Total	542,519,385.59	486,348,247.55

Notes to the Financial Statements

For the six months ended 30 June 2015

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

22. Supplemental information of cash flow statements

(1) Supplemental information of cash flow statements

Supplemental information	Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
1. Reconciliation of net profits and cash flow from operating activities:		
Net profit	5,263,264,061.91	4,785,111,864.36
Add: Impairment provision for assets	46,418,621.96	6,958,041.62
Depreciation of fixed assets	735,893,284.12	574,113,409.11
Amortization of intangible assets	30,883,307.41	27,323,010.75
Amortization of long-term prepaid expenses	2,430,543.84	1,872,072.74
Depreciation and amortization of investment properties	86,393.16	80,971.56
(Gains)/losses from change of fair value	214,440.00	5,395,518.86
(Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets, net of gains	5,749,500.19	5,365,307.06
Amortization of deferred income	(24,793,370.65)	(29,148,264.40)
Financing costs/(gains)	5,844,011.76	(3,132,635.86)
Investment losses/(gains)	(1,920,548,807.83)	(1,767,978,838.90)
(Increase)/decrease in deferred tax assets, net of increase	(42,296,857.03)	3,622,759.54
(Increase)/decrease in inventories, net of increase	(1,407,959,546.96)	(402,703,097.61)
(Increase)/decrease in operating receivables, net of increase	5,369,852,722.61	1,769,845,767.80
Increase/(decrease) in operating payables, net of decrease	(1,971,058,532.00)	(700,148,081.76)
Net cash flows from operating activities	6,093,979,772.49	4,276,577,804.87
2. Net change in cash and cash equivalents:		
Cash balance at the end of the year	1,684,134,498.10	3,051,042,105.53
Less: Cash balance at the beginning of the year	926,209,380.56	4,074,446,337.47
Add: Cash equivalents balance at the end of the year	—	—
Less: Cash equivalents balance at the beginning of the year	—	—
Net increase in cash and cash equivalents	757,925,117.54	(1,023,404,231.94)

Notes to the Financial Statements

For the six months ended 30 June 2015

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

22. Supplemental information of cash flow statements (continued)

(2) Components of cash and cash equivalents

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
1. Cash	1,684,134,498.10	3,051,042,105.53
Of which: Cash in hand	1,481,824.35	1,340,718.58
Bank deposits readily available for payment	1,682,652,673.75	3,049,701,386.95
Other cash and bank balances readily available for payment	—	—
2. Cash and cash equivalent balance as at the end of the period	1,684,134,498.10	3,051,042,105.53

23. Related party transactions

(1) Purchases of raw materials and components

		RMB	
Related party	Category of related party transaction	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Subsidiaries of the Company	Purchase of raw materials	7,356,749,060.48	6,878,073,551.88
Associates of the Company	Purchase of raw materials	90,659,860.90	135,895,726.12
Other related party of the Company	Purchase of steam	2,077,205.39	—

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

		RMB	
Related party	Category of related party transaction	Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Subsidiaries of the Company	Sales of automobiles or components and parts of automobiles	34,168,026,252.34	24,746,221,800.08
Associates of the Company	Sales of automobiles or components and parts of automobiles	192,265.38	493,291.84
Other related parties of the Company	Sales of automobiles or components and parts of automobiles	117,777.78	59,658.12

Notes to the Financial Statements

For the six months ended 30 June 2015

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

23. Related party transactions (continued)

(3) Purchases of fixed assets and construction in progress

Related party	Category of related party transaction	RMB	
		Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Subsidiaries of the Company	Purchases of fixed assets and construction in progress	1,537,414.64	142,772,288.03
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	119,611.11	64,800.00

(4) Sales of fixed assets

Related party	Category of related party transaction	RMB	
		Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Subsidiaries of the Company	Sales of fixed assets	3,543,485.22	1,533,115.40
Associates of the Company	Sales of fixed assets	81,033.12	—
Other related parties of the Company	Sales of fixed assets	49,985.28	—

(5) Acceptance of services

Related party	Category of related party transaction	RMB	
		Six months ended 30 June 2015	Six months ended 30 June 2014 (unaudited)
Subsidiaries of the Company	Acceptance of services	253,588,180.25	177,841,418.03
Associates of the Company	Acceptance of services	194,273.49	—
Other related parties of the Company	Acceptance of services	2,367,197.80	1,084,427.40

Notes to the Financial Statements

For the six months ended 30 June 2015

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

23. Related party transactions (continued)

(6) Rendering of services

		Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
Related party	Category of related party transaction		
Subsidiaries of the Company	Rendering of services	37,120,913.28	24,685,407.45
Associates of the Company	Rendering of services	403,978.52	970,064.24
Other related parties of the Company	Rendering of services	141,509.43	—

(7) Claims income and others

		Six months ended 30 June 2015	RMB Six months ended 30 June 2014 (unaudited)
Related party	Category of related party transaction		
Subsidiaries of the Company	Claims income and others	(27,034,429.89)	2,411,633.10
Associates of the Company	Claims income and others	(67,414.68)	210,067.33

(8) Emolument of key management

		Six months ended 30 June 2015	RMB'000 Six months ended 30 June 2014 (unaudited)
Item			
Emolument of key management		27,707	22,838

Notes to the Financial Statements

For the six months ended 30 June 2015

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

24. Receivables and payables of related parties

		RMB	
Item	Related party	2015.6.30	2014.12.31
Accounts receivable	Subsidiaries of the Company	307,835,241.47	261,000,984.05
Subtotal:		307,835,241.47	261,000,984.05
Other receivables	Subsidiaries of the Company	5,647,043.87	35,771,089.75
Other receivables	Other related parties of the Company	9,338,492.74	314,525.00
Subtotal:		14,985,536.61	36,085,614.75
Prepayment	Subsidiaries of the Company	10,633,279.14	19,101,359.50
Prepayment	Other related parties of the Company	258.15	—
Subtotal:		10,633,537.29	19,101,359.50
Bills receivable	Subsidiaries of the Company	9,437,790.77	6,761,775.59
Bills receivable	Associates of the Company	107,300.00	—
Subtotal:		9,545,090.77	6,761,775.59
Dividends receivable	Subsidiaries of the Company	875,490,283.30	284,327,049.84
Dividends receivable	Associates of the Company	11,800,683.85	8,000,000.00
Dividends receivable	Other related parties of the Company	5,991,068.20	—
Subtotal:		893,282,035.35	292,327,049.84
Accounts payable	Subsidiaries of the Company	3,533,732,133.51	4,418,161,474.78
Accounts payable	Associates of the Company	72,390,151.37	66,699,582.35
Accounts payable	Other related parties of the Company	2,429,362.80	132,007.80
Subtotal:		3,608,551,647.68	4,484,993,064.93
Other payables	Subsidiaries of the Company	6,354,163.94	6,223,167.22
Other payables	Associates of the Company	12,492.27	—
Other payables	Other related parties of the Company	4,804,148.96	4,839,517.85
Subtotal:		11,170,805.17	11,062,685.07
Advance from customers	Subsidiaries of the Company	1,580,132,270.76	2,089,821,170.54
Advance from customers	Other related parties of the Company	—	34,000.00
Subtotal:		1,580,132,270.76	2,089,855,170.54
Bills payable	Subsidiaries of the Company	40,390,322.51	46,347,808.66
Bills payable	Associates of the Company	1,530,000.00	1,620,000.00
Bills payable	Other related parties of the Company	1,168,691.00	—
Subtotal:		43,089,013.51	47,967,808.66

Supplementary Information

SUPPLEMENTARY

1. Breakdown of extraordinary gains and losses

Item	RMB	
	Six months ended 30 June 2015	Six months ended 30 June 2014 (Unaudited)
Profit or loss from disposal of non-current assets	(9,594,486.73)	(6,068,369.76)
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)	57,505,387.31	45,937,058.34
Gains resulting from the deficit between the investment cost of subsidiaries, associates and jointly controlled entities and the investor's interests in the fair value of the investee's identifiable net assets	51,644.99	
Investment losses from the disposal of long-term equity investments and investment gains from the disposal of wealth management products	31,051,243.81	2,981,265.75
Gains from the equity in acquiree already held before the date of acquisition and measured at fair value	6,057,283.20	
Gains (losses) from changes in fair value	(214,440.00)	(5,395,518.86)
Non-operating gains and losses other than the above items	55,460,614.63	27,875,918.24
Effect of income tax	(24,726,877.24)	(12,616,929.65)
Effect of minority interests (after tax)	(13,871.28)	13,914.01
Total	115,576,498.69	52,727,338.07

The extraordinary 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.

Six months ended 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	1.55	N/A
Net profit attributable to holders of ordinary shares of the Company, after deducting extraordinary gains and losses	13.00	1.51	N/A

Six months ended 30 June 2014 (unaudited)	Weighted average return on net assets (%)	Earnings per share Basic	Diluted
Net profit attributable to holders of ordinary shares of the Company	13.38	1.30	N/A
Net profit attributable to holders of ordinary shares of the Company, after deducting extraordinary gains and losses	13.21	1.28	N/A

The supplemental information provided by the management was endorsed by the following representatives of Great Wall Motor Company Limited on 28 August 2015:

Legal Representative:

General Manager:

Chief Financial Officer:

Head of Financial Department:

28 August 2015

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: 28 August 2015

Baoding, Hebei Province, the PRC, 28 August 2015

As at the date of this announcement, members of the Board comprise:

Executive Directors: Mr. Wei Jian Jun, Mr. Liu Ping Fu, Ms. Wang Feng Ying, Mr. Hu Ke Gang and Ms. Yang Zhi Juan.

Non-executive Directors: Mr. He Ping and Mr. Niu Jun.

Independent Non-executive Directors: Mr. Wong Chi Hung, Stanley, Mr. Lu Chuang, Mr. Liang Shang Shang and Mr. Ma Li Hui.

** For identification purpose only*